Hemp, Inc. and Subsidiaries

(Formerly Marijuana, Inc.)

Balance Sheets

(Unaudited)

	December 31, 2012	December 31, 2011
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$ 3,151	$ 602
Securities held for sale	9,499	150,150
Inventory	5,600	12,375
Deposits	-	300
Total Current Assets	18,250	163,427
OTHER ASSETS		
Investment in 420 Café	5,000	5,000
Investment in Wild Herb	5,000	5,000
Investment in Red Rock Naturals	2,500	2,500
Kins investment	2,761	-
Leasehold improvements	2,500	2,500
LPO software	1,810,775	1,810,775
Tax tracking software	156,250	-
Social network software	382,000	382,000
Total Other Assets	2,366,786	2,207,775
TOTAL ASSETS	$ 2,385,036	$ 2,371,202
LIABILITIES AND STOCKHOLDERS' EQUITY/(DEFICIT)		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	$ 2,490	$ 14,199
Due to B. Perloin	671,231	1,958,074
Due to D. Tobias	16,260	17,260
TOTAL CURRENT LIABILITIES	689,981	1,989,533
NON-CURRENT LIABILITIES		
Contingent disputed liability - JS	12,105	12,105
TOTAL LIABILITIES	702,086	2,001,638
STOCKHOLDERS' DEFICIT		
Preferred stock:		
500,000,000 shares authorized, $0.00001 par value		
256,714,800 and 300,000,000 shares issued	2,567	3,000
Preferred K stock:		
250,000,000 shares authorized, $0.00001 par value		
178,320,066 and -0- shares issued	1,783	-
Common stock:		
3,000,000,000 common shares, $0.00001 par value		
1,076,960,576 and 732,498,722 shares issued	10,770	7,325
Additional paid-in capital	21,155,927	3,396,314
Other comprehensive income/(expense)	(354,406)	(362,353)
Retained earnings/(deficit)	(19,133,691)	(2,674,722)
Total Stockholders' Equity/(Deficit)	1,682,950	369,564
TOTAL LIABILITIES AND STOCKHOLDERS' DEFICIT	$ 2,385,036	$ 2,371,202

The accompanying notes are an integral part of these statements

Hemp, Inc. and Subsidiaries		
(Formerly Marijuana, Inc.)		
Statements of Operations		
(Unaudited)		
	For the Year Ended December 31, 2012	For the Year Ended December 31, 2011
SALES	$ 8,909	$ 6,036
Cost of sales	8,275	-
GROSS MARGIN	634	6,036
OPERATING EXPENSES		
Compensation - stock based	15,864,405	699,369
Professional and consulting fees	201,546	56,985
Occupancy expenses	56,405	50,974
Travel	18,639	46,868
Advertising and promotion	54,595	29,566
General and administrative	380,587	25,924
Total Operating Expenses	16,576,177	909,686
NET LOSS FROM OPERATIONS	(16,575,543)	(903,650)
OTHER INCOME (EXPENSE)		
Gains on securities held for sale	116,574	22,100
(Losses) on securities held for sale	-	-
Total other income (expense)	116,574	22,100
NET LOSS BEFORE TAXES	(16,458,969)	(881,550)
Provision for income taxes	-	-
NET LOSS	$ (16,458,969)	$ (881,550)
PER SHARE DATA:		
Basic and diluted income (loss) per common share	$ (0.02)	$ (0.00)
Weighted average number of common shares outstanding	904,729,649	531,234,861

The accompanying notes are an integral part of these statements

Hemp, Inc. and Subsidiaries

(Formerly Marijuana, Inc.)

Statements of Cash Flows

(Unaudited)

	For the Years Ended December 31, 2012	2011
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income (loss)	$ (16,458,969)	$ (881,550)
Adjustments to reconcile net income (loss) to net cash from operating activities:		
Issuance of common stock for services	15,154,377	699,369
Issuance of preferred stock for expenses	710,028	31,815
Changes in Operating Assets and Liabilities:		
Inventory	6,775	(6,430)
Prepaid fees and services	300	(300)
Accounts payable and accrued laibilities	(11,709)	4,199
Due to related parties	(1,000)	1,650,394
Net cash from operating activities	(600,198)	1,497,497
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment in 420 Cafe	-	(5,000)
Investment in Wild Herb Naturals	-	(5,000)
Investment in Red Rock Naturals	-	(2,500)
Kins investment	(2,761)	-
Leaseholf improvements	-	(2,500)
Tax tracking software	(156,250)	-
LPO software	-	(1,496,000)
Net cash from investing activities	(159,011)	(1,511,000)
CASH FLOWS FROM FINANCING ACTIVITIES		
Contingent disputed note payable	-	12,105
Advances from related parties	761,758	-
Net cash from financing activities	761,758	12,105
NET CHANGE IN CASH	2,549	(1,398)
CASH AT BEGINNING OF PERIOD	602	2,000
CASH AT END OF PERIOD	$ 3,151	$ 602
SUPPLEMENTAL CASH FLOW DISCLOSURES		
Cash paid for interest	$ -	$ -
Cash paid for income taxes	$ -	$ -
NON-CASH INVESTING AND FINANCING ACTIVITIES		
Preferred K shares issued for debt	$ 1,925,743	$ -
Common stock issued for securities held for sale	$ -	$ 2,318,970
Common stock issued for Social Network Software	$ -	$ 382,000

The accompanying notes are an integral part of these statements

Hemp, Inc. and Subsidiaries

(Formerly Marijuana, Inc.)

Statement of Stockholders' Equity (Deficit)

(Unaudited)

	Preferred Stock Shares	Preferred Stock Amount	Preferred K Stock Shares	Preferred K Stock Amount	Common Stock Shares	Common Stock Amount	Additional Paid-In Capital	Other Comprehensive Income/ (Expense)	Retained Earnings/ (Deficit)	Total Stockholders' Deficit
Balance - December 31, 2010	300,000,000	$ 3,000	-	$ -	329,971,000	$ 3,300	$ -	$ -	$ (1,793,172)	$ (1,786,872)
Common stock issued for software development	-	-	-	-	25,000,000	250	381,750	-	-	382,000
Common stock issued for compensation	-	-	-	-	69,990,222	700	698,669	-	-	699,369
Common stock issued for MJNA shares	-	-	-	-	307,537,500	3,075	2,315,895	-	-	2,318,970
Other comprehensive income/(expense)	-	-	-	-	-	-	-	(362,353)	-	(362,353)
(Loss) for the year	-	-	-	-	-	-	-	-	(881,550)	(881,550)
Balance - December 31, 2011	300,000,000	$ 3,000	-	$ -	732,498,722	$ 7,325	$ 3,396,314	$ (362,353)	$ (2,674,722)	$ 369,564
Common stock issued for services	-	-	-	-	4,600,000	46	67,254	-	-	67,300
Preferred K stock issued for debt	-	-	193,836,430	1,938	-	-	1,923,805	-	-	1,925,743
Preferred stock cancelled	(19,000,000)	(190)	-	-	-	-	190	-	-	-
Preferred stock cancelled		-	-	-	-	-	-	-	-	-
Preferred stock cancelled		-	-	-	-	-	-	-	-	-
Common stock issued for services	-	-	-	-	100,000,000	1,000	1,719,000	-	-	1,720,000
Preferred stock cancelled	(24,285,200)	(243)	-	-	-	-	243	-	-	-
Preferred K stock cancelled	-	-	(15,516,364)	(155)	-	-	155	-	-	-
Common stock issued for services	-	-	-	-	239,862,219	2,399	14,048,963	-	-	14,051,362
Other comprehensive income/(expense)	-	-	-	-	-	-	-	7,947	-	7,947
Reconciling Adjustment					(365)					
(Loss) for the year	-	-	-	-	-	-	-	-	(16,458,969)	(16,458,969)
Balance - December 31, 2012	256,714,800	$ 2,567	178,320,066	$ 1,783	1,076,960,576	$ 10,770	$ 21,155,924	$ (354,406)	$ (19,133,691)	$ 1,682,947

The accompanying notes are an integral part of these statements

HEMP, INC.
(FORMERLY MARIJUANA, INC.)
NOTES TO FINANCIAL STATEMENTS

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.

The Company is a start-up company and has not earned significant revenues since inception. The Company is launching a comprehensive network of information, services and products focused on the rapidly emerging medical marijuana industries and movements. The Company continues to assemble the components of this all encompassing educational, social network, affinity program, and distribution network 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.

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. On December 31, 2012 the marketable securities account was adjusted to reflect the change in market value.

Deposits

Deposits are the balances outstanding that have not been redeemed as of the date of the Financial Statements. As of December 31, 2012, there are no deposits.

Accounts Receivable/Other Receivable

Accounts Receivable are amounts due to the company from sales or services rendered. As of December 31, 2012 there were receivables.

Notes Receivable

Notes Receivable are executed contractual obligations to pay the company reflecting amounts due for sales or services rendered to another by the company. As of December 31, 2012, there were no notes receivable.

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, "Share Based 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

None.

Note 6 - Loans To/From Officers

Loans are stated at par and a 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, nor income to individual officers.

Note 7 - Stock Options and Warrants

None.

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 - Prepaid Expenses

None.

Note 10 - Significant Events
The company has expanded its focus to develop opportunities associated with the medical marijuana industry. The company does not cultivate, distribute or possess marijuana. Instead, the

company is creating a service infrastructure to serve industry participants. By creating the prerequisite social network infrastructure, the company is poised to profit from its leadership position in the industry. The company contemplates becoming involved in a social networking media via the internet to connect industry participants and serve their information needs. The company also plans to pursue providing a full curriculum to educate participants in the industry both through live seminars as well as via the internet. The company intends to offer industry-related products and services where economically feasible. Finally, the company is developing a website providing entertainment and news which affect industry participants.

Note 11 - Subsequent Events
None.