

**OTC Pink Disclosure Document**

**1) Name of the issuer and its predecessor(s):**

HEMP, INC., AUGUST 2012  
MARIJUANA, INC., JULY 2010  
PREACHERS COFFEE INC., JANUARY 2008

**2) Address of the issuer's principal executive offices:**

Company Headquarters  
Address 1: 8174 S. LAS VEGAS BLVD., #109-367  
Address 2: LAS VEGAS, NV 89123  
Phone: 877-221-8351  
Email: INFO@HEMPINC.COM  
Website(s): WWW.HEMPINC.COM

IR Contact  
Name: KENNETH MACIORA  
Phone: 855-436-7688  
Email: IR@HEMPINC.COM

**3) Security Information:**

Trading Symbol: HEMP

Exact title and class of securities outstanding: COMMON  
CUSIP: 423 703 10 7  
Par or Stated Value: \$0.00001  
Total shares authorized: 5,500,000,000 as of: 6.30.16  
Total shares outstanding: 754,027,180 as of: 6.30.16

Preferred share information:  
Exact title and class of securities outstanding: PREFERRED  
CUSIP: N/A  
Par or Stated Value: \$0.00001  
Total shares authorized: 100,000,000 as of: 6.30.16  
Total shares outstanding: 44,755,578 as of: 6.30.16

Exact title and class of securities outstanding: PREFERRED K  
CUSIP: N/A  
Par or Stated Value: \$0.00001  
Total shares authorized: 175,000,000 as of: 6.30.16  
Total shares outstanding: 153,316,952 as of: 6.30.16

Exact title and class of securities outstanding: PREFERRED K(P)  
CUSIP: N/A  
Par or Stated Value: \$0.00001  
Total shares authorized: 110,000,000 as of: 6.30.16  
Total shares outstanding: 42,989,627 as of: 6.30.16

Transfer Agent  
Name MADISON STOCK TRANSFER INC.  
Address 1: 2715 CONEY ISLAND AVE., 2<sup>ND</sup> FLOOR  
Address 2: BROOKLYN, NY 11235  
Phone: 718-627-4453

Is the Transfer Agent registered under the Exchange Act?\*      Yes:       No:

List any restrictions on the transfer of security:

RULE 144

Describe any trading suspension orders issued by the SEC in the past 12 months.

NONE

Within the past year please list any past, pending or anticipated stock split, stock dividend, recapitalization, merger, acquisition, spin-off, or reorganization:

NONE

**4) Issuance History**

List below any events, in chronological order, that resulted in changes in total shares outstanding by the issuer in the past two fiscal years and any interim period. The list shall include all offerings of securities, whether private or public, and all shares or any other securities or options to acquire such securities issued for services, describing: (1) the securities; (2) the persons or entities to whom such securities were issued; and, (3) the services provided by such persons or entities. The list shall indicate:

A. The nature of each offering (e.g., Securities Act Rule 504, intrastate, etc.);

ISSUANCES FOR SERVICES, DEBT, AND CASH

9,499,023 post-splits (94,990,222 pre-split) COMMON SHARES ISSUED FOR SERVICES IN 2011

30,753,750 (307,537,500 pre-split) COMMON ISSUED FOR MARKETABLE SECURITIES IN 2011

34,446,222 post split (344,462,219 pre-split) COMMON SHARES ISSUED FOR SERVICES IN 2012

193,836,430 PREFERRED K SHARES ISSUED FOR DEBT IN 2012; B.PERLOWIN 310,000 post split (3,100,000 pre-split) COMMON ISSUED FOR SERVICES DURING QE 3.31.13

1,000,000 post split (10,000,000 pre-split) COMMON SHARES ISSUED FOR SERVICES IN QE 6.31.13

1,511,112 post split (15,111,111 pre-split) COMMON ISSUED FOR SERVICES IN QE 9/30/13

4,500,000 post split (45,000,000 pre-split) COMMON ISSUED FOR SERVICES IN QE 12/31/13

3,621,663 post split (36,216,629 pre-split) COMMON ISSUED FOR SERVICES IN QE 3/31/14

17,869 post split (178,682 pre-split) COMMON ISSUED FOR SERVICES IN QE 6.30.14

85,360,723 PREFERRED K SHARES ISSUED FOR DEBT IN QE 6.30.14

575,000 PREFERRED K SHARES ISSUED FOR SERVICES IN QE 9.30.14

500,000 post split (5,000,000 pre-split) COMMON ISSUED FOR PREPAID INTEREST IN QE 9.30.14

2,656,088 post split (26,560,874 pre-split) COMMON ISSUED FOR SERVICES IN QE 9.30.14

857,785 post split (8,577,848 pre-split) COMMON ISSUED FOR SERVICES IN QE 12.31.14

1,180,180 PREFERRED K CANCELLED IN QE 3.31.15

200,000 post split (2,000,000 pre-split) COMMON CANCELLED IN QE 3.31.15

200,000 post split (2,000,000 pre-split) COMMON ISSUED FOR SERVICES IN 3.31.15

310,000 PREFERRED K CONVERTED INTO 3,100,000 IN QE 3.31.15

549,027 PREFERRED K ISSUED FOR SERVICES IN QE 3.31.15

4,686,319 post split (46,863,182 pre-split) COMMON SHARES FOR DEBT IN QE 6.30.15

29,008,334 PREFERRED K CONVERTED TO 29,008,334 post split (290,083,340 pre-split) COMMON SHARES IN QE 6.30.15

20,000,000 PREFERRED CONVERTED TO 5,000,000 post split (50,000,000 pre-split) COMMON SHARES IN QE 6.30.15

6,914,800 PREFERRED AND 6,271,300 PREFERRED K CONVERTED TO

8,000,000 post split (80,000,000 pre-split) COMMON SHARES IN QE 6.30.15

63,186 PREFERRED K SHARES ISSUED FOR SERVICES IN QE 6.30.15  
95,746,419 PREFERRED K SHARES ISSUED FOR DEBT IN QE 6.30.15  
44,064,007 PREFERRED K CONVERTED TO 44,064,007 POST SPLIT (440,  
640,070 PRE-SPLIT) COMMON IN QE 9.30.15  
30,000,000 PREFERRED CONVERTED TO 7,500,000 POST SPLIT (75,000,000  
PRE-SPLIT) COMMON IN QE 9.30.15  
26,444,674 POST SPLIT COMMON ISSUED FOR SERVICES IN QE 9.30.15  
1,980,000 PREFERRED K ISSUED FOR SERVICES IN QE 9.30.15.  
3,800,000 PREFERRED K CONVERTED TO 3,800,000 COMMON IN QE 12.31.15  
300,000 PREFERRED K(P) ISSUED FOR SERVICES IN QE 12.31.15  
45,226,427 PREFERRED K(P) ISSUED FOR SUBSCRIPTIONS IN QE 12.31.15  
55,227,920 COMMON ISSUED FOR SERVICES IN QE 12.31.15  
11,120,636 PREFERRED K CONVERTED TO 11,120,636 COMMON IN QE 3.31.16  
6,800,000 PREFERRED CONVERTED TO 1,700,000 COMMON IN QE 3.31.16  
85,717,264 COMMON ISSUED FOR SERVICES IN QE 3.31.16  
4,118,476 PREFERRED K CONVERTED TO 4,118,476 COMMON IN QE 6.30.16  
5,000,000 PREFERRED K(P) CONVERTED TO 50,000,000 COMMON IN QE  
6.30.16  
143,724,995 COMMON ISSUED FOR SERVICES IN QE 6.30.16  
2,463,200 PREFERRED K(P) ISSUED FOR SERVICES IN QE 6.30.16

B. Any jurisdictions where the offering was registered or qualified;

N/A

C. The number of shares offered;

N/A

D. The number of shares sold;

N/A

E. The price at which the shares were offered, and the amount actually paid to the issuer;

N/A

F. The trading status of the shares; and

RESTRICTED

G. Whether the certificates or other documents that evidence the shares contain a legend (1) stating that the shares have not been registered under the Securities Act and (2) setting forth or referring to the restrictions on transferability and sale of the shares under the Securities Act.

YES

With respect to private offerings of securities, the list shall also indicate the identity of the persons who purchased securities in such private offering; *provided, however*, that in the event that any such person is an entity, the list shall also indicate (a) the identity of each natural person beneficially owning, directly or indirectly, more than ten percent (10%) of any class of equity securities of such entity and (b) to the extent not otherwise disclosed, the identity of each natural person who controlled or directed, directly or indirectly, the purchase of such securities for such entity.

## 5) **Financial Statements**

Provide the financial statements described below for the most recent fiscal year end or quarter end to maintain qualification for the OTC Pink Current Information tier

- A. Balance sheet;
- B. Statement of income;

- C. Statement of Stockholders' Equity (Deficit)
- D. Statement of cash flows;
- E. Financial statement notes;

## FINANCIAL STATEMENTS AND FOOTNOTES ARE APPENDED TO THIS DOCUMENT

### 6) Describe the Issuer's Business, Products and Services

Describe the issuer's business so a potential investor can clearly understand the company. In answering this item, please include the following:

- A. A description of the issuer's business operations;

HEMP, INC.'S PRIMARY FOCUS IS ON INDUSTRIAL HEMP AND MYRIAD OF CLEAN, GREEN SUSTAINABLE PRODUCTS THAT INDUSTRIAL HEMP OFFERS TO THE WORLD.

Strategically positioned at the forefront of the industrial hemp industry, Hemp, Inc. (OTC PINK: HEMP) continues to remain ahead of the curve to be able to process industrial hemp and manufacture products made from hemp fiber due to its commercial sized 70,000 square foot multipurpose industrial hemp processing facility, over 9 acres, in Spring Hope, NC. To date, it is the only one of this magnitude in the United States. The milling part of the facility, and added value to the plant, will also enable Hemp, Inc. to produce thousands of pounds of Lost Circulation Materials (LCMs) a day along with other oil absorbent products once it is operational. According to Hemp, Inc. executives, the company expects to add an additional 190,000 pounds of LCMs in the third quarter, which represents a very small amount relative to the plant's capacity for production. Coupled with the 25,000 pounds of LCMs already in inventory, the company expects to be able to go to market with LCMs third quarter. Potential revenue from the LCMs alone could reach up to six hundred thousand dollars next quarter, depending on market viability.

Bruce Perlowin, CEO of Hemp, Inc. (OTC PINK: HEMP) said, "This represents the first of many Hemp, Inc. products to come that we will be producing at our industrial hemp processing plant in North Carolina and selling on a very large scale to major corporations around America and around the world." This opens the possibility for lucrative business opportunities for Hemp, Inc. in the Spring of 2017 because the company is looking to possibly grow and harvest a very large hemp crop on up to 50,000 acres which can all be processed at Hemp, Inc.'s industrial hemp processing facility.

Since last year, North Carolina's governor, Pat McCrory, passed Senate Bill 313 (by not vetoing it) as "an act to recognize the importance and legitimacy of Industrial Hemp research, to provide for compliance with portions of the Federal Agricultural Act of 2014, and to promote increased agricultural employment." The Governor has also since signed into law House Bill 992, which "modifies the industrial hemp research program by clarifying the definition of research purposes and the responsibilities of licenses, creating civil and criminal penalties for violations of the industrial hemp program, and granting rule-making authority to the Industrial Hemp Commission." The ratified bill also adds four appointees to the NC Industrial Hemp Commission. The bill, introduced on April 27, 2016, passed the House on June 14, 2016, passed the Senate on June 30, 2016.

More states are recognizing the benefits of industrial hemp, which is why more states are passing industrial hemp bills in favor of industrial hemp. With the largest commercial decortating plant in the United States, every advancement in the industrial hemp industry reinforces Hemp, Inc.'s advantage in the marketplace because the company is years ahead of the curve. Hemp, Inc.'s subsidiary, Industrial Hemp Manufacturing, LLC (IHM) in Spring Hope, North Carolina, is also becoming known throughout the industry as a leader in this sector.

Farmers in North Carolina now have the option to cultivate hemp crops with easy access to Hemp, Inc.'s (OTC PINK: HEMP) multipurpose industrial hemp commercial processing facility in Spring Hope, NC. With that being said, the company's primary focus continues to be on completing the infrastructure for the largest industrial hemp processing facility in North America.

In terms of generating revenue, the hemp processing facility is expected to substantially outweigh revenues from the company's previous product line. However, revenue from Hemp, Inc.'s LCMs and other absorbent materials will fare very nicely until revenue is generated from the decortication hemp.

The silo will be used to store Hemp, Inc.'s loss circulation material (LCM), Drillwall, prior to packaging. Once the Kenaf (or hemp) stalk has been decorticated, the core of the stalk will go through a milling process to obtain a certain particle size. Then, there are several additives that go into the mix. Once this process is complete, the finished product is conveyed pneumatically into the silo. From the silo, it is conveyed mechanically to the bagging line where it is packaged in 25-pound multi-wall bags and palletized for shipment.

If there are any farmers interested in growing hemp in North Carolina, contact David Schmitt of Hemp, Inc.'s subsidiary, Industrial Hemp Manufacturing, LLC by visiting <http://ihempman.com/contact.html>.

Hemp, Inc. executives also announced, in a previous press release, that they will build a testing lab within their facility. According to David Schmitt, COO of Hemp, Inc. Industrial Hemp Manufacturing, LLC, the lab will be for new product development testing and testing raw hemp materials, fibers and hemp-based products. Not only will Hemp, Inc.'s decortication facility be the only commercial facility in the United States located in North Carolina, it will also be home to the only commercial testing lab for industrial hemp that we are aware of.

Between the multipurpose industrial hemp processing facility, the portable decortication machines, LCMs and other absorbent materials, and the Hemp laboratory, Hemp, Inc. is poised to be the avant-garde of the industrial hemp industry.



B. Date and State (or Jurisdiction) of Incorporation:

JANUARY 16, 2008; COLORADO

C. the issuer's primary and secondary SIC Codes;

7380

D. the issuer's fiscal year end date;

DECEMBER 31

E. principal products or services, and their markets;

HEMP, INC.'S PRIMARY FOCUS IS ON INDUSTRIAL HEMP AND MYRIAD OF CLEAN, GREEN SUSTAINABLE PRODUCTS THAT INDUSTRIAL HEMP OFFERS TO THE WORLD.

**7) Describe the Issuer's Facilities**

THE ISSUER LEASES AN EXECUTIVE OFFICE SPACE ON A MONTH TO MONTH BASIS WHICH IS ADEQUATE FOR ITS CURRENT NEEDS

**8) Officers, Directors, and Control Persons**

A. Names of Officers, Directors, and Control Persons. In responding to this item, please provide the names of each of the issuer's executive officers, directors, general partners and control persons (control persons are beneficial owners of more than five percent (5%) of any class of the issuer's equity securities), as of the date of this information statement.

BRUCE PERLOWIN, CEO/CFO/CHAIRMAN; CRAIG PERLOWIN, SECRETARY;

B. Legal/Disciplinary History. Please identify whether any of the foregoing persons have, in the last five years, been the subject of:

1. A conviction in a criminal proceeding or named as a defendant in a pending criminal proceeding (excluding traffic violations and other minor offenses);

NONE

2. The entry of an order, judgment, or decree, not subsequently reversed, suspended or vacated, by a court of competent jurisdiction that permanently or temporarily enjoined, barred, suspended or otherwise limited such person's involvement in any type of business, securities, commodities, or banking activities;

NONE

3. A finding or judgment by a court of competent jurisdiction (in a civil action), the Securities and Exchange Commission, the Commodity Futures Trading Commission, or a state securities regulator of a violation of federal or state securities or commodities law, which finding or judgment has not been reversed, suspended, or vacated; or

NONE

4. The entry of an order by a self-regulatory organization that permanently or temporarily barred suspended or otherwise limited such person's involvement in any type of business or securities activities.

NONE

C. Beneficial Shareholders. Provide a list of the name, address and shareholdings or the percentage of shares owned by all persons beneficially owning more than ten percent (10%) of any class of the issuer's equity securities. If any of the beneficial shareholders are corporate shareholders, provide the name and address of the person(s) owning or controlling such corporate shareholders and the resident agents of the corporate shareholders.

BRUCE PERLOWIN, CEO/CFO/CHAIRMAN (50%)

**9) Third Party Providers**

Please provide the name, address, telephone number, and email address of each of the following outside providers that advise your company on matters relating to operations, business development and disclosure:

Legal Counsel

Name: N/A

Accountant or Auditor

Name: N/A

Investor Relations Consultant

Name: N/A

Other Advisor: Any other advisor(s) that assisted, advised, prepared or provided information with respect to this disclosure statement.

Name: N/A

**10) Issuer Certification**

The issuer shall include certifications by the chief executive officer and chief financial officer of the issuer.

I, BRUCE PERLOWIN, CEO/CFO/CHAIRMAN certify that:

1. I have reviewed this QUARTERLY REPORT of HEMP, INC.;
2. Based on my knowledge, this disclosure statement does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this disclosure statement; and
3. Based on my knowledge, the financial statements, and other financial information included or incorporated by reference in this disclosure statement, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this disclosure statement.

8.19.16 [Date]

/S/ BRUCE PERLOWIN [CEO/CFO's Signature]

CEO/CFO [Title]

**Hemp, Inc. and Subsidiaries**

Balance Sheets

(Unaudited)

	June 30, 2016	December 31, 2015
		<u>RESTATED</u>
<u>ASSETS</u>		
CURRENT ASSETS		
Cash and cash equivalents	\$ 85,796	\$ 59,982
Securities held for sale	569,907	405,388
Receivables	65,781	65,781
Inventory	308,412	113,020
Notes receivable	25,000	25,000
Prepaid interest	-	52,648
Prepaid rent	-	20,000
Total Current Assets	<u>1,054,896</u>	<u>741,819</u>
OTHER ASSETS		
LPO software	1,810,775	1,810,775
Tax tracking software	156,250	156,250
Property, Plant, and Equipment-net	<u>3,774,999</u>	<u>2,279,243</u>
Total Other Assets	<u>5,742,024</u>	<u>4,246,268</u>
 TOTAL ASSETS	 <u>\$ 6,796,920</u>	 <u>\$ 4,988,087</u>
<u>LIABILITIES AND STOCKHOLDERS' EQUITY/(DEFICIT)</u>		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	\$ 105,730	\$ 115,876
Due to B. Perlowin	85,066	39,300
Due to D. Tobias	16,310	16,310
Payroll taxes payable	57	-
TOTAL CURRENT LIABILITIES	<u>207,163</u>	<u>171,486</u>
NON-CURRENT LIABILITIES		
Contingent disputed liability - JS	12,105	12,105
Note payable and accrued interest	-	-
TOTAL NON-CURRENT LIABILITIES	<u>12,105</u>	<u>12,105</u>
 TOTAL LIABILITIES	 <u>219,268</u>	 <u>183,591</u>
STOCKHOLDERS' DEFICIT		
Preferred stock:		
100,000,000 shares authorized, \$0.00001 par value		
44,755,578 and 51,555,578 shares issued	448	516
Preferred K stock:		
175,000,000 shares authorized, \$0.00001 par value		
153,316,952 and 168,556,064 shares issued	1,533	1,686
Preferred K(P) stock:		
110,000,000 shares authorized, \$0.00001 par value		
42,989,627 and 45,526,427 shares issued	430	455
Common stock:		
5,500,000,000 common shares, \$0.00001 par value		
754,027,180 and 457,645,809 shares issued	7,540	4,577
Additional paid-in capital	36,424,728	26,254,548
Subscriptions payable	4,315,698	2,498,710
Other comprehensive income/(expense)	(5,944,078)	(5,338,213)
Retained earnings/(deficit)	<u>(28,243,647)</u>	<u>(18,617,783)</u>
Total Stockholders' Equity/(Deficit)	<u>6,562,652</u>	<u>4,804,496</u>
TOTAL LIABILITIES AND STOCKHOLDERS' DEFICIT	<u>\$ 6,781,920</u>	<u>\$ 4,988,087</u>



**Hemp, Inc. and Subsidiaries**  
**Statements of Operations**  
(Unaudited)

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2016	2015	2016	2015
SALES	\$ 18,806	\$ 33,235	\$ 747,195	\$ 39,457
Cost of sales	<u>2,750</u>	<u>6,492</u>	<u>2,750</u>	<u>35,819</u>
GROSS MARGIN	16,056	26,743	744,445	3,638
OPERATING EXPENSES				
Compensation - stock based	6,013,879	6,499	9,277,720	256,383
Professional and consulting fees	30,146	59,318	94,479	111,672
Occupancy expenses	74,824	46,098	142,323	68,734
Travel	40,104	26,272	68,125	46,448
Advertising and promotion	94,533	46,930	139,114	101,733
General and administrative	<u>360,523</u>	<u>319,201</u>	<u>661,146</u>	<u>641,508</u>
Total Operating Expenses	<u>6,614,009</u>	<u>504,318</u>	<u>10,382,907</u>	<u>1,226,478</u>
NET INCOME (LOSS) FROM OPERATIONS	(6,597,953)	(477,575)	(9,638,462)	(1,222,840)
OTHER INCOME (EXPENSE)				
Gains/(losses)	-	(421,925)	12,586	(503,468)
Dividend income	-	-	-	5,410
Interest income	12	3	12	4
Other income	-	-	-	20,000
Interest expense	<u>-</u>	<u>(242,061)</u>	<u>-</u>	<u>(515,709)</u>
Total other income (expense)	12	(663,983)	12,598	(993,763)
NET INCOME (LOSS) BEFORE TAXES	<u>(6,597,941)</u>	<u>(1,141,558)</u>	<u>(9,625,864)</u>	<u>(2,216,603)</u>
Provision for income taxes	-	-	-	-
NET INCOME (LOSS)	<u>\$ (6,597,941)</u>	<u>\$ (1,141,558)</u>	<u>\$ (9,625,864)</u>	<u>\$ (2,216,603)</u>
PER SHARE DATA:				
Basic and diluted income (loss) per common share	<u>\$ (0.01)</u>	<u>\$ (0.00)</u>	<u>\$ (0.02)</u>	<u>\$ (0.01)</u>
Weighted average number of common shares outstanding	<u>640,603,320</u>	<u>274,281,511</u>	<u>569,254,620</u>	<u>273,998,810</u>

The accompanying notes are an integral part of these statements

**Hemp, Inc. and Subsidiaries**  
Statement of Stockholders' Equity (Deficit)  
(Unaudited)

	Preferred Stock		Preferred K Stock		Preferred K(P) Stock		Common Stock		Additional Paid-in Capital	Subscriptions Payable	Other Comprehensive Income/ (Expense)	Retained Earnings/ (Deficit)	Total Stockholders' Deficit
	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount					
Balance - December 31, 2013-RESTATED	215,182,600	2,152	125,453,401	1,255			182,734,902	1,827	9,109,334	802,441	(693,905)	(6,997,858)	2,225,245
Rounding	-	-	-	(1.00)			(42)	(0)	6,379	-	-	-	6,380
January 7, 2014 - Common stock issued for services	-	-	-	-			450,000	5	184,496	-	-	-	184,500
January 10, 2014 - Common stock issued for legal fees	-	-	-	-			1,500,000	15	599,985	-	-	-	600,000
January 13, 2014 - Preferred K stock converted to common	-	-	(2,920,042)	(29)			2,920,042	29	-	-	-	-	-
January 17, 2014 - Preferred K stock converted to common	-	-	(4,555,555)	(46)			4,555,555	46	-	-	-	-	-
January 28, 2014 - Preferred K stock converted to common	-	-	(1,023,810)	(10)			1,023,810	10	-	-	-	-	-
February 3, 2014 - Preferred K stock converted to common	-	-	(86,905)	(1)			86,905	1	-	-	-	-	-
February 4 - Preferred stock converted to common	(40,000,000)	(400)	-	-			10,000,000	100	300	-	-	-	-
February 5, 2014 - Preferred K stock converted to common	-	-	(55,351)	(1)			55,351	1	-	-	-	-	-
February 6, 2014 - Preferred K stock converted to common	-	-	(111,100)	(1)			111,100	1	-	-	-	-	-
February 12, 2014 - Preferred K stock converted to common	-	-	(270,000)	(3)			270,000	3	-	-	-	-	-
February 13, 2014 - Preferred K stock converted to common	-	-	(410,000)	(4)			410,000	4	-	-	-	-	-
February 14, 2014 - Preferred K stock converted to common	-	-	(70,000)	(1)			70,000	1	-	-	-	-	-
February 18, 2014 - Preferred K stock converted to common	-	-	(60,000)	(1)			60,000	1	-	-	-	-	-
February 20, 2014 - Preferred K stock converted to common	-	-	(900,000)	(9)			900,000	9	-	-	-	-	-
February 24, 2014 - Preferred K stock converted to common	-	-	(25,000)	(0)			25,000	0	-	-	-	-	-
February 27, 2014 - Common stock issued for services	-	-	-	-			1,171,663	12	1,640,316	-	-	-	1,640,328
March 14, 2014 - Preferred K stock converted to common	-	-	(1,350,000)	(14)			1,350,000	14	-	-	-	-	-

The accompanying notes are an integral part of these statements

March 17, 2014 - Preferred K stock converted to common	-	-	(433,333)	(4)	433,333	4	-	-	-	-	-
March 19, 2014 - Preferred K stock converted to common	-	-	(35,000)	(0)	35,000	0	-	-	-	-	-
March 24, 2014 - Preferred K stock converted to common	-	-	(178,000)	(2)	178,000	2	-	-	-	-	-
March 25, 2014 - Common stock issued for services	-	-	-	-	500,000	5	549,995	-	-	-	550,000
March 25, 2014 - Preferred K stock converted to common	-	-	(5,555,555)	(56)	5,555,556	56	(0)	-	-	-	-
April 2, 2014 - Preferred K stock converted to common	-	-	(59,300)	(1)	59,300	1	-	-	-	-	-
April 7, 2014 - Preferred K stock converted to common	-	-	(11,066,000)	(111)	11,066,000	111	-	-	-	-	-
April 7, 2014 - Preferred stock converted to common	(20,000,000)	(200)	-	-	5,000,000	50	150	-	-	-	-
April 7, 2014 - Preferred K stock converted to common	-	-	(200,000)	(2)	200,000	2	-	-	-	-	-
April 17, 2014 - Preferred K stock converted to common	-	-	(4,000,000)	(40)	4,000,000	40	-	-	-	-	-
April 17, 2014 - Preferred K stock converted to common	-	-	(250,000)	(3)	250,000	3	-	-	-	-	-
April 17, 2014 - Preferred K stock issued for subscription	-	-	85,360,723	854	-	-	801,537	(802,391)	-	-	-
April 25, 2014 - Preferred K stock converted to common	-	-	(1,000,000)	(10)	1,000,000	10	-	-	-	-	-
May 2, 2014 - Preferred K stock converted to common	-	-	(420,420)	(4)	420,420	4	-	-	-	-	-
May 2, 2014 - Preferred K stock converted to common	-	-	(1,207,500)	(12)	1,207,500	12	-	-	-	-	-
May 5, 2014 - Common stock issued for services	-	-	-	-	7,452	0	4,247	-	-	-	4,247
May 9, 2014 - Preferred K stock converted to common	-	-	(500,000)	(5)	500,000	5	-	-	-	-	-
May 9, 2014 - Preferred K stock converted to common	-	-	(300,000)	(3)	300,000	3	-	-	-	-	-
May 12, 2014 - Common stock subscription prepaid interest	-	-	-	-	-	-	-	286,000	-	-	286,000
May 12, 2014 - Derivative cost 10,000,000 warrants	-	-	-	-	-	-	-	565,771	-	-	565,771
May 14, 2014 - Preferred K stock converted to common	-	-	(100,000)	(1)	100,000	1	-	-	-	-	-

The accompanying notes are an integral part of these statements

May 20, 2014 - Preferred K stock converted to common	-	-	(200,000)	(2)	200,000	2	-	-	-	-	-
May 20, 2014 - Preferred K stock converted to common	-	-	(100,000)	(1)	100,000	1	-	-	-	-	-
May 21, 2014 - Common stock subscription for 200,000,000 shares of CleanPath ("CLNP")	-	-	-	-	-	-	-	40,000	-	-	40,000
June 3, 2014 - Preferred stock converted to common	(22,000,000)	(220)	-	-	5,500,000	55	165	-	-	-	-
June 10, 2014 - Preferred K stock converted to common	-	-	(8,000,000)	(80)	8,000,000	80	-	-	-	-	-
June 12, 2014 - Preferred stock converted to common	(222,222)	(2)	-	-	55,556	1	2	-	-	-	-
June 12, 2014 - Common stock issued for services	-	-	-	-	10,417	0	5,677	-	-	-	5,677
June 19, 2014 - Preferred K stock converted to common	-	-	(1,000,000)	(10)	1,000,000	10	-	-	-	-	-
July 1, 2014 - Common stock issued for subscription	-	-	-	-	500,000	5	285,995	(286,000)	-	-	-
July 3, 2014 - Preferred K stock converted to common	-	-	(50,000)	(1)	50,000	1	-	-	-	-	-
July 3, 2014 - Common stock issued for services	-	-	-	-	150,000	2	88,199	-	-	-	88,200
July 3, 2014 - Preferred K stock issued for services	-	-	575,000	6	-	-	379,494	-	-	-	379,500
July 10, 2014 - Common stock issued for services	-	-	-	-	1,200,000	12	791,988	-	-	-	792,000
July 14, 2014 - Preferred stock converted to common	(400,000)	(4)	-	-	100,000	1	3	-	-	-	-
July 15, 2014 - Preferred K stock converted to common	-	-	(1,000,000)	(10)	1,000,000	10	-	-	-	-	-
July 15, 2014 - Preferred stock converted to common	(2,560,000)	(26)	-	-	640,000	6	19	-	-	-	-
July 17, 2014 - Preferred K stock converted to common	-	-	(1,000,000)	(10)	1,000,000	10	-	-	-	-	-
July 21, 2014 - Preferred stock converted to common	(680,000)	(7)	-	-	170,000	2	5	-	-	-	-
July 24, 2014 - Common stock issued for services	-	-	-	-	10,088	0	5,861	-	-	-	5,861
July 28, 2014 - Common stock issued for services	-	-	-	-	1,250,000	13	712,488	-	-	-	712,500
July 30, 2014 - Preferred K stock converted to common	-	-	(200,000)	(2)	200,000	2	-	-	-	-	-

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August 14, 2014 - Common stock issued for services	-	-	-	-	11,050	0	4,807	-	-	-	4,807
August 14, 2014 - Preferred stock converted to common	(6,000,000)	(60)	-	-	1,500,000	15	45	-	-	-	-
August 21, 2014 - Preferred K stock converted to common	-	-	(1,000,000)	(10)	1,000,000	10	-	-	-	-	-
August 21, 2014 - Preferred stock converted to common	(800,000)	(8)	-	-	200,000	2	6	-	-	-	-
September 3, 2014 - Preferred stock converted to common	(800,000)	(8)	-	-	200,000	2	6	-	-	-	-
September 12, 2014 - Preferred K stock converted to common	-	-	(2,000,000)	(20)	2,000,000	20	-	-	-	-	-
September 15, 2014 - Common stock issued for services	-	-	-	-	14,032	0	4,153	-	-	-	4,154
September 18, 2014 - Preferred K stock converted to common	-	-	(2,000,000)	(20)	2,000,000	20	-	-	-	-	-
September 19, 2014 - Preferred stock converted to common	(440,000)	(4)	-	-	110,000	1	3	-	-	-	-
September 19, 2014 - Preferred stock converted to common	(2,800,000)	(28)	-	-	700,000	7	21	-	-	-	-
September 30, 2014 - Common stock issued for services	-	-	-	-	20,917	0	6,191	-	-	-	6,191
October 24, 2014 - Common stock issued for services	-	-	-	-	23,391	0	10,993	-	-	-	10,994
November 4, 2014 - Preferred stock converted to common	(10,000)	(0)	-	-	2,500	0	0	-	-	-	-
November 4, 2014 - Preferred K stock converted to common	-	-	(2,500,000)	(25)	2,500,000	25	-	-	-	-	-
November 4, 2014 - Common stock issued for services	-	-	-	-	600,000	6	329,994	-	-	-	330,000
November 10, 2014 - Preferred K stock converted to common	-	-	(25,000)	(0)	25,000	0	-	-	-	-	-
November 10, 2014 - Preferred K stock converted to common	-	-	(100,000)	(1)	100,000	1	-	-	-	-	-
November 10, 2014 - Preferred K stock converted to common	-	-	(60,000)	(1)	60,000	1	-	-	-	-	-
November 10, 2014 - Preferred K stock converted to common	-	-	(60,000)	(1)	60,000	1	-	-	-	-	-
November 10, 2014 - Preferred K stock converted to common	-	-	(100,000)	(1)	100,000	1	-	-	-	-	-
November 24, 2014 - Common stock issued for services	-	-	-	-	15,944	0	6,059	-	-	-	6,059

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December 16, 2014 - Preferred stock converted to common	(10,000,000)	(100)	-	-	2,500,000	25	75	-	-	-	-
December 16, 2014 - Common stock issued for services	-	-	-	-	18,450	0	6,088	-	-	-	6,089
December 16, 2014 - Common stock issued for services	-	-	-	-	200,000	2	65,998	-	-	-	66,000
Other comprehensive income/(expense)	-	-	-	-	-	-	-	-	(605,865)	-	(605,865)
Income for the year	-	-	-	-	-	-	-	-	-	(2,216,603)	(2,216,603)
Balance - December 31, 2014	<u>108,470,378</u>	<u>1,085</u>	<u>154,851,253</u>	<u>1,548</u>	<u>273,604,192</u>	<u>2,736</u>	<u>15,601,075</u>	<u>605,821</u>	<u>(5,092,884)</u>	<u>(9,081,410)</u>	<u>2,037,971</u>
Rounding							(9)				
January 1, 2015 - Preferred K stock cancelled	-	-	(1,180,180)	(12)	-	-	12	-	-	-	-
January 7, 2015 - Preferred K stock issued for services	-	-	200,000	2	-	-	73,398	-	-	-	73,400
January 7, 2015 - Preferred K stock issued for services	-	-	100,000	1	-	-	36,699	-	-	-	36,700
January 7, 2015 - Preferred K stock issued for services	-	-	10,000	0	-	-	3,670	-	-	-	3,670
January 21, 2015 - Preferred K stock issued for services	-	-	17,960	0	-	-	5,873	-	-	-	5,873
January 21, 2015 - Preferred K stock issued for services	-	-	50,000	1	-	-	16,350	-	-	-	16,350
January 21, 2015 - Preferred K stock issued for services	-	-	25,000	0	-	-	8,175	-	-	-	8,175
January 30, 2015 - Common stock cancelled	-	-	-	-	(200,000)	(2)	2	-	-	-	-
February 11, 2015 - Preferred K stock converted to common	-	-	(10,000)	(0)	10,000	0	-	-	-	-	-
February 11, 2015 - Preferred K stock converted to common	-	-	(200,000)	(2)	200,000	2	-	-	-	-	-
February 11, 2015 - Preferred K stock issued for services	-	-	-	-	200,000	2	63,998	-	-	-	64,000
February 25, 2015 - Preferred K stock issued for services	-	-	19,455	0	-	-	6,167	-	-	-	6,167
March 13, 2015 - Preferred K stock converted to common	-	-	(100,000)	(1)	100,000	1	-	-	-	-	-
March 23, 2015 - Preferred K stock issued for services	-	-	20,875	0	-	-	5,553	-	-	-	5,553
March 25, 2015 - Preferred K stock issued for services	-	-	105,737	1	-	-	30,028	-	-	-	30,029

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Rounding			9				(5,861)			108,395
April 27, 2015 - Preferred K stock issued for services	-	-	27,803	0	-	-	5,838	-	-	5,839
April 29, 2015 - Preferred K stock issued for services	-	-	3,000	0	-	-	627	-	-	627
May 26, 2015 - Common stock issued for debt	-	-	-	-	928,505	9	99,991	-	-	100,000
June 2, 2015 - Preferred K stock issued for services	-	-	32,383	0	-	-	5,861	-	-	5,861
June 3, 2015 - Common stock issued for debt	-	-	-	-	1,160,631	12	124,988	-	-	125,000
June 3, 2015 - Preferred K stock converted to common	-	-	(4,000,000)	(40)	4,000,000	40	-	-	-	-
June 17, 2015 - Common stock issued for debt	-	-	-	-	1,103,753	11	99,989	-	-	100,000
June 18, 2015 - Preferred K stock converted to common	-	-	(200,000)	(2)	200,000	2	-	-	-	-
June 23, 2015 - Preferred K stock converted to common	-	-	(20,000,000)	(200)	20,000,000	200	-	-	-	-
June 23, 2015 - Preferred K stock converted to common	-	-	(3,500,000)	(35)	3,500,000	35	-	-	-	-
June 23, 2015 - Preferred K stock converted to common	-	-	(500,000)	(5)	500,000	5	-	-	-	-
June 24, 2015 - Preferred stock converted to common	(20,000,000)	(200)	-	-	5,000,000	50	150	-	-	-
June 24, 2015 - Common stock issued for debt	-	-	-	-	1,493,429	15	124,985	-	-	125,000
June 24, 2015 - Preferred K stock issued for debt	-	-	81,000,000	810	-	-	1,303,290	-	-	1,304,100
June 24, 2015 - Preferred K stock issued for debt	-	-	6,042,197	60	-	-	97,219	-	-	97,279
June 24, 2015 - Preferred K stock issued for debt	-	-	8,000,000	80	-	-	128,720	-	-	128,800
June 24, 2015 - Preferred K stock issued for debt	-	-	704,222	7	-	-	11,331	-	-	11,338
June 25, 2015 - Preferred stock and Preferred K stock converted to common	(6,914,800)	(69)	(6,271,300)	(63)	8,000,000	80	52	-	-	-
June 26, 2015 - Preferred K stock converted to common	-	-	(808,334)	(8)	808,334	8	-	-	-	-
July 1, 2015 - Debt converted to subscriptions payable							2,284,881			2,284,881

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July 1, 2015 - Preferred stock converted to common	(30,000,000)	(300)		7,500,000	75	225	-
July 1, 2015 - Common stock issued for services				2,240,870	22	259,919	259,941
July 2, 2015 - Preferred K stock converted to common		(5,041,546)	(50)	5,041,546	50		-
July 2, 2015 - Preferred K stock converted to common		(2,677,419)	(27)	2,677,419	27		-
July 13, 2015 - Preferred K stock converted to common		(8,000,000)	(80)	8,000,000	80		-
July 13, 2015 - Preferred K and common stock issued for services		1,580,000	16	1,580,000	16	372,848	372,880
July 14, 2015 - Common stock issued for services				1,000,000	10	113,990	114,000
July 15, 2015 - Common stock issued for services				2,627,248	26	323,125	323,152
July 22, 2015 - Preferred K stock converted to common		(400,000)	(4)	400,000	4		-
July 22, 2015 - Preferred K stock converted to common		(200,000)	(2)	200,000	2		-
July 29, 2015 - Common stock issued for services		400,000	4			59,996	60,000
August 4, 2015 - Preferred K stock converted to common		(1,400,000)	(14)	1,400,000	14		-
August 4, 2015 - Preferred K stock converted to common		(200,000)	(2)	200,000	2		-
August 4, 2015 - Preferred K stock converted to common		(2,000,000)	(20)	2,000,000	20		-
August 4, 2015 - Preferred K stock converted to common		(2,100,000)	(21)	2,100,000	21		-
August 4, 2015 - Preferred K stock converted to common		(200,000)	(2)	200,000	2		-
August 4, 2015 - Preferred K stock converted to common		(420,042)	(4)	420,042	4		-
August 11, 2015 - Preferred K stock converted to common		(8,000,000)	(80)	8,000,000	80		-
August 11 2015 - Preferred K stock converted to common		(8,000,000)	(80)	8,000,000	80		-
August 12, 2015 - Common stock issued for services				853,997	9	125,529	125,538
August 18, 2015 - Common stock issued for services				1,893,939	19	132,557	132,576

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August 19, 2015 - Common stock issued for services			7,412	0	600	600
August 20, 2015 - Preferred K stock converted to common	(5,025,000)	(50)	5,025,000	50		-
August 28, 2015 - Common stock issued for services			3,180,662	32	251,240	251,272
September 8, 2015 - Common stock issued for services			3,307,888	33	218,288	218,321
September 16, 2015 - Common stock issued for services			3,858,025	38	208,295	208,333
September 18, 2015 - Preferred K stock converted to common	(400,000)	(4)	400,000	4		-
September 18, 2015 - Common stock issued for services			420,000	4	23,096	23,100
September 18, 2015 - Common stock issued for services			300,000	3	16,497	16,500
September 18, 2015 - Common stock issued for services			367,241	4	20,194	20,198
September 29, 2015 - Common stock issued for services			4,807,692	48	254,760	254,808
Rounding		(8)	68	1	(1)	1
October 2, 2015 - Preferred K stock converted to common	(1,800,000)	(18)	1,800,000	18		-
October 7, 2015 - Common stock issued for services			840,000	8	43,672	43,680
October 7, 2015 - Common stock issued for services			200,000	2	10,398	10,400
October 7, 2015 - Preferred K stock converted to common	(300,000)	(3)	300,000	3		-
October 8, 2015 - Common stock issued for services			5,076,142	51	319,746	319,797
October 16, 2015 - Common stock issued for services			5,414,552	54	313,990	314,044
October 27, 2015 - Common stock issued for services			5,245,347	52	293,687	293,739
October 28, 2015 - Preferred K stock converted to common	(200,000)	(2)	200,000	2		-
October 28, 2015 - Preferred K(P) stock issued for						

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subscriptions payable			45,226,427	452				2,306,096	(2,306,548)				
November 3, 2015 - Common stock issued for services					8,460,237	85		854,399			854,484		
November 10, 2015 - Common stock issued for services					3,506,184	35		273,447			273,482		
November 17, 2015 - Common stock issued for services					5,000,008	50		304,950			305,000		
November 17, 2015 - Common stock issued for services					3,846,153	38		234,577			234,615		
November 24, 2015 - Preferred K(P) stock issued for services			300,000	3				17,097			17,100		
December 2, 2015 - Common stock issued for services					200,000	2		11,198			11,200		
December 2, 2015 - Common stock issued for services					200,000	2		11,198			11,200		
December 2, 2015 - Preferred K converted to Common	(1,500,000)	(15)			1,500,000	15							
December 2, 2015 - Common stock issued for services					5,139,019	51		287,734			287,785		
December 17, 2015 - Common stock issued for services					3,700,278	37		186,827			186,864		
December 23, 2015 - Common stock issued for services					8,000,000	80		399,920			400,000		
December 24, 2015 - Common stock issued for services					50,000	1		2,575			2,575		
December 24, 2015 - Common stock issued for services					50,000	1		2,575			2,575		
December 24, 2015 - Common stock issued for services					50,000	1		2,575			2,575		
December 24, 2015 - Common stock issued for services					50,000	1		2,575			2,575		
December 24, 2015 - Common stock issued for services					100,000	1		5,149			5,150		
December 24, 2015 - Common stock issued for services					100,000	1		5,149			5,150		
Rounding					(4)	1		12	(1)				
Debt converted to subscriptions payable									2,050,236		2,050,236		
Other comprehensive income/(expense)	-	-	-	-	-	-	-	-	(245,328)	-	(245,328)		
Income (Loss) for the year ended	-	-	-	-	-	-	-	-	-	(9,536,373)	(9,536,373)		
Balance - December 31, 2015	51,555,578	516	168,556,064	1,686	45,526,427	455	457,645,809	4,577	26,118,869	2,634,389	(5,338,213)	(18,617,783)	4,804,497

The accompanying notes are an integral part of these statements

ROUNDING				1	(1)	(1)
January 8, 2016 - Common stock issued for services			8,695,652	87	356,435	356,522
January 19, 2016 - Common stock issued for services			1,000,000	10	31,490	31,500
January 20, 2016 - Common stock issued for services			14,159,292	142	444,460	444,602
January 26, 2016 - Common stock issued for services			11,611,032	116	359,826	359,942
February 11, 2016 - Common stock issued for services			1,700,000	17	64,413	64,430
February 11, 2016 - Common stock issued for services			1,000,000	10	37,890	37,900
February 11, 2016 - Common stock issued for services			1,700,000	17	64,413	64,430
February 11, 2016 - Common stock issued for services			1,000,000	10	37,890	37,900
February 17, 2016 - Common stock issued for services			1,000,000	10	37,990	38,000
March 7, 2016 - Common stock issued for services			7,079,646	71	261,876	261,947
March 8 - Preferred K converted to Common		(10,000)	0	10,000	0	
March 8, 2016 - Common stock issued for services			7,922,654	79	297,020	297,099
March 16 - Preferred stock converted to common	(6,800,000)	(68)	1,700,000	17	51	-
March 8 - Preferred K converted to Common		(8,704,222)	(87)	8,704,222	87	
March 18, 2016 - Common stock issued for services			50,000	1	2,145	2,145
March 18 - Preferred K converted to Common		(2,406,414)	(24)	2,406,414	24	
March 22, 2016 - Common stock issued for services			14,285,714	143	714,143	714,286
March 28, 2016 - Common stock issued for services			14,513,274	145	915,642	915,787
Debt converted to subscriptions payable						981,308
Other comprehensive income/(expense)	-	-	-	-	-	(233,688)

The accompanying notes are an integral part of these statements

(Loss) for the quarter ended	-	-	-	-	-	-	-	-	-	-	-	(3,027,923)	(3,027,923)
Balance - March 31, 2016	44,755,578	448	157,435,428	1,575	45,526,427	455	556,183,709	5,562	29,744,553	3,615,698	(5,571,901)	(21,645,707)	6,150,683
April 1, 2016 - Common stock issued for services							5,200,000	52	267,748				267,800
April 8, 2016 - Preferred K converted to Common			(4,000,000)	(40)			4,000,000	40					
April 20, 2016 - Common stock issued for services							17,832,079	178	793,350				793,528
April 20, 2016 - Preferred K(P) stock issued for services					2,400,000	24			1,067,976				1,068,000
April 20, 2016 - Preferred K(P) stock issued for services					63,200	1			28,123				28,124
April 22, 2016 - Preferred K(P) converted to Common					(5,000,000)	(50)	50,000,000	500	(450)				
May 2, 2016 - Common stock issued for services							12,531,328	125	497,369				497,494
May 12, 2016 - Common stock issued for services							250,000	3	11,723				11,725
May 25, 2016 - Common stock issued for services							10,619,469	106	469,275				469,381
May 31, 2016 - Common stock issued for services							20,000,000	200	863,800				864,000
June 9, 2016 - Preferred K converted to Common			(118,476)	(1)			118,476	1					
June 27, 2016 - Common stock issued for services							27,752,989	278	962,751				963,029
June 27, 2016 - Common stock issued for services							27,800,000	278	964,382				964,660
June 27, 2016 - Common stock issued for services							21,739,130	217	754,131				754,348
Debt converted to subscriptions payable										700,000			700,000
Other comprehensive income/(expense)	-	-	-	-	-	-	-	-	-	-	(372,177)	-	(372,177)
(Loss) for the quarter ended	-	-	-	-	-1	-	-	-1	-2	-	-	1	-2
Balance - June 30, 2016	44,755,578	448	153,316,952	1,533	42,989,627	430	754,027,180	7,540	36,424,728	4,315,698	(5,944,078)	(28,243,647)	6,562,652

The accompanying notes are an integral part of these statements

**Hemp, Inc. and Subsidiaries**  
**Statements of Cash Flows**  
(Unaudited)

	For the Six Months Ended June 30,	
	2016	2015
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net income (loss)	\$ (9,625,864)	\$ (2,216,603)
Adjustments to reconcile net income (loss) to net cash from operating activities:		
Depreciation and amortization	-	63,754
Issuance of common stock for services	9,277,720	256,383
Changes in Operating Assets and Liabilities:		
Impairment	-	-
Inventory	(195,392)	137,479
Receivables	-	10,000
Prepaid interest	(52,648)	290,590
Accounts payable and accrued liabilities	(10,089)	54,489
Net cash from operating activities	(606,273)	(1,403,908)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Securities held for sale	265,089	2,097,547
Property, plant, and equipment	(1,495,756)	(165,026)
Net cash from investing activities	(1,230,667)	1,932,521
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Advances from related parties	45,766	(982,392)
Notes payable	-	386,641
Subscriptions payable	1,816,988	-
Net cash from financing activities	1,862,754	(595,751)
NET CHANGE IN CASH	25,814	(67,138)
CASH AT BEGINNING OF PERIOD	59,982	243,424
CASH AT END OF PERIOD	\$ 85,796	\$ 176,286
<b>SUPPLEMENTAL CASH FLOW DISCLOSURES</b>		
Cash paid for interest	\$ -	\$ -
Cash paid for income taxes	\$ -	\$ -
<b>NON-CASH INVESTING AND FINANCING ACTIVITIES</b>		
Preferred K shares issued for debt	\$ -	\$ -
Common stock issued for prepaid interest	\$ -	\$ -
Warrants issued for prepaid interest	\$ -	\$ -

The accompanying notes are an integral part of these statements

HEMP, INC.  
NOTES TO UNAUDITED FINANCIAL STATEMENTS  
JUNE 30, 2016

**Note 1 - Organization and Basis of Presentation**

***Organization and Line of Business***

The "Company" was incorporated on January 16, 2008 in Colorado as Preachers Coffee, Inc. and was given the trading symbol PCIO. On November 11, 2009 the Company changed its name to Marijuana, Inc. On October 10, 2011 the trading symbol was changed to HEMP. Subsequently the name was changed to Hemp, Inc.

Initially, the Company launched a comprehensive network of information, services and products focused on the rapidly emerging medical and recreational marijuana industries and movements. The Company has assembled the components of all encompassing educational, social networking, affinity programs, and distribution networks through internal development, mergers and acquisitions, and joint ventures. These components are being seamlessly integrated into a process designed to take the consumer from curious, to knowledgeable, to a satisfied and loyal community member with a lasting relationship with the Company through education, information, social networking, and product purchases.

After the name change, from Marijuana, Inc. to Hemp, Inc., the company's primary focus shifted to industrial hemp and the myriad of clean, green sustainable products that industrial hemp offers to the world.

**Basis of Presentation**

The accompanying financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America.

**Note 2 - Summary of Significant Accounting Policies**

**Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and 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.

**Principles of Consolidation**

These consolidated financial statements include the accounts of the Company's wholly owned subsidiaries. All significant intercompany transactions have been eliminated.

**Cash and Cash Equivalents**

Cash and cash equivalents include cash in hand and cash in time deposits, certificates of deposit and all highly liquid debt instruments with original maturities of three months or less.

**Securities Held for Sale**

On August 15, 2011, ten million five hundred thousand (10,500,000) freely trading shares of Medical Marijuana, Inc., ("MJNA") were exchanged for 307,537,500 shares of the Company's common stock. As of December 31, 2013, all MJNA shares had been sold and any gains or losses had been recognized.

During the Quarter ended March 31, 2014 for services rendered to eight corporate customers the Company received OTC listed equity securities classified as held for sale. The equity securities were recorded by the Company at the closing quotations for an aggregate of \$5,308,115.

On May 21, 2014, the Company entered into a Stock Sale and Purchase Agreement with Bioadaptives Inc. through its wholly owned subsidiary BioSwan, Inc., pursuant to which, the Company agreed to purchase 200,000,000 shares of restricted stock of CleanPath Resources Corp., ("CleanPath") in exchange for 1,057,362 shares of the Company's restricted common stock. The transaction was recorded at the closing price of the CleanPath shares which was lower than the market value of the Company shares on that date. The CleanPath shares were received on that date. The Company issued Preferred K shares in lieu of the common shares called for in the agreement.

### **Deposits**

Deposits are the balances outstanding that have not been redeemed as of the date of the Financial Statements.

### **Accounts Receivable/Other Receivable**

Accounts Receivable are amounts due to the company from sales or services rendered.

### **Notes Receivable**

Notes Receivable are executed contractual obligations to the Company reflecting amounts due for sales or services rendered by the Company.

### **Property and Equipment**

Property and equipment are stated at cost. Expenditures for maintenance and repairs are charged to earnings as incurred; additions, renewals and betterments are capitalized. When property and equipment are retired or otherwise disposed of, the related cost and accumulated depreciation are removed from the respective accounts, and any gain or loss is included in operations. Depreciation of property and equipment is provided using the straight line method over their useful lives.

### **Inventory**

Inventory has been recorded at the lower of cost or fair market value.

### **Revenue Recognition**

The Company's revenue recognition policies are in compliance with SEC Staff Accounting Bulletin ("SAB") 104.

### **Stock-Based Compensation**

The Company accounts for its stock-based compensation in accordance with SFAS No. 123R, "ShareBased Payment, an Amendment of FASB Statement no. 123." The Company recognizes in the statement of operations the grant-date fair value of stock options and other equity-based compensation issued to employees and non-employees.

### **Income Taxes**

The Company utilizes the SFAS No. 109, "Accounting for Income Taxes," which requires the recognition of deferred tax assets and liabilities for the expected future tax consequences of events that have been included in the financial statements or tax returns. Under this method, deferred income taxes are

recognized for the tax consequences in the future years of differences between the tax bases of assets and liabilities and their financial reporting amounts at each period and based on enacted tax laws and statutory tax rates applicable to the periods in which the differences are expected to affect taxable income. Valuation allowances are established, when necessary, to reduce deferred tax assets to the amount expected to be realized.

### **Basic and Diluted Earnings per Share**

Earnings per share are calculated in accordance with the SFAS No. 128 ("SFAS No. 128"), "Earnings per Share." Net earnings per share for all periods presented have been restated to reflect the adoption of SFAS No. 128. Basic earnings per share is based upon the weighted average number of common shares outstanding. Diluted earnings per share is based on the assumption that all dilutive convertible shares and stock options were converted or exercised. There are convertible shares as discussed in Note 8. There are no options or warrants. Dilution is computed by applying the treasury stock method. Under this method, options and warrants are assumed to be exercised at the beginning of the period (or at the time of issuance, if later), and as if funds obtained thereby were used to purchase common stock at the average market price during the period. At this time there are no stock options granted.

### **Note 3 - Going Concern**

The accompanying financial statements have been prepared in conformity with generally accepted accounting principles in the United States of America, which contemplates continuation of the Company as a going concern.

### **Note 4 - Accounts Payable**

Accounts payable represent amounts owed to vendors for products and/or services rendered but not yet paid for in full.

### **Note 5 - Notes Payable**

Notes payable was incurred for plant, property, equipment and inventory financing. The president of the Company pledged 23,500,000 shares of the Company's Preferred K stock to further secure this financing. The Company recorded \$951,150 in additional interest expense related to this collateral pledge.

On May 25, 2015 the lender exercised its right to foreclose on a 4,000,000 share Preferred K certificate pledged by the president which triggered debt assumption by the president.

Subsequently issued working capital notes payable were issued pursuant to a continuing financing agreement and are classified as non-current due to repayment characteristics.

The President and major shareholder has entered into a series of personal loans and has advanced the loan proceeds to the Company. He has personally guaranteed these loans and has pledged personal assets to collateralize these loans. Loan proceeds have been used by the Company to purchase the property, plant, and equipment located in North Carolina and to fund the ongoing operations of the Company. The terms of the loans are so draconian the President is continuing to be in "technical default" and as such the Lender immediately forecloses on the President's pledged assets. The advances to the Company classified as Subscriptions Payable as directed by the President.

### **Note 6 - Loans To/From Officers**

Loans are stated at par and are represented in aggregate. Such sum represents the loan of funds and/or withdrawal of funds by officers and is not considered revenue to the company, not income to individual officers.



The President and major shareholder has entered into a series of personal loans and has advanced the loan proceeds to the Company. He has personally guaranteed these loans and has pledged personal assets to collateralize these loans. Loan proceeds have been used by the Company to purchase the property, plant, and equipment located in North Carolina and to fund the ongoing operations of the Company. The terms of the loans are so draconian the President is continuing to be in “technical default” and as such the Lender immediately forecloses on the President’s pledged assets. The advances to the Company classified as Subscriptions Payable as directed by the President.

#### **Note 7 - Stock Options and Warrants**

Pursuant to the financing agreement(s) for the purchase of the decortication plant, land, and equipment the Company issued 10,000,000 Warrants.

#### **Note 8 - Preferred Shares**

The company has three types of preferred shares. The first, Preferred, is convertible to common shares at a ratio of one preferred share to two and one half shares of common shares. The second, Series K, is convertible to common shares at a ratio of one preferred share to ten shares of common. The third, Series Q, is convertible to common shares at a ratio of one preferred share to one hundred shares of common.

#### **Note 9 – Potential Conflicts of Interest**

From time to time members of management and or stakeholders may enter into financial arrangements that must be examined to determine if such arrangements pose a conflict of interest that would precipitate the Company intervention.

On the 17<sup>th</sup> day of April, 2013 Bruce Perlowin (BP) personally entered into a verbal agreement with Diversified Investments, LLC (DI) for software development and analysis of strategic business opportunities, technologies, and products that could be beneficial to Bruce Perlowin. The Company had no involvement whatsoever in the agreement. The agreement called for BP to pay DI 40,000,000 shares of the Company’s common stock for the services with the shares fully earned by October 17, 2013. DI completed its obligations under the agreement within the specified time frame and BP completed his obligation under the agreement with the issuance of 40,000,000 shares of HEMP common on April 7, 2014. An examination of this of this arrangement was determined to not pose a conflict of interest.

On December 10, 2014 BP and DI entered into a subsequent consulting agreement for software development and analysis of strategic business opportunities, technologies, and products that could be beneficial to Bruce Perlowin. The Company has no involvement whatsoever in this consulting agreement. The agreement calls for BP to pay DI 10,000,000 shares of the Company’s common stock monthly for each month services are rendered. Shares are to be paid in advance and considered fully earned on the first day of each month. An examination of this of this arrangement was determined to not pose a conflict of interest.

#### **Note 10 – Dividends**

The Company has not declared or distributed any cash dividends. However, during the year ended December 31, 2013 the Company declared a non-cash dividend in the form 2,000,000 shares of the Common Stock of BioAdaptives, Inc. (“Bio”), held for sale by the Company. Company shareholders received one share of Bio common stock for every 923 shares of Hemp common stock they held as of the record date for the distribution. Bio agreed to issue an additional 5,000 shares as may be required to avoid issuance of fractional shares. The record date for the distribution corresponded to the effective date of the S-1 registration statement filed by Bio which was January 13, 2014.

The Company is considered an “underwriter” within the meaning of the Securities Act of 1933 in connection with this distribution of Bio common shares to its shareholders. The shareholders of the

Company receiving shares in the distribution may also be considered underwriters within the meaning of the Securities Act of 1933 in connection with the resale of the distributed shares.

As at the distribution date there was no public market for Bio securities. Since then Bio under the symbol BDPT now trades on the OTC Market.

#### **Note 11 – Decortication Plant**

On May 12, 2014, the Company purchased decortication equipment for processing kenaf, a fibrous plant used in industrial, commercial, and consumer applications, and for the anticipated future processing of hemp. On August 7, 2014 the Company acquired a 70,000 square-foot North Carolina factory building on 8 acres to house the decortication equipment along rolling stock and forklifts. The Company's CEO advanced the \$17,000 to open escrow on the purchase. The Company borrowed \$1,600,000 to finance the purchase of the land, building, equipment and to provide working capital on a long term convertible note payable. The land, building, equipment, and 8,000,000 Preferred K shares are pledged as collateral against the Note. The CEO supplied the 8,000,000 Preferred K shares from his own personal portfolio. The Note further required the Company to issued 5,000,000 Common shares, 10,000,000 five year \$0.10 Common stock warrants, and six amortizing payments of \$296,667 for a total of \$1,760,000 beginning on May 12, 2015. The Note is convertible to Common stock at the election of the Company. The 5,000,000 Common shares issued pursuant to the terms of the Note were recorded as prepaid interest at \$286,000, the closing price of the shares. The Company used the Black Scholes method to calculate the derivative cost of the 10,000,000 Common stock warrants at \$565,771 and was also recorded as prepaid interest.

The President and major shareholder has entered into a series of personal loans and has advanced the loan proceeds to the Company. He has personally guaranteed these loans and has pledged personal assets to collateralize these loans. Loan proceeds have been used by the Company to purchase the property, plant, and equipment located in North Carolina and to fund the ongoing operations of the Company. The terms of the loans are so draconian the President is continuing to be in "technical default" and as such the Lender immediately forecloses on the President's pledged assets. The advances to the Company classified as Subscriptions Payable as directed by the President.