

PotNetwork Holding Inc.
Unaudited Consolidated Financial Statements
As of June 30, 2017

PotNetwork Holding Inc.
Unaudited consolidated Balance Sheets
As of June 30, 2017, and December 31, 2016

	June 30 2017	Dec 31 2016
Assets		
Current Assets		
Cash	347,480	100
Accounts Receivable	0	710
Other	352,691	0
Total Current assets	\$700,171	\$810
Note Receivable (includes Principal and interest @ 4% per annum)	52,000	52,000
Fixed Assets, net (Note 2)	38,544	3,154
Rent & Utility Deposits	33,673	33,673
TOTAL ASSETS	\$824,388	\$89,637
Liabilities		
Current Liabilities		
Accounts Payable	0	24,750
Other Payables	152,433	0
Total Current Liabilities	\$152,433	\$24,750
Accrued Interest	2,860	0
Note Payable - La Playa	150,000	0
Loans from Third Parties (Note 3)	198,793	265,618
Note Payable (Note 4)	2,121,186	2,033,283
Other liabilities	63,893	0
Total Liabilities	\$2,689,165	\$2,323,651
Stockholders' Equity		
Common: Authorized 1,000,000,000 shares, \$.00001 par value; and 484,920,485 Issued and outstanding at June 30, 2017 and 89,571,121 Issued and outstanding at Dec. 31, 2016 respectively.	87,573	87,573
Preferred Stock Class A Authorized - 50,000 shares, \$.00001 Par value; and 32,681,97 Issued and outstanding at June 30, 2017 and None Issued and outstanding at Dec. 31, 2016 respectively.	200	200
Preferred Stock Class D Authorized - 6,000 shares, \$.00001 par value	200	200
Additional paid in capital	263,131	263,131
Retained Earnings	(2,215,881)	(2,585,118)
Total Stockholders' Equity	(1,864,777)	(2,234,014)
Total Liabilities & Equity	\$824,387	\$89,637

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

PotNetwork Holding Inc.
Unaudited consolidated Balance Sheets
For the six months ended June 30, 2017 and 2016

	Six Months Ended	
	June 30 2017	June 30 2016
Sales	\$ 5,077,625	\$ 971,467
Cost of Goods Sold	\$ 3,336,308	\$ 541,334
Gross Profit (Loss)	\$ 1,741,317	\$ 430,133
Expenses:		
Salary & Benefits	\$ 167,553	\$ 84,777
General and Administrative	\$ 91,627	\$ 10,011
Legal & Professional	\$ 100,434	\$ 11,590
Advertising	\$ 145,656	\$ 44,470
Insurance	\$ 2,305	\$ 17,102
Shipping supplies and Freight OUT	\$ 184,087	\$ 9,898
Rent	\$ 8,741	\$ 52,061
Interest	\$ 7,160	\$ 73,800
Other	\$ 657,789	\$ 5,865
Depreciation	\$ 6,728	\$ 823
Total Expenses	\$ 1,372,080	\$ 310,397
Profit (Loss) before Income Tax	\$ 369,237	\$ 119,736
Provision for Income Tax	\$ -	\$ -
Net Profit (Loss)	\$ 369,237	\$ 119,736

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

PotNetwork Holding Inc.
Unaudited consolidated Statement of Cash Flows
For the six months ended June 30, 2017 and 2016

	Six Months Ended	
	June 30	June 30
	2017	2016
Operating Activities		
Net Income (Loss)	\$369,237	\$119,736
Add: Depreciation	\$6,728	\$823
Adjustments to reconcile net income (loss) to net cash provided by operations		
Accounts Receivable	\$0	\$0
Advance to Vendors/Suppliers	(\$347,966)	
Inventory	\$0	\$4,425
Rent - Deposit	(\$4,725)	
Fixed Assets	(\$47,116)	\$0
Other Assets	\$0	(\$4,751)
Accts payable	\$0	(\$29,240)
Credit card accounts	\$152,433	\$0
Loan Payable	\$0	\$0
Interest Accrued	\$2,860	
Florida Dept. of Revenue Payable	(\$5,170)	
Notes Payable - LaPlaya	\$150,000	\$0
Notes Payable - WLL	\$60,896	(\$6,520)
Total Adjustments to reconcile net income (loss) to net cash provided by operations	\$337,176	\$84,473
Investing Activities		
Loans Receivable	\$0	(\$84,771)
Net cash provided by investing activities	\$0	(\$298)
Financing Activities		
Retained Earnings	(\$111,541)	\$0
Net cash provided by financing activities	(\$111,541)	\$0
NET CASH INCREASE (DECREASE) For PERIOD	\$225,634	(\$298)
Cash, Beginning	\$169,374	\$1,083
Cash, Ending	\$395,009	\$785

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

PotNetwork Holding Inc.					
Unaudited consolidated Statement of Stockholders Equity					
June 30, 2017					
Description	Common Stock	Preferred	Common	Additional	Accumulated
	Shares	Shares	Amount	Paid-in Capital	Equity (Deficit)
Balance Dec. 31, 2015	7,621,650,000	460 ¹	\$87,573	\$1,461,532	(\$2,163,949)
		6,209,236 ²			
=> The company decreased its shares by a 1 for 1000 split					
Shares Issued	51,678,750	(4,967,389)		(\$712,514)	
=> Preferred E exchanged for common					
Shares Issued	30,271,121			(\$234,400)	
Net Profit (Loss)					(\$520,022)
Balance Dec. 31, 2016	89,571,521	460 ³	\$87,573	\$263,131	(\$2,585,118)
	137,192,767	6,209,236 ⁴			
Shares Issued	52,822,614				
Shares Issued	300,000,000 ⁵				
Preferred A Issued		3,268,197 ⁶			
Shares Cancelled	(4,500,000)				
Net Profit (Loss)					\$369,237 ⁷
Balance June 30, 2017	576,086,902	3,268,197 ⁸	\$87,573	\$263,131	(\$2,261,393)
The accompanying notes are an integral part of these financial statements.					

¹ Preferred Class D shares

² Preferred Class E shares

³ Preferred Class D shares

⁴ Preferred Class E shares

⁵ Restricted Common Stock issued with Legend

⁶ Preferred Class A shares

⁷ Retained Earnings (First Capital Venture/Diamond CBD Oils)

⁸ Preferred Class A shares

PotNetwork Holding Inc.
Unaudited - NOTES TO FINANCIAL STATEMENTS
June 31, 2017

NOTE 1 – NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The issuer has now reincorporated in Colorado, as of March 3, 2017, following its acquisition of First Capital Venture Holdings Co. Coinciding with that event, the issuer entered into a triangular merger pursuant Colorado law, similar to what is prescribed by Section 251(g) of the Delaware General Corporation Law. Immediately prior thereto, the company changed its name to its current name – PotNetwork Holding, Inc., having changed its name to SND Auto Group, Inc., on May 20, 2016. Prior thereto, effective July 24, 2015 the company changed its name to PotNetwork Holdings Incorporated and new ticker symbol "POTN." PotNetwork Holding, Inc.

PotNetwork Holding, Inc has two wholly owned subsidiaries, First Capital Venture Co., the makers of Diamond CBD Oils and Sunrise Auto Mall Inc., a pre-owned auto dealership started in July 2014.

PotNetwork Holding Inc. acquired First Capital Venture Co on January 31, 2017 therefore the financial statements include the consolidation of First Capital Venture Co.'s business Diamond CBD Oils Inc. starting in the 1st Quarter ending March 31, 2017.

Inventory - The Company values inventory at the lower of costs or market.

Fixed Assets: Furniture, fixtures and computer equipment is recorded at cost. Depreciation is computed by the straight line and accelerated methods over the estimated lives of the assets ranging from three to seven years. Expenditures for maintenance and repairs are charged to operations as incurred.

Income Taxes - The Company accounts for income taxes using the provisions of Statement of Financial Accounting Standards ("SFAS") No.109, Accounting for Income Taxes. Under this standard, deferred tax assets and liabilities represent the estimated tax effects of future deductible or taxable amounts attributed to differences between the financial statements carrying amounts and the tax bases of existing assets and liabilities. The standard also allows recognition of income tax benefits for loss carryforwards, credit carryforwards and certain temporary differences for which tax benefits have not previously been recorded. Valuation allowances are provided for uncertainties associated with deferred tax assets.

Note 2 - Fixed Assets, Net

The company's equipment consists of the following:

	June 30 2017	Dec 31 2016
Office Equipment	\$71,116	\$24,000
Less Accumulated Depreciation	(\$32,572)	(\$20,846)
Total Fixed Assets	\$38,544	\$3,154

Depreciation Expense of \$6,727 was charged to operations for the 6 months ended June 30, 2017 and \$1,646 was charged in Dec. 31, 2016 respectively

	June 30 2017	Dec 31 2016
Note 3 - Loan from Third Parties		

These loans bear 8% interest per annum and have terms of demand repayment

Loan from Third Parties - K.N.	\$114,000	\$112,000
Loan from Third Parties - Sign	\$84,793	\$83,393
Loan from Third Parties - J.C.	\$0	\$13,000
Loan from Third Parties - KR	\$0	\$12,600
Loan from Third Parties - South R.	\$0	\$22,500
Loan from Third Parties - GT	\$0	\$10,305
Loan from Third Parties - Microcap	\$0	\$5,000
Loan from Third Parties - M.C.	\$0	\$7,000
Total Loan from Third Parties	<u>\$198,793</u>	<u>\$265,798</u>

K.N. is holder of note dated Sep. 11, 2012 in the original principal amount of \$100,000. Part of the original note was acquired in private transaction in June 2014. The security derives from 3 convertible promissory notes dated Mar. 25, 2010 amount \$150,000, Nov. 4, 2010 amount \$50,000 and Mar. 11, 2011 amount \$25,000. The balance of the note at Dec. 31, 2016 is \$112,000. Interest for the six months ended June 30, 2017 is \$4,000

"Sign" is holder of a note dated Apr. 28, 2016 in the original principal amount of \$42,000. The note accrues interest @ the annual rate of eight percent (8%). Interest for 2016 is \$2,240. Interest for the six months ended June 30, 2017 is 1,680

"Sign" is holder of a note dated May 04, 2016 in the original principal amount of \$37,000. The note accrues interest @ the annual rate of eight percent (8%). Interest for 2016 is \$1,973.33. Interest for the six months ended June 30, 2017 is 1,480

Note 4 - Note Payable	June 30 2017	Dec 31 2016
"Sign"	\$1,836,186	\$2,033,283
"Sign"	\$285,000	
Total Note Payable	<u>\$2,121,186</u>	<u>\$2,033,283</u>

Promissory Note in the principal amount of \$1,850,000 pursuant to the terms of a security purchase agreement dated of even date therewith. The security derives from an original promissory note dated June 2, 2014. The annual interest on this note was eight percent (8%). But the interest does not accrue since the addendum agreement in exchange for a fixed conversion rate of \$0.003 per share. After the conversion of \$126,000 in the 2nd quarter, the balance of the note at June 30, 2017 is \$1,836,186.