

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: 12.31.15

Total shares outstanding: 457,645,809 as of: 12.31.15

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: 12.31.15

Total shares outstanding: 51,555,578 as of: 12.31.15

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: 12.31.15

Total shares outstanding: 170,056,064 as of: 12.31.15

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: 12.31.15

Total shares outstanding: 45,526,427 as of: 12.31.15

Transfer Agent

Name MADISON STOCK TRANSFER INC.

Address 1: 2715 CONEY ISLAND AVE., 2ND 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.
2,300,000 PREFERRED K CONVERTED TO 2,300,000 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 SUBSRIPTIONS IN QE 12.31.15
56,727,920 COMMON ISSUED FOR SERVICES IN QE 12.31.15

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 A MYRIAD OF CLEAN, GREEN SUSTAINABLE PRODUCTS THAT INDUSTRIAL HEMP OFFERS TO THE WORLD.

The legalization of industrial hemp has been a game changer for Hemp, Inc. Thus, the direction of the company has shifted towards more industrial, advanced processing and milling. As a result of the company's shift in focus, there was a reduction of revenue for year-end 2015. However, after Hemp, Inc.'s decortication facility is operational, executives expect significant revenue to make up for the small loss. "We do not believe the losses will be significant when compared to the projected gain from our new direction," said Bruce Perlowin, CEO of Hemp, Inc.

Hemp, Inc.'s multipurpose industrial hemp processing facility in Spring Hope, NC will be able to process industrial hemp, now legalized in NC, for a myriad of clean green sustainable products.

North Carolina will be home to the only commercial, industrial hemp decortication facility in the United States, owned and operated by Hemp, Inc. On October 31, 2015, 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."

More states are recognizing the benefits of industrial hemp, which is why we are seeing more and more states pass an industrial hemp bill in favor of industrial hemp. With the largest commercial decortivating 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), 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 has been on building 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 product line, which is why the primary focus has been on the plant.

Not only is Hemp, Inc.'s commercial decortication facility the only one in the U.S. that will be able to process raw hemp or kenaf on a large scale, the company is also producing lost circulation material (LCM) for the oil and drilling industries. That's very lucrative partly because LCMs are currently hard to source.

The multimillion-dollar plant is nearing the start of production. After months of weather delays, due to above average rainfall in North Carolina, the company has finally been able to install its 60-foot tall silo. (The video can be seen on its website or on www.hempincpresents.com, whereby the company posts video updates on the progress of the plant.)

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, 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 ANNUAL 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.

4.18.16 [Date]

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

CEO/CFO [Title]

Hemp, Inc. and Subsidiaries
Balance Sheets
(Unaudited)

	December 31, 2015	December 31, 2014
<u>ASSETS</u>		
CURRENT ASSETS		
Cash and cash equivalents	\$ 59,982	\$ 86,505
Securities held for sale	418,364	2,457,245
Receivables	65,781	10,000
Inventory	113,020	113,341
Notes receivable	25,000	-
Prepaid interest	52,648	488,533
Prepaid rent	20,000	20,000
Total Current Assets	754,795	3,175,624
OTHER ASSETS		
LPO software	1,810,775	1,810,775
Tax tracking software	156,250	156,250
Property, Plant, and Equipment-net	2,279,243	1,135,627
Total Other Assets	4,246,268	3,102,652
TOTAL ASSETS	\$ 5,001,063	\$ 6,278,276
<u>LIABILITIES AND STOCKHOLDERS' EQUITY/(DEFICIT)</u>		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	\$ 112,740	\$ 175,489
Due to B. Perlowin	39,300	2,044,388
Due to D. Tobias	16,310	16,310
Payroll taxes payable	-	347
TOTAL CURRENT LIABILITIES	168,350	2,236,534
NON-CURRENT LIABILITIES		
Contingent disputed liability - JS	12,105	12,105
Note payable and accrued interest	-	1,991,667
TOTAL NON-CURRENT LIABILITIES	12,105	2,003,772
TOTAL LIABILITIES	180,455	4,240,306
STOCKHOLDERS' DEFICIT		
Preferred stock:		
100,000,000 shares authorized, \$0.00001 par value		
51,555,578 and 108,470,378 shares issued	516	1,085
Preferred K stock:		
175,000,000 shares authorized, \$0.00001 par value		
170,056,064 and 154,851,253 shares issued	1,701	1,548
Preferred K(P) stock:		
110,000,000 shares authorized, \$0.00001 par value		
45,526,427 and -0- shares issued	455	-
Common stock:		
5,500,000,000 common shares, \$0.00001 par value		
457,645,809 and 273,604,192 shares issued	4,577	2,736
Additional paid-in capital	26,338,533	15,601,075
Subscriptions payable	2,498,710	605,821
Other comprehensive income/(expense)	(6,117,149)	(5,092,884)
Retained earnings/(deficit)	(17,906,735)	(9,081,410)
Total Stockholders' Equity/(Deficit)	4,820,608	2,037,971
TOTAL LIABILITIES AND STOCKHOLDERS' DEFICIT	\$ 5,001,063	\$ 6,278,277

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

	For the Year Ended December 31,	
	2015	2014
SALES	\$ 113,221	\$ 7,952,014
Cost of sales	83,697	135,827
GROSS MARGIN	29,524	7,816,187
OPERATING EXPENSES		
Compensation - stock based	6,305,593	4,797,106
Professional and consulting fees	230,373	1,123,305
Occupancy expenses	204,537	108,237
Travel	38,300	55,686
Advertising and promotion	351,625	220,419
General and administrative	586,832	1,082,289
Total Operating Expenses	7,717,260	7,387,042
NET INCOME (LOSS) FROM OPERATIONS	(7,687,736)	429,145
OTHER INCOME (EXPENSE)		
Gains/(losses)	(503,793)	(831,868)
Dividend income	5,410	
Interest income	4	18,915
Other income	21,794	14,452
Impairment		(382,000)
Interest expense	(661,004)	(1,279,454)
Total other income (expense)	(1,137,589)	(2,459,955)
NET INCOME (LOSS) BEFORE TAXES	(8,825,325)	(2,030,810)
Provision for income taxes	-	-
NET INCOME (LOSS)	\$ (8,825,325)	\$ (2,030,810)
PER SHARE DATA:		
Basic and diluted income (loss) per common share	\$ (0.03)	\$ (0.01)
Weighted average number of common shares outstanding	339,124,423	236,695,690

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	Sub- scriptions Payable	Other Com- prehensive Income/ (Expense)	Retained Earnings/ (Deficit)	Total Stockholders' Deficit
	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount					
Balance - December 31, 2013-RESTATE	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	-	-	-	-	-

The accompanying notes are an integral part of these statements

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	-	-	-	-	-
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											

The accompanying notes are an integral part of these statements

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	-	-	-	-	-
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	-	-	-	-

The accompanying notes are an integral part of these statements

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	-	-	-	-	-
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											

The accompanying notes are an integral part of these statements

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
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)	-	-	-	-	-	-	-	-	(1,024,265)	-	(1,024,265)
Income for the year	-	-	-	-	-	-	-	-	-	(2,030,810)	(2,030,810)
Balance - December 31, 2014	108,470,378	1,085	154,851,253	1,548	273,604,192	2,736	15,601,075	605,821	(5,092,884)	(9,081,410)	2,037,971
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											

The accompanying notes are an integral part of these statements

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
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											

The accompanying notes are an integral part of these statements

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
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					-

The accompanying notes are an integral part of these statements

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
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		-

The accompanying notes are an integral part of these statements

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						

The accompanying notes are an integral part of these statements

subscriptions payable	45,226,427	452			2,441,775	-2,442,227
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 - Common stock issued for services			1,500,000	15	83,985	84,000
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						

The accompanying notes are an integral part of these statements

										payable	2,050,236		2,050,236
Other comprehensive income/(expense)	-	-	-	-								(1,024,265)	(1,024,265)
Income for the year	-	-	-	-									(8,825,325)
Balance - September 30, 2015	51,555,578	516	170,056,064	1,701	45,526,427	455	457,645,809	4,577	26,338,533	2,498,710	-6,117,149	-17,906,735	4,820,608

The accompanying notes are an integral part of these statements

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

	For the Year Ended December 31,	
	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income (loss)	\$ (8,825,325)	\$ (2,030,810)
Adjustments to reconcile net income (loss) to net cash from operating activities:		
Depreciation and amortization	-	54,200
Issuance of common stock for services	6,305,593	4,797,106
Changes in Operating Assets and Liabilities:		
Impairment	-	382,000
Inventory	321	(113,341)
Receivables	(80,781)	(10,000)
Prepaid interest	(435,885)	(488,533)
Accounts payable and accrued liabilities	(62,749)	173,346
Net cash from operating activities	(3,098,826)	2,763,968
CASH FLOWS FROM INVESTING ACTIVITIES		
Securities held for sale	2,038,881	(4,994,583)
Property, plant, and equipment	(1,143,616)	(1,203,891)
Net cash from investing activities	895,265	(6,198,474)
CASH FLOWS FROM FINANCING ACTIVITIES		
Advances from related parties	39,300	1,877,989
Subscriptions payable	2,140,760	1,640,000
Net cash from financing activities	2,180,060	3,517,989
NET CHANGE IN CASH	(23,501)	83,483
CASH AT BEGINNING OF PERIOD	83,483	3,022
CASH AT END OF PERIOD	\$ 59,982	\$ 86,505
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	\$ -	\$ 802,391
Common stock issued for prepaid interest	\$ -	\$ 286,000
Warrants issued for prepaid interest	\$ -	\$ 565,771

The accompanying notes are an integral part of these statements

HEMP, INC.
NOTES TO UNAUDITED FINANCIAL STATEMENTS
DECEMBER 31, 2015

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.

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, not income to individual officers.

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 four classes 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. The fourth, Series K(P) is convertible into one share 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's intervention.

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.