

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 – Details in Note 5 | \$ 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 | Equity |
| | | | | Capital | (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 | 484,920,485 | 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

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

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.

Note 5 – Other Expenses in the Income Statement for the half-year ending 30th June, 2017

| | |
|----------------------------------|------------------|
| Automobile Expenses | \$20,548 |
| Bank Charges + Credit Card Fees | \$16,448 |
| Consultant Expenses | \$48,707 |
| Business Development & Marketing | \$430,255 |
| Dues & subscriptions | \$3,989 |
| Licenses & permits | \$1,102 |
| Payroll Tax | \$5,151 |
| Telephone | \$13,915 |
| Travel | \$115,291 |
| Utilities | \$2,383 |
| | \$657,789 |