HALLMARK VENTURE GROUP, INC.
FINANCIAL INFORMATION
FEBRUARY 28, 2017

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Financial Statements

HALLMARK VENTURE GROUP, INC
CONSOLIDATED BALANCE SHEETS
AS OF FEBRUARY 28, 2017 (UNAUDITED) AND AUGUST 31, 2016
(UNAUDITED)

	2/28/17	8/31/16
ASSETS		
Cash	$ 15,015	$ 6,704
Accounts receivable	43,655	
Other current assets	0	
Total current assets	**58,670**	**6,704**
Property and equipment	345,937	6,306
Vehicles		0
Less Depreciation	217,205	6,306
Other Assets	108,593	65,474
TOTAL ASSETS	**$ 237,325**	**$ 72,177**
LIABILITIES & SHAREHOLDERS' (DEFICIT)		
Accounts payable	$ 72,279	$ 0
Customer Deposit	1,000	0
Installment Loans on Equipment	365,936	0
Promissory Note Payable, net	160,000	100,000
Debt from Discontinued Operations	2,126,346	2,126,346
TOTAL LIABILITIES	**2,565,561**	**2,226,346**
Common stock, $0.001 par value, 74,000,000 authorized, 8,870,847 and 3,870,847 issued and outstanding as of February 28, 2017 and August 31, 2016, respectively.	3,870	3,870
Preferred stock – Series A, $0.001 par value, 100,000 authorized, 87,000 and 87,000 issued and outstanding as of February 28, 2017 and August 31, 2016, respectively.	87	87
Additional paid in capital	549,466	477,466
Accumulated deficit	(2,888,709)	(2,560,070)
Net Income	7,050	(87,116)
TOTAL SHAREHOLDERS' (DEFICIT)	**(2,328,236)**	**(2,154,168)**
TOTAL LIABILITIES AND SHAREHOLDERS' (DEFICIT)	**$ 237,325**	**$ 72,177**

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

HALLMARK VENTURE GROUP, INC
CONSOLIDATED STATEMENTS OF OPERATIONS
FOR THE THREE AND SIX MONTH PERIODS ENDING
FEBRUARY 28, 2017 AND FEBRUARY 29, 2016 (UNAUDITED)

	3 Months Ended 2/28/17	6 Months Ended 2/28/17
REVENUES		
Sales	$ 284,549	$ 611,907
COST OF SALES		
Cost of sales	143,095	296,937
Gross Margin	141,454	314,970
OPERATING EXPENSES		
General & Administrative Expenses	162,547	301,582
Depreciation Expense	1,200	2,400
Total Operating Expenses	163,749	303,982
LOSS FROM OPERATIONS	(22,295)	10,988
OTHER INCOME (EXPENSE)		
Interest Expense	2,096	3,938
Other Expense		
Total Other Income (Expense)		
NET LOSS	**$ (24,391)**	**$ 7,050**
Weighted Average number of common shares outstanding - basic and fully diluted	8,870,847	3,870,847
Net loss per share – basic and fully diluted	$ (0.003)	$ 0.002

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

HALLMARK VENTURE GROUP, INC.
CONSOLIDATED STATEMENT OF SHAREHOLDERS DEFICIT
FOR YEAR ENDED AUGUST 31, 2016 AND THE SIX MONTHS ENDED FEBRUARY 28, 2017
(UNAUDITED)

					Additio nal		
	Common	Stock	Preferred	Stock	Paid in	Accumulated	
	Shares	Amount	Shares	Amount	Capital	Deficit	Total
Balance June 30, 2016	3,514,847	15,465	87,000	87	477,466	-2,560,070	-2,151,812
Shares issued for Cash	-	-	-	-	-	-	-
Net Income (loss)	-	-	-	-	-	-87,116	-87,116
Balance, August 31, 2016	3,514,847	15,465	87,000	87	477,466	-2,560,070	-2,154,170
Shares issued for Cash	-	-	-	-	-	-	-
Net Income (Loss)	-	-	-	-	-	-17,341	-17,341
Balance, November 30, 2016	3,514,847	3,870	87,000	87	477,466	-2,864,318	-2,171,511
Shares Issued for Cash	-	-	-	-	-	-	-
Shares issued for Acquisition	5,000,000	5,000	-	-	-	-	5,000
Net Income (Loss)	-	-	-	-	-	-24,391	-24,391
Balance, February 28, 2017	8,514,847	8,870	87,000	87	549,466	-2,888,709	-2,328,236

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

HALLMARK VENTURE GROUP, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE PERIOD ENDED FEBRUARY 28, 2017 (UNAUDITED)

		2/28/17
Cash flows from operating activities		
Net (loss)	$	2,987
Adjustments to reconcile net (loss) with cash provided by operations:		
Accounts receivables		43,978
Accounts payable		-72,205
MCV American Express		-43,961
BFS Capital		83,211
California Bank and Trust		-9,260
Customer deposit		1,000
Hino payments		14,066
GMAC Yukon payments		-2,189
Net Cash provided by operating activities		17,628
Investing Activities		
Vehicle payments		-58,805
Net cash provided by investing activities		-58,805
Financing activities		
Loans from shareholder		20,500
Note on Hino		43,060
Note on chevy pickup		-2,226
Note payable GMC pickup		-3,314
Note payable komatsu		-11,168
Note on PITSKER		-2,363
Investor funds		2,000
Shareholder investment		-1,482
Shareholder draw		-7,367
Net Cash provided by financing activities		36,910
Net Cash increase for period		-4,268
Cash at beginning of period	$	18,946
Cash at end of period		14,679

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

HALLMARK VENTURE GROUP, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AT February 28, 2017 (UNAUDITED)

NOTE 1 - ORGANIZATION

Organization

Hallmark Venture Group, Inc. was originally incorporated in the state of Colorado on July 14, 1995, with the name CPC Office Systems, Inc. In July, 1999, the Company changed its name to Homesmart USA, Inc. On March 8, 2005, the Company moved its domicile to Nevada and changed its name to Smart Truck Systems, Inc. On June 12, 2008 the Company changed its name to Hallmark Venture Group, Inc.

On January 1, 2017, Hallmark Venture Group, Inc. acquired 100% of the stock of MCV Companies, Inc. for 5,000,000 shares of its common stock. MCV Companies, Inc., is a California corporation, incorporated on February 22, 2008, and commenced business February 22, 2008. MCV Companies is full service general contractor.

The Company has established a fiscal year end of August 31.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The consolidated financial statements presented in this report are the combined financial reports of MCV Companies, Inc. and Hallmark Venture Group, Inc.

The Company maintains its accounting records on an accrual basis in accordance with generally accepted accounting principles in the United States of America (U.S. GAAP).

The consolidated financial statements present the Balance Sheet, Statements of Operations, Shareholders' Deficit and Cash Flows of the Company. These consolidated financial statements are presented in United States dollars. The accompanying, consolidated financial statements have been prepared in accordance with generally accepted accounting principles. All adjustments which are, in the opinion of management, necessary for a fair presentation of the results of operations for the interim periods have been made and are of a recurring nature unless otherwise disclosed herein.

Principles of Consolidation

The accompanying consolidated financial statements include the accounts of Hallmark Venture Group, Inc. and MCV Companies, Inc. both of which are under common control and ownership. The consolidated financial statements herein contain the operations of the wholly-owned subsidiaries listed above. All significant inter-company transactions have been eliminated in the preparation of these financial statements.

Use of Estimates

The preparation of the consolidated 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 disclosure of contingent liabilities at the date of the financial statements and the reported amounts of expenses during the reporting period. Actual results could differ from those estimates.

Going Concern

The Company's financial statements are prepared using the accrual method of accounting in accordance with accounting principles generally accepted in the United States of America, and have been prepared on a going concern basis, which contemplates the realization of assets and the settlement of liabilities in the normal course of business. The Company has an accumulated deficit as of February 28, 2017 of $2,888,709. The Company will be dependent upon the raising of additional capital through placement of our common stock in order to implement its business plan. There can be no assurance that the Company will be successful in order to continue as a going concern. The Company is funding its initial operations by issuing common shares and debt. We cannot be certain that capital will be provided when it is required.

Cash and Equivalents

Cash and equivalents include investments with initial maturities of three months or less. The Company maintains its cash balances at credit-worthy financial institutions that are insured by the Federal Deposit Insurance Corporation ("FDIC") up to $250,000. There were no cash equivalents at February 28, 2017, or August 31, 2016.

Concentration of Credit Risk

Financial instruments and related items, which potentially subject the Company to concentrations of credit risk, are cash and cash equivalents. The Company places its cash and temporary cash investments with credit quality institutions. At times, such investments may be in excess of FDIC insurance limits.

Accounts Receivable

All accounts receivable are due thirty (30) days from the date billed. If the funds are not received within thirty (30) days the customer is contacted to arrange payment. The Company uses the allowance method to account for uncollectable accounts receivable. All accounts were considered collectable at period end and no allowance for bad debts was considered necessary.

Accounts Receivable and Revenue Concentrations

The Company's wholly owned subsidiary, MCV Companies, Inc., has more than 250. The company has no concentration of revenue.

Inventory

The Company does not own inventory, materials are purchased as needed from local suppliers; therefore, there was no additional inventory on hand at February 28, 2017 or August 31, 2016.

Property and Equipment

Equipment, vehicles and furniture, which are recorded at cost, consist primarily of fabrication equipment and are depreciated using the straight-line method over the estimated useful lives of the related assets (generally 5 years or less). Costs incurred for maintenance and repairs are expensed as incurred and expenditures for major replacements and improvements are capitalized and depreciated over their estimated remaining useful lives. There was $1,200 and $0 of depreciation expense during the six months ended February 28, 2017 and February 29, 2016, respectively.

Lease Commitments

MCV Companies, Inc., effective January 1, 2017, leases facilities at 305 Enterprise, Suite 2, Escondido Ca, to conduct its business and construction business. The new facility is leased for one year at a price of $2,543 per month, for 12 months. The location consists of office space and a small construction yard

Beneficial Conversion Features

From time to time, the Company may issue convertible notes that may contain an imbedded beneficial conversion feature. A beneficial conversion feature exists on the date a convertible note is issued when the fair value of the underlying common stock to which the note is convertible into is in excess of the remaining unallocated proceeds of the note after first considering the allocation of a portion of the note proceeds to the fair value of warrants, if related warrants have been granted. The intrinsic value of the beneficial conversion feature is recorded as a debt discount with a corresponding amount to additional paid in capital. The debt discount is amortized to interest expense over the life of the note using the effective interest method.

Fair Value of Financial Instruments

The Company adopted Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 820 on June 6, 2011. Under this FASB, fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (an exit price). The standard outlines a valuation framework and creates a fair value hierarchy in order to increase the consistency and comparability of fair value measurements and the related disclosures. Under GAAP, certain assets and liabilities must be measured at fair value, and FASB ASC 820-10-50 details the disclosures that are required for items measured at fair value.

The Company has various financial instruments that must be measured under the new fair value standard including: cash, convertible notes payable, accrued expenses, promissory notes payable, accounts receivable and accounts payable. The Company's financial assets and liabilities are measured using inputs from the three levels of the fair value hierarchy. The three levels are as follows:

Level 1 – Inputs are unadjusted quoted prices in active markets for identical assets or liabilities that the Company has the ability to access at the measurement date. The fair value of the Company's cash is based on quoted prices and therefore classified as Level 1.

Level 2 - Inputs include quoted prices for similar assets and liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability (e.g., interest rates, yield curves, etc.), and inputs that are derived principally from or corroborated by observable market data by correlation or other means (market corroborated inputs).

Level 3 - Unobservable inputs that reflect our assumptions about the assumptions that market participants would use in pricing the asset or liability.

Cash, accounts receivable, accounts payable, promissory notes, convertible notes and accrued expenses reported on the balance sheet are estimated by management to approximate fair market value due to their short term nature.

Income Taxes

In assessing the realization of deferred tax assets, the Company considers whether it is more likely than not that some portion or all of the deferred tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible.

Revenue Recognition

MCV Companies, Inc.

MCV Companies, Inc. executes Standard Construction contracts and payment Schedule with their customers. A standard deposit of 10% of the total cost of the job or $1,000, whichever is less is due on signing. On the fifteenth day and thirtieth day of each month, Contractor shall deliver to Customer a detailed statement in a form acceptable to Owner, showing values of all materials delivered and work completed up to the established billing date for which payment is requested. Contractor shall be allowed to submit a separate invoice for special order, long lead time and non-returnable items.

Hallmark Venture Group, Inc.

Hallmark Venture Group, Inc. is a consultant and investor in several companies. They include Humble Energy, Inc. an owner and operate of natural gas wells located in Oklahoma and Arkansas. The company also owns Play Pen, corp. a seller of mobile trailers used for hauling off-road vehicles and motorcycles.

In accordance with the requirements of ASC 605-10-599, the Company recognized revenue when (1) persuasive evidence of an arrangement exists (contracts); (2) delivery has occurred; (3) the seller's price is fixed or determinable (per the customer's contract); and (4) collectability is reasonably assured (based upon our credit policy).

Share Based Expenses

The Company accounts for the issuance of equity instruments to acquire goods and/or services based on the fair value of the goods and services or the fair value of the equity instrument at the time of issuance, whichever is more readily determinable. The Company's accounting policy for equity instruments issued to consultants and vendors in exchange for goods and services follows the provisions of standards issued by the FASB. The measurement date for the fair value of the equity instruments issued is determined at the earlier of (i) the date at which a commitment for performance by the consultant or vendor is reached or (ii) the date at which the consultant or vendor's performance is complete. In the case of equity instruments issued to consultants, the fair value of the equity instrument is recognized over the term of the consulting agreement.

Stock Based Compensation

In December of 2004, the FASB issued a standard which applies to transactions in which an entity exchanges its equity instruments for goods or services and also applies to liabilities an entity may incur for goods or services that are based on the fair value of those equity instruments. For any unvested portion of previously issued and outstanding awards, compensation expense is required to be recorded based on the previously disclosed methodology and amounts. Prior periods presented are not required to be restated. We adopted the standard as of inception. The Company has not issued any stock options to its Board of Directors and officers as compensation for their services. If options are granted, they will be accounted for at a fair value as required by the FASB ASC 718.

Recent Accounting Pronouncements

In February 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2016-02, "Leases (Topic 842)". Under this guidance, an entity is required to recognize right-of-use assets and lease liabilities on its balance sheet and disclose key information about leasing arrangements. This guidance offers specific accounting guidance for a lessee, a lessor and sale and leaseback transactions. Lessees and lessors are required to disclose qualitative and quantitative information about leasing arrangements to enable a user of the financial statements to assess the amount, timing and uncertainty of cash flows arising from leases. This guidance is effective for annual reporting periods beginning after December 15, 2018, including interim periods within that reporting period, and requires a modified retrospective adoption, with early adoption permitted. The Company is currently evaluating the impact of the adoption of this standard will have on our consolidated financial statements.

In April 2015, the FASB issued ASU 2015-05 regarding Subtopic 350-40, "Intangibles - Goodwill and Other - Internal-Use Software." The amendments in ASU 2015-05 provide guidance to customers about whether a cloud computing arrangement includes a software license. If a cloud computing arrangement includes a software license, the customer should account for the software license element of the arrangement consistent with other software licenses. If a cloud computing arrangement does not include a software license, the customer should account for the arrangement as a service contract. The amendments in ASU 2015-05 are effective for annual and interim periods beginning after December 15, 2015. Early adoption is permitted. The amendments in ASU 2015-05 may be applied either prospectively to all arrangements entered into or materially modified after the effective date or retrospectively. The Company is currently evaluating the impact of the adoption of this standard will have on our consolidated financial statements.

NOTE 3 – CAPITAL STOCK

The Company's authorized capital is 74,000,000 common shares with a par value of $0.001 per share and 100,000 preferred shares with a par value of $0.001 per share. On February 28, 2017 the Company had issued and outstanding common shares of 8,870,847 and Preferred shares issued and outstanding of 87,000.

Stock Based Compensation

We have accounted for stock based compensation under the provisions of FASB Accounting Standards codification (ASC) 718-10-55. (Prior authoritative literature: FASB Statement 123 (R), Share-based payment.) This statement requires us to record any expense associated with the fair value of stock based compensation. Determining fair value requires input of highly subjective assumptions, including the expected price volatility. Changes in these assumptions can materially affect the fair value estimate.

NOTE 4 – INCOME TAXES

deferred tax assets The Company accounts for income taxes under standards issued by the FASB. Under those standards, and liabilities are recognized for future tax benefits or consequences attributable to temporary differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. A valuation allowance is provided for significant deferred tax assets when it is more likely than not that such assets will not be realized through future operations.

No provision for federal income taxes has been recorded due to the net operating loss carry forwards totaling approximately $2,888,709 as of February 28, 2017, that will be offset against future taxable income. The available net operating loss carry forwards of approximately $2,888,709 will expire in various years through 2035. Future tax benefits which may arise as a result of these losses have not been recognized in these financial statements, as their realization is determined not likely to occur and accordingly, the Company has recorded a valuation allowance for the future tax loss carry forwards.

NOTE 5 – SEGMENT REPORTING

Our operations during the six month periods ending February 28, 2017 and February 29, 2016, were managed through two operating segments, as shown below. We disclose the results of each of our operating segments in accordance with ASC 280, *Segment Reporting*. Each of the operating segments was managed under a common structure chaired by our Chief Executive Officer and discrete financial information for both of the segments was available. Our Chief Executive Officer used the operating results of each of the two operating segments for performance evaluation and resource allocation and, as such, was the chief operating decision maker. The activities of each of our segments from which they earned revenues and incurred expenses are described below:

- The Hallmark Venture Group, Inc. is a consultant and investor in several companies.
- The MCV Companies, Inc. is full service general building contractor.

Summarized financial information concerning reportable segments is shown in the following table for the three months ended:

The six month period ending February 28, 2017

	MVC companies, Inc	Hallmark Venture Group, Inc.	Total
Revenues	$ 611,907	$ 6,918	$ 618,825
Cost of sales	296,937	-	296,937
Gross margin	314,970	6,918	321,888
Operating expenses	303,982	28,547	332,529
Profit (loss) from operations	10,988	-21,629	-10,641
Other (expense)	3,938	0	3,938
Net income (loss)	$ 7,050	$ -21,629	$ -14,579

The six month period ending February 29, 2016

	MVC companies, Inc	Hallmark Venture Group, Inc.	Total
Revenues	$ 0	$ 16,112	$ 16,112
Cost of sales	0	-	-
Gross margin	0	16,112	16,112
Operating expenses	0	46,110	46,110
Profit (loss) from operations	0	-29,998	-29,998
Other (expense)	0	0	0
Net income (loss)	$ 0	$ -29,998	$ -29,998

NOTE 6 – SUBSEQUENT EVENTS

There were no subsequent events through the date that the financial statements were issued.