

NANOTECH ENTERTAINMENT, INC.

FINANCIAL INFORMATION FOR YEAR ENDING JUNE 30, 2017

FINANCIAL STATEMENTS

The accompanying unaudited financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America and the rules of the Securities and Exchange Commission ("SEC"). In the opinion of management, all adjustments, consisting of normal recurring adjustments, necessary for a fair presentation of financial position and the results of operations for the periods presented have been reflected herein. The results of operations for the periods presented are not necessarily indicative of the results to be expected for the full year.

CAUTIONARY STATEMENT ABOUT FORWARD-LOOKING STATEMENTS

All readers of this document and any document incorporated by reference herein are advised that this document and documents incorporated by reference into this document contain forward-looking statements and statements of historical facts. Forward-looking statements are subject to certain risks and uncertainties, which could cause actual results to differ materially for those indicated by the forward-looking statements. Examples of forward-looking statements include, but are not limited to (i) revenue projections, income (loss), earnings (loss) per share, capital expenditures, dividends, capital structure and other financial items, (ii) statements of the plans and objectives of the Company or its management or Board of Directors, including the introduction of new products, or estimates or predictions with regards to customers, suppliers, competitors or regulatory authorities, (iii) statements of future performance, and (iv) statements of assumptions underlying other statements about the Company or its business.

This document and all documents incorporated herein by reference also identify factors which could cause actual results to differ materially from those indicated by the forward-looking statements.

The cautions outlined made in this statement and elsewhere in this document should not be construed as complete or exhaustive. In many cases, we cannot predict factors which could cause results to differ materially from those indicated by the forward-looking statements. Additionally, many items or factors that could cause actual results to differ materially from forward-looking statements are beyond our ability to control. The Company will not undertake an obligation to further update or change any forward-looking statement, whether as a result of new information, future developments, or otherwise.

NanoTech Entertainment, Inc.
Consolidated Balance Sheet (unaudited)
Year Ended June 30, 2017

ASSETS

Current Assets:

Cash	\$ 4,986
Accounts Receivable	\$ 4,067,608
Notes Receivable	\$ 21,210,000
Inventory	\$ 987,940
Investment Holdings	\$ 600,000
Prepaid Contracts	\$ -
Prepaid Expenses	\$ -
Prepaid Royalties	\$ 1,057,424

Total Current Assets \$ 27,927,958

Property and Equipment \$ 1,280,706

Less: Accumulated Depreciation \$ (736,215)

Net Property and Equipment \$ 544,491

Total Assets \$ 28,472,449

LIABILITIES and STOCKHOLDERS DEFICIT

LIABILITIES

Accounts Payable and Accrued Expenses	\$ (1,273,026)
Accounts Payable Related Parties	\$ -
Accrued Salaries	\$ (705,087)
Notes Payable	\$ -
Notes Payable - Related Parties	
Contract Settlements Payable	\$ (2,217,357)
Convertible Notes Payable	\$ (21,421,395)
Convertible Notes Payable - Related Parties	\$ -

Total Liabilities \$ (25,616,865)

STOCKHOLDERS' DEFICIT

Common Stock, \$.001 par value, 499,000,000 shares
authorized, 135,759,179 issued and

Outstanding \$ (163,340)

Additional Paid-In Capital \$ (6,137,640)

Deficit accumulated during the development stage \$ 3,445,396

Total Stockholders' deficit \$ (2,855,584)

TOTAL LIABILITIES and STOCKHOLDERS' DEFICIT \$ (28,472,449)

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

NanoTech Entertainment, Inc.
Statement of Consolidated Cash Flows (unaudited)
Year Ending June 30, 2017

Starting Cash	\$ 6,805
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Cash Flow from Operations	
Net Earnings	\$ (2,114,652)
Additions to Cash	
Decrease in Accounts Receivable	\$ -
Decrease in Notes Receivable	\$ -
Decrease Inventory	\$ -
Decrease Prepaid Contracts	\$ -
Decrease Prepaid Expenses	\$ -
Decrease Prepaid Royalties	\$ 1,968,110
Decrease Property & Equipment	\$ -
Depreciation	\$ 106,461
Increase in Accounts Payable	\$ 334,265
Increase in Accrued Sal.	\$ 591,147
Increase in Notes Payable	\$ -
Increase in Contract Settlement	\$ 2,217,357
Increase in Convertible Debt	\$ 21,202,395
Subtractions from Cash	
Increase in Accounts Receivable	\$ (3,220,995)
Increase in Notes Receivable	\$(21,210,000)
Increase Inventory	\$ -
Increase Prepaid Contracts	\$ -
Increase Prepaid Expenses	\$ -
Increase Prepaid Royalties	\$ (1,552)
Increase Property & Equipment	\$ -
Decrease in Accounts Payable	\$ -
Decrease in Accrued Sal.	\$ -
Decrease in Notes Payable	\$ (169,750)
Decrease in Contract Settlement	\$ -
Decrease in Convertible Debt	\$ -
Net Cash from Operations	\$ (297,214)
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Cash Flow from Investing	
Equipment	
Cash Flow from Financing	
Convertible Debentures	\$ 295,395
Notes Payable	\$ -
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Net Cash Increase for Period	\$ (1,819)
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Cash at End of Period	\$ 4,986

The accompanying notes are an integral part of these financial statements

NanoTech Entertainment, Inc.
Income Statement (unaudited)
Year Ending June 30, 2017

Sales UMG	\$ 53,957
Sales Media	\$ 5,341,755
Sales Studio	\$ 7,443,029
Sales Advertising	\$ 194,823
Cost of Sales	\$(11,539,665)
Depreciation Expense	\$ (141,828)
General and Administration Expense	\$ (294,763)
Payroll Expense	\$ (823,199)
Professional & Legal Fees	\$ (466,829)
Sales & Marketing	\$ (12,343)
Building & Equipment	\$ -
Loss on Settlement of Debt	\$ (1,630,113)
Loss on Discontinued Operations	\$ -
Loss on Extinguishment of Accrued	\$ -
Salaries	\$ -
Rent Expense	\$ (170,982)
Interest Expense	\$ (68,495)
Net Gain	\$ (2,114,652)
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Number Shares	163,339,749
Net Gain per Share	\$ (0.013)
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Gross Sales	\$ 13,033,565
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Gross Profit	\$ 1,493,900
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Expenses	\$ (3,608,552)

Notes to Consolidated Financial Statements

Year Ended June 30, 2017

A. ORGANIZATION

NanoTech Entertainment, Inc. (“NTEK”) was incorporated under the laws of the state of Nevada on July 15, 2004. The Company operates as a holding company conglomerate of several different companies that include manufacturing and development of technology, television content, consumer goods, mobile applications, and consumer software. The company generates revenue from a mixture of licensing products to third parties for manufacturing and ultimate distribution as well as the manufacture and sale and rental of products directly to the consumer.

B. SIGNIFICANT ACCOUNTING POLICIES

USE OF ESTIMATES

The preparation of the Company’s financial statements in conformity with accounting principles generally accepted in the United States 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 amount of revenues and expenses during the reporting period. Actual results could differ from those estimates. The Company’s periodic filings with the Securities and Exchange Commission include, where applicable, disclosures of estimates, assumptions, uncertainties and markets that could affect the financial statements and future operations of the Company.

CONSOLIDATED STATEMENTS

The Company’s financial statements are prepared from a consolidation of the financial statements of the individual operating companies that are owned and/or controlled by the Company.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash in banks, money market funds, and certificates of term deposits with maturities of less than three months from inception, which are readily convertible to known amounts of cash and which, in the opinion of management, are subject to an insignificant risk of loss in value. The Company’s cash balance totaled \$4,986 as of JUNE 30, 2017.

INVENTORY

The Company’s inventory is stated at the lower of cost or market using the FIFO costing method. Inventory on hand totaled \$987,940 at JUNE 30, 2017 and consisted components and finished goods and equipment available and ready for sale.

PROPERTY AND EQUIPMENT

The Company’s property and equipment is comprised of office and computer equipment, which are stated at cost. Depreciation is calculated over the estimated useful lives ranging from 3 to 7 years using the straight – line method. The Company has \$1,280,706 in fixed assets, which had accumulated depreciation of \$736,215 as of JUNE 30, 2017.

SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

REVENUE RECOGNITION

Revenues are recognized when risks associated with ownership have passed to unaffiliated customers, and when all criteria of ASB Topic No. 605 (SAB Topic 13) have been met. Typically, this occurs when finished products are shipped, or media content is delivered.

RECENTLY-ISSUED ACCOUNTING PRONOUNCEMENTS

In June 2009 the FASB established the Accounting Standards Codification ("Codification" or "ASC") as the source of authoritative accounting principles recognized by the FASB to be applied by nongovernmental entities in the preparation of financial statements in accordance with generally accepted accounting principles in the United States ("GAAP"). Rules and interpretive releases of the Securities and Exchange Commission ("SEC") issued under authority of federal securities laws are also sources of GAAP for SEC registrants. Existing GAAP was not intended to be changed as a result of the Codification, and accordingly the change did not impact our financial statements. The ASC does change the way the guidance is organized and presented.

Statement of Financial Accounting Standards ("SFAS") SFAS No. 165 (ASC Topic 855), "Subsequent Events," SFAS No. 166 (ASC Topic 810), "Accounting for Transfers of Financial Assets-an Amendment of FASB Statement No. 140," SFAS No. 167 (ASC Topic 810), "Amendments to FASB Interpretation No. 46(R)," and SFAS No. 168 (ASC Topic 105), "The FASB Accounting Standards Codification and the Hierarchy of Generally Accepted Accounting Principles-a replacement of FASB Statement No. 162," were recently issued. SFAS No. 165, 166, 167, and 168 have no current applicability to the Company or their effect on the financial statements would not have been significant.

Accounting Standards Update ("ASU") ASU No. 2009-05 (ASC Topic 820), which amends Fair Value Measurements and Disclosures - Overall, ASU No. 2009-13 (ASC Topic 605), Multiple-Deliverable Revenue Arrangements, ASU No. 2009-14 (ASC Topic 985), Certain Revenue Arrangements that include Software Elements, and various other ASU's No. 2009-2 through ASU No. 2010-18 which contain technical corrections to existing guidance or affect guidance to specialized industries or entities were recently issued. These updates have no current applicability to the Company or their effect on the financial statements would not have been significant.

C. RELATED PARTY TRANSACTIONS

n/a

D. NOTES PAYABLE

n/a

E. STOCKHOLDERS' DEFICIT

The Company has authorized 499,000,000 shares of common stock with a par value of \$.001, and preferred shares of 5,000,000 total issued. As of JUNE 30, 2017 the total shares issued and outstanding was 163,339,749.

F. CONVERTIBLE DEBENTURES

During quarter ending JUNE 30, 2017, the Company issued convertible debentures totaling \$186,895. D. Foley invested \$26,945 cash. L. Foley invested \$10,250 Cash. Royal Capital invested \$147,500 cash. Galaxy Entertainment invested \$2,200 cash.

G. INCOME TAXES

The Company recognizes the tax effects of transactions in the year in which such transactions enter into the determination of net income, regardless of when reported for tax purposes. Deferred taxes are provided in the financial statements under ASC Topic No. 740 to give effect to the resulting temporary differences which may arise from differences in the bases of fixed assets, depreciation methods, allowances, and start-up costs based on the income taxes expected to be payable in future years.

H. GOING CONCERN CONSIDERATIONS

The Company's financial statements have been prepared using accounting principles generally accepted in the United States of America applicable to a going concern, which contemplates the realization of assets and liquidation of liabilities in the normal course of business. During the Year ended June 30, 2017, the Company incurred losses totaling \$ (2,114,652) resulting in total accumulated deficit of (\$3,445,396) with a Total Shareholders' deficit of (\$2,855,584) at June 30, 2017. The company has been operating at a loss. The company has secured an investment of \$21,000,000 which will provide it with the ability to grow through acquisitions and increased marketing allowing it to become profitable. This investment is required for the Company's ability to continue as a going concern. The Company's ability to meet its ongoing financial requirements is dependent on management being able to close the financing. The Company intends to use a portion of the financing to resolve outstanding Contract Settlements.

I. ROYALTIES

The Company's subsidiaries have entered into several licensing agreements whereby they license content with a minimum guaranteed royalty. The Company's subsidiaries are responsible for paying royalties to the content owners based on video rentals.

J. SUBSEQUENT EVENTS

n/a

N. COMMITMENTS AND CONTINGENCIES

n/a