

Potnetwork Holding, Inc.
Unaudited Financial Statements
As of December 31, 2016

Potnetwork Holding, Inc.
Unaudited Balance Sheets

As of December 31, 2016 and December 31, 2015

Page 1

ASSETS	December 31 2016	December 31 2015
Current Assets		
Cash	\$100	\$1,083
Other assets	710	\$710
Inventory Automobiles	<u>\$0</u>	<u>\$70,000</u>
Total Current assets	\$810	\$71,793
Note Receivable (Includes Principal and interest at 4% per annum)	\$52,000	0
Fixed Assets, net (Note 2)	\$3,154	\$4,800
Deposits	\$33,673	\$28,922
Auto Loans Receivable (Includes Princiapl, Interest & Banks)	<u>\$0</u>	<u>\$1,919,419</u>
TOTAL ASSETS	<u>\$89,637</u>	<u>\$2,024,934</u>
LIABILITIES		
Current Liabilities		
Accounts Payable and accrued liabilities	\$24,750	\$10,378
Car Financial Payable	<u>\$0</u>	<u>520,000</u>
Total Current Liabilities	\$24,750	\$530,378
Loans From Third Parties (Note 3)	265,618	125,000
Note Payable (Note 4)	<u>2,033,283</u>	<u>1,984,000</u>
Total Liabilities	<u>\$2,323,651</u>	<u>\$2,639,378</u>
STOCKHOLDERS EQUITY		
Common Stock		
Authorized 500,000,000 shares,\$.00001 par va0lue; and 139,597,871 Issued and outstanding at December 31, 2016 and 7,621,650,000 Issued and outstanding and December 31, 2015 respectively.	\$87,573	\$87,573
Preferred Stock : Class D Preferred Stock		
Authorized – 6,000 shares \$.00001 par value; and 460 Issued and outstanding at December 31, 2016 and 460 Issued and outstanding at December 31, 2015, respectively.	\$200	\$200
Preferred Stock : Class E Preferred Stock		
Authorized - 20,000,000 shares,\$.00001 par value; and None Issued and outstanding as of December 31, 2016 and 6,209,236 Issued and outstanding as of December 31, 2015 respectively.	\$200	\$200
Additional paid in capital	263,131	1,461,532
Retained Earnings (Deficit) Sunrise	\$317,255	\$738,424
Retained Earnings (Deficit) POTN	<u>(2,902,373)</u>	<u>(\$2,902,373)</u>
Retained Earnings (Deficit) Consolidated	<u>(2,585,118)</u>	<u>(2,163,949)</u>
	<u>(2,234,014)</u>	<u>(614,444)</u>
Total Liabilities & Stockholders Equity	<u>\$89,637</u>	<u>\$2,024,934</u>

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

Potnetwork Holding, Inc.
Unaudited Statement of Income
For the year ended December 31, 2016 and 2015

Page 2

	Year Ended	
	December 31 2016	December 31 2015
Sales	<u>\$1,029,450</u>	<u>\$5,504,040</u>
Cost of Sales	(\$581,300)	<u>\$2,649,614</u>
Gross Margin	<u>\$448,150</u>	<u>\$2,854,426</u>
Expenses:		
Salary, Payroll & Benefits	\$40,138	\$622,707
General and Administrative	\$10,011	168,206
Legal & Professional	\$21,590	43,454
Advertising	\$34,470	290,919
Insurance	\$17,102	17,000
Supplies	\$9,898	5,253
Rent	\$52,061	140,012
Interest	\$156,516	120,449
Depreciation	\$1,646	4,800
Other	\$5,865	0
Total Expenses	<u>\$349,297</u>	<u>\$1,395,800</u>
Profit (Loss)	<u>\$98,853</u>	<u>\$1,458,626</u>
Bad Debt Expense: (Expense charge for major change in accounting for Account Receivable.)	<u>\$618,875</u>	<u>\$703,202</u>
Profit (Loss) before income taxes	<u>(\$520,022)</u>	<u>\$738,424</u>
Provision for income taxes (Note 1)	<u>0</u>	<u>\$0</u>
Net Profit (Loss)	<u><u>(\$520,022)</u></u>	<u><u>\$738,424</u></u>

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Potnetwork Holding, Inc.
Unaudited Statement of Cash Flows
For the years ended December 31, 2016 and 2015

Page 3

	Year Ended	
	December 31 2016	December 31 2015
OPERATING ACTIVITIES		
Net Income (Loss)	<u>(\$520,022)</u>	<u>\$738,424</u>
Add:		
Depreciation	1,646	4,800
Adjustments to reconcile net income (loss)		
Decreases (Increases)		
Notes receivable	-	-
Inventory	(70,000)	-
Fixed Assets	-	-
Other Assets	-	-
Accts payable	14,372	1,322
Notes Payable	(45,854)	(40,361)
Net cash (used in) operating activities	<u>(619,858)</u>	<u>704,185</u>
Bad Debt Expense - Write-off for Change in Accounting	\$618,875	\$703,202
CASH FLOWS FROM INVESTING ACTIVITIES		
(decrease) in deferred development costs		
Increase in assets	-	-
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of common stock		
Proceeds from additional paid in capital	-	-
Net cash (used in) financing activities		
NET INCREASE (DECREASE) IN	<u>(\$983)</u>	<u>\$983</u>
Cash, Beginning	<u>1083</u>	<u>100</u>
Cash, Ending	<u>\$100</u>	<u>\$1,083</u>

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Potnetwork Holding, Inc.
Unaudited Statement of Stockholders Equity
As of December 31, 2016

Page 4

<u>Description</u>	<u>Common Stock</u> <u>Shares</u>	<u>Preferred</u> <u>Shares</u>	<u>Common</u> <u>Amount</u>	<u>Additional</u> <u>Paid-In Capital</u>	<u>Accum Equity</u> <u>(Deficit)</u>	<u>Total</u> <u>Stockholders</u>
December 31,2014						
Balance	5,399,150,321	0	\$87,573	\$2,275,003	(\$2,902,373)	(\$2,496,303)
		1,500 (1)				
Shares Issued	2,222,499,679	6,209,236 (2)		(813,471)		
Net Profit (Loss)					\$738,424	\$738,424
December 31,2015						
Balance	7,621,650,000	460	\$87,573	\$1,461,532	(\$2,163,949)	(\$2,496,303)
(The company decreased its shares by a 1 for 100 split)						
Shares Issued	51,678,750	(4,967,389)		(712,514)		
(Preferred E exchanged for common)						
Shares Issued	35,030,555			(234,400)		
Shares Issued	45,266,916			(251,487)		
Net Profit (Loss)					(\$520,022)	(\$520,022)
December 31,2016						
Balance	139,597,871	460(1)	\$87,573	\$ 263,131	(\$2,585,118)	(\$1,976,281)

- (1) Preferred Class D Shares
(2) Preferred Class E Shares

The accompanying notes are an integral part of these financial statements

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

As a material post year-end, subsequent event, 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, also a subsequent event, 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 will include the consolidation of First Capital Venture Co's Balance sheet, Statement of Income, and Stockholders Equity starting in the 1st quarter ending March 31, 2017.

Cash and Cash Equivalents

The Company considers all highly liquid investments purchased with an original maturity date of three months or less to be cash equivalents.

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. The company has a substantial Tax NOL, "Net Operating Loss" which will offset tax liabilities in the current period for the 12 months ended December 31, 2016.

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

Potnetwork Holding, Inc.
Unaudited-NOTES TO FINANCIAL STATEMENTS
December 31, 2016

Page 6

Note 2 – FIXED ASSETS, NET:

The Company's equipment consists of the following:

	December 31 2016	December 31 2015
Office equipment	\$24,000	\$24,000
Less accumulated depreciation	<u>(20,846)</u>	<u>(19,200)</u>
Total Fixed Assets	<u>\$3,154</u>	<u>\$4,800</u>

Depreciation expense of \$ 1,646 was charged to operations for the year ended December 31, 2016 and \$ 4,800 charged in December 31, 2015, respectively.

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Potnetwork Holding, Inc.
Unaudited-NOTES TO FINANCIAL STATEMENTS
December 31, 2016

Page 7

Note 3 – Loans from Third Parties

	December 31 2016	December 31 2015
These loans bear 8% interest per annum and have terms of demand repayment.		
Loan from Third Parties - K.N.	\$112,000	\$112,000
Loan from Third Parties - J.C.	13,000	13,000
Loan from Third Parties - KR	12,600	0
Loan from Third Parties - South R.	22,500	0
Loan from Third Parties - GT	10,305	0
Loan from Third Parties - Microcap	5,000	0
Loan from Third Parties - M.C.	7,000	0
Loan from Third Parties - Sign	44,240	0
Loan from Third Parties - Sign	38,973	0
Total Loans from Third Parties	\$265,618	\$125,000

K.N. Is holder of a note dated September 11, 2012 in the original principal amount of \$ 100,000. Part of the original note was acquired in a private transaction in June 2014. The security derives from 3 convertible Promissory Notes dated March 25, 2010 amount \$ 150,000, November 4, 2010 amount \$ 50,000, and March 11, 2011 amount \$ 25,000. The balance of the note at December 31, 2016 is \$ 112,000, including 2016 interest of \$ 12,000.

Sign N Drive Is holder of a note dated April 28, 2017 in the original principal amount of \$ 42,000. The note accrues interest at the annual rate of eight percent (8%). Interest for 2016 is \$ 2,240.

Sign N Drive Is holder of a note dated May 04, 2017 in the original principal amount of \$ 37,000. The note accrues interest at the annual rate of eight percent (8%). Interest for 2016 is \$ 1,973.33.

Notes 4 – Note Payable

	December 31 2016	December 31 2015
"SIGN"	\$2,033,283	\$1,984,000
Total Note Payable	\$2,033,283	\$1,984,000

Promissory Note in the principal amount of \$ 1,850,000 pursuant to the terms of a securities purchase agreement dated of even date therewith.

The security derives from an original promissory note dated June 2, 2014.

The note accrues interest at the annual rate of eight percent (8%).

The balance of the note at December 31, 2016 is \$ 1,984,000, Interest expense accrued in 2016 was \$ 152,303.

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