

**SILK ROAD ENTERTAINMENT, INC.**  
**(A Development Stage Company)**  
**UNAUDITED BALANCE SHEET**  
**AT DECEMBER 31, 2018**

**ASSETS**

**CURRENT ASSETS:**

Cash	\$ 93,218
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**OTHER ASSETS:**

Intellectual Property	1,680,018
Total assets	\$ <u>1,773,236</u>

**LIABILITIES**

**CURRENT**

Accounts payable and accrued expenses	\$ 195,516
Debentures payable and accrued interest	6,132,397
Total current liabilities	<u>6,327,913</u>
Total Liabilities	<u>6,327,913</u>

**STOCKHOLDERS' DEFICIT**

Common stock	37,092
Additional paid-in capital	1,077,440
Accumulated (deficit)	(247,188)
Deficit accumulated during development stage	(5,422,021)
Total stockholders' deficit	<u>(4,554,677)</u>

Total liabilities and stockholders' deficit	\$ <u>1,773,236</u>
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See accompanying notes to these unaudited consolidated financial statements.

**SILK ROAD ENTERTAINMENT, INC.**  
**(A Development Stage Company)**  
**STATEMENTS OF OPERATIONS**  
**UNAUDITED**

	For the years months ended December 31, 2018		January 1, 2001 (Entrance of Development Stage) through Dec. 31, 2018
	<u>2018</u>	<u>2017</u>	
<b><u>OPERATING EXPENSES</u></b>			
General and administrative	\$ 6	\$ 12	\$ 5,815
Consultants	0	180,000	1,545,000
Licenses & fees	6,050	0	6,050
Legal and accounting	26,050	12,337	143,820
Marketing	0	0	1,500
Rent	4,800	4,800	12,000
Officer & Director compensation	12,000	12,000	60,000
Travel & entertainment	0	0	949
Professional fees	2,450	18,323	13,773
Interest expense	349,149	294,912	2,770,540
Impairment of assets	0	0	862,574
Total expenses	<u>400,505</u>	<u>522,384</u>	<u>5,422,021</u>
Net (loss)	\$ <u>(400,505)</u>	\$ <u>(522,384)</u>	\$ <u>(5,422,021)</u>

See accompanying notes to these unaudited consolidated financial statements.

**SILK ROAD ENTERTAINMENT, INC.**  
**(A Development Stage Company)**  
**STATEMENTS OF CHANGES IN STOCKHOLDERS' DEFICIT**  
**UNAUDITED**

	Preferred Shares	Amount	Common Shares	Amount	Paid-In Capital	Accumulated (Deficit)	Deficit Accumulated During the Development Stage	Total
Balance at December 31, 2016	0	0	37,091,638	37,092	1,077,440	(247,188)	(4,499,132)	(3,631,788)
Net (loss) for the year ended Dec 31, 2017							(522,384)	(522,384)
Balance at December 31, 2017	0	0	37,091,638	37,092	1,077,440	(247,188)	(5,021,516)	(4,154,172)
(Loss) for the year ended Dec. 31, 2018							(400,505)	(400,505)
Balance at December 31, 2018	0	\$0	37,091,638	\$37,092	\$1,077,440	(\$247,188)	(\$5,422,021)	(\$4,554,677)

See accompanying notes to these unaudited consolidated financial statements.

**SILK ROAD ENTERTAINMENT, INC.**  
**(A Development Stage Company)**  
**UNAUDITED STATEMENTS OF CASH FLOWS**

	For the years ended December 31,		January 1, 2001 (Entrance of Development Stage) through Sept 30, 2018
	2018	2017	
<b>OPERATING ACTIVITIES</b>			
Net (loss) for the period	\$ (400,505)	\$ (522,384)	\$ (5,419,021)
Adjustments to reconcile net loss to net cash (used in) provided by operating activities:			
Impairment of investments			862,574
Changes in assets and liabilities			
(Incr)/decr in prepaid expenses	3,000	(3,000)	0
Incr/(decr) in accounts payable	27,350	16,970	331,836
Incr/(decr) in accrued interest	349,149	290,592	2,749,017
<b>Net cash (used in) provided by operating activities</b>	<u>(21,006)</u>	<u>(217,822)</u>	<u>(1,475,594)</u>
<b>INVESTING ACTIVITIES</b>			
Investment in intellectual property	(180,000)	0	(1,815,018)
<b>Net cash (used in) provided by investing activities</b>	<u>(180,000)</u>	<u>0</u>	<u>(1,815,018)</u>
<b>FINANCING ACTIVITIES</b>			
Issuance of debentures for cash	110,000	36,360	298,150
Issuance of debentures for services	180,000	180,000	3,085,680
<b>Net cash (used in) provided by financing activities</b>	<u>290,000</u>	<u>216,360</u>	<u>3,383,830</u>
<b>INCREASE (DECREASE) IN CASH</b>	88,994	(1,462)	93,218
<b>CASH, BEGINNING OF PERIOD</b>	4,224	5,686	0
<b>CASH, END OF PERIOD</b>	<u>\$ 93,218</u>	<u>\$ 4,224</u>	<u>\$ 93,218</u>

**NON CASH TRANSACTIONS IN COMMON SHARES**

NONE

See accompanying notes to these unaudited consolidated financial statements.

**SILK ROAD ENTERTAINMENT, INC.**  
**A Development Stage Company**  
**Notes to Unaudited Financial Statements**  
**For the years ended December 31, 2018 and 2017**

**NOTE 1. ORGANIZATION AND BUSINESS**

**The Company**

The Company was incorporated on February 25, 1998 in the state of Nevada as The Silk Road Restaurant Group, Inc. On May 7, 1998, the Company changed its name to Silk Road Entertainment, Inc.

The Company is developing a software program that will have the capacity to integrate a customer data base and create a targeted marketing listing of potential clients.

**Development stage activity**

The Company entered the development stage of activity on January 1, 2001. Prior to that time, the Company had revenue generating operations in the sale and marketing of technology-based and location based entertainment program themes for the restaurant industry.

**Basis of presentation and going concern uncertainty**

The unaudited financial statements included herein were prepared from the records of the Company in accordance with Generally Accepted Accounting Principles. These financial statements reflect all adjustments that are, in the opinion of management, necessary to provide a fair statement of the results of operations and financial position for the periods presented. Significant adjustments may be required upon the financial statements being audited to be in conformity with Generally Accepted Accounting Principles.

The Company operates in an industry that is subject to rapid change. The Company's operations will be subject to significant risk and uncertainties including financial, operational, technological, and other risks, including the potential risk of business failure.

The ability of the Company to continue as a going concern is dependent on the successful execution of Management's plans, which include the development of its software, eventual sales of its services, further implementation of its business plan and continuing to raise funds through debt or equity financings. The Company will likely need to rely upon debt or equity financing in order to ensure the continuing existence of the business.

The accompanying unaudited financial statements have been prepared on a going concern basis, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business.

**NOTE 2. SUMMARY OF ACCOUNTING POLICIES**

**Use of estimates**

The Company's financial statements have been prepared in accordance with U.S. GAAP. The preparation of these financial statements requires management to make significant estimates and judgments that affect the reported amounts of assets, liabilities, revenues, expenses and related disclosure of contingent assets and liabilities. Management evaluates estimates, including those related to contingencies, on an ongoing basis. Estimates are based upon historical experience and on various other assumptions that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions.

## **Cash & cash equivalents**

The company's policy is to consider cash and cash equivalents to consist of checking accounts, money market accounts or certificates of deposit having maturity dates of 180 days or less.

## **Financial instruments**

Financial instruments consist primarily of cash, security deposits and obligations under accounts payable and accrued expenses. The carrying amounts of cash, accounts receivable, security deposits, accounts payable and accrued expenses approximate fair value because of the short-term maturity of those instruments.

## **Income taxes**

The Company records its federal and state income tax liability as it is incurred. The company has accumulated net operating losses and does not have any outstanding income tax liabilities.

## **NOTE 3. INTELLECTUAL PROPERTY**

The Company is developing a software program that will have the capacity to integrate a customer data base and create a targeted marketing listing of potential clients. An intensive marketing program will commence when the software program is completed.

## **NOTE 4. DEBENTURES PAYABLE**

### **Outstanding Debentures**

On December 31, 2001 the Company issued a debenture for \$180,000 for services rendered during the year. The debenture accrues interest at 10% per annum and the Holder can convert into the company's common stock at \$.001 per shares. The Holder is restricted from any conversions that would result in the Holder owning over 9.9% of the outstanding common shares of the Company after the conversion. Since its origination the Debenture has been accruing annual interest of \$18,000. At December 31, 2018, the debenture had \$180,000 of principal and \$306,000 of accrued interest outstanding.

On December 31, 2002 the Company issued a debenture for \$180,000 for services rendered during the year. The debenture accrues interest at 10% per annum and will convert into the company's common stock at \$.001 per shares. The Holder is restricted from any conversions that would result in the Holder owning over 9.9% of the outstanding common shares of the Company after the conversion. During the quarter ending December 31, 2016, the Company retired \$4,320 of principal by issuing 4,320,000 common shares. At December 31, 2018, the debenture had \$175,680 of principal and \$287,568 of accrued interest outstanding.

On December 31, 2003 the Company issued a debenture for \$180,000 for services rendered during the year. The debenture accrues interest at 10% per annum and will convert into the company's common stock at \$.001 per shares. The Holder is restricted from any conversions that would result in the Holder owning over 9.9% of the outstanding common shares of the Company after the conversion. Since its origination the Debenture has been accruing annual interest of \$18,000. At December 31, 2018, the debenture had \$180,000 of principal and \$270,000 of accrued interest outstanding.

On December 31, 2004 the Company issued a debenture for \$180,000 for services rendered during the year. The debenture accrues interest at 10% per annum and will convert into the company's common stock at \$.001 per shares. The Holder is restricted from any conversions that would result in the Holder owning over 9.9% of the outstanding common shares of the Company after the conversion. Since its origination the Debenture has been accruing interest annually at \$18,000. At December 31, 2018, the debenture had \$180,000 of principal and \$252,000 of accrued interest outstanding.

On December 31, 2005 the Company issued a debenture for \$174,000 for services rendered during the year. The debenture accrues interest at 10% per annum and will convert into the company's common stock at \$.001 per shares. The Holder is restricted from any conversions that would result in the Holder owning over 9.9% of the outstanding

common shares of the Company after the conversion. Since its origination the Debenture has been accruing interest annually at \$17,400. At December 31, 2018, the debenture had \$174,000 of principal and \$226,200 of accrued interest outstanding.

On December 31, 2006 the Company issued a debenture for \$162,000 for services rendered during the year. The debenture accrues interest at 10% per annum and will convert into the company's common stock at \$.001 per shares. The Holder is restricted from any conversions that would result in the Holder owning over 9.9% of the outstanding common shares of the Company after the conversion. Since its origination the Debenture has been accruing interest annually at \$16,200. At December 31, 2018, the debenture had \$162,000 of principal and \$194,400 of accrued interest outstanding.

On December 31, 2007 the Company issued a debenture for \$156,000 for services rendered during the year. The debenture accrues interest at 10% per annum and will convert into the company's common stock at \$.001 per shares. The Holder is restricted from any conversions that would result in the Holder owning over 9.9% of the outstanding common shares of the Company after the conversion. Since its origination the Debenture has been accruing interest annually at \$15,600. At December 31, 2018, the debenture had \$156,000 of principal and \$171,600 of accrued interest outstanding.

On December 31, 2008, the Company issued a debenture for \$144,000 for services rendered during the year. The debenture accrues interest at 10% per annum and will convert into the company's common stock at \$.001 per shares. The Holder is restricted from any conversions that would result in the Holder owning over 9.9% of the outstanding common shares of the Company after the conversion. Since its origination the Debenture has been accruing interest annually at \$14,400. At September 30, 2018, the debenture had \$144,000 of principal and \$144,000 of accrued interest outstanding.

On December 31, 2009, the Company issued a debenture for \$144,000 for services rendered during the year. The debenture accrues interest at 10% per annum and will convert into the company's common stock at \$.001 per shares. The Holder is restricted from any conversions that would result in the Holder owning over 9.9% of the outstanding common shares of the Company after the conversion. Since its origination the Debenture has been accruing interest annually at \$14,400. At December 31, 2018, the debenture had \$144,000 of principal and \$129,600 of accrued interest outstanding.

On December 31, 2010, the Company issued a debenture for \$150,000 for services rendered during the year. The debenture accrues interest at 10% per annum and will convert into the company's common stock at \$.001 per shares. The Holder is restricted from any conversions that would result in the Holder owning over 9.9% of the outstanding common shares of the Company after the conversion. Since its origination the Debenture has been accruing interest annually at \$15,000. At December 31, 2018, the debenture had \$150,000 of principal and \$120,000 of accrued interest outstanding.

On December 31, 2011 the Company issued a debenture for \$180,000 for services rendered during the year. The debenture accrues interest at 10% per annum and the Holder can convert into the company's common stock at \$.001 per shares. The Holder is restricted from any conversions that would result in the Holder owning over 9.9% of the outstanding common shares of the Company after the conversion. Since its origination the Debenture has been accruing annual interest of \$18,000. At December 31, 2018, the debenture had \$180,000 of principal and \$126,000 of accrued interest outstanding.

On December 31, 2012 the Company issued a debenture for \$180,000 for services rendered during the year. The debenture accrues interest at 10% per annum and the Holder can convert into the company's common stock at \$.001 per shares. The Holder is restricted from any conversions that would result in the Holder owning over 9.9% of the outstanding common shares of the Company after the conversion. Since its origination the Debenture has been accruing annual interest of \$18,000. At December 31, 2018, the debenture had \$180,000 of principal and \$108,000 of accrued interest outstanding.

On December 31, 2013 the Company issued a debenture for \$180,000 for services rendered during the year. The debenture accrues interest at 10% per annum and the Holder can convert into the company's common stock at \$.001 per shares. The Holder is restricted from any conversions that would result in the Holder owning over 9.9% of the outstanding common shares of the Company after the conversion. Since its origination the Debenture has been accruing annual interest of \$18,000. At December 31, 2018, the debenture had \$180,000 of principal and \$90,000 of accrued interest outstanding.

On December 31, 2014 the Company issued a debenture for \$180,000 for services rendered during the year. The debenture accrues interest at 10% per annum and the Holder can convert into the company's common stock at \$.001 per shares. The Holder is restricted from any conversions that would result in the Holder owning over 9.9% of the outstanding common shares of the Company after the conversion. Since its origination the Debenture has been accruing annual interest of \$18,000. At December 31, 2018, the debenture had \$180,000 of principal and \$72,000 of accrued interest outstanding.

Also on December 31, 2014 the Company issued a debenture for \$10,504 for expenses paid on behalf of the Company during the year. The debenture accrues interest at 10% per annum and the Holder can convert into the company's common stock at \$.001 per shares. The Holder is restricted from any conversions that would result in the Holder owning over 9.9% of the outstanding common shares of the Company after the conversion. Since its origination the Debenture has been accruing annual interest of \$1,050. At December 31, 2018, the debenture had \$10,504 of principal and \$6,304 of accrued interest outstanding.

Also on December 31, 2014 the Company issued a debenture for \$53,082 for expenses paid on behalf of the Company during the year. The debenture accrues interest at 10% per annum and the Holder can convert into the company's common stock at \$.001 per shares. The Holder is restricted from any conversions that would result in the Holder owning over 9.9% of the outstanding common shares of the Company after the conversion. Since its origination the Debenture has been accruing annual interest of \$5,308. At December 31, 2018, the debenture had \$53,082 of principal and \$21,232 of accrued interest outstanding.

On December 31, 2015 the Company issued a debenture for \$180,000 for services rendered during the year. The debenture accrues interest at 10% per annum and the Holder can convert into the company's common stock at \$.001 per shares. The Holder is restricted from any conversions that would result in the Holder owning over 9.9% of the outstanding common shares of the Company after the conversion. From its origination, the Debenture has been accruing annual interest of \$18,000. At December 31, 2018, the debenture had \$180,000 of principal and \$54,000 of accrued interest outstanding.

Also on December 31, 2015 the Company issued a debenture for \$75,204 for expenses paid on behalf of the Company during the year. The debenture accrues interest at 10% per annum and the Holder can convert into the company's common stock at \$.001 per shares. The Holder is restricted from any conversions that would result in the Holder owning over 9.9% of the outstanding common shares of the Company after the conversion. From its origination, the Debenture has been accruing annual interest of \$7,520. At December 31, 2018, the debenture had \$75,204 of principal and \$22,561 of accrued interest outstanding.

Additionally, on December 31, 2015 the Company issued a debenture for \$13,000 for expenses paid on behalf of the Company during the year. The debenture accrues interest at 10% per annum and the Holder can convert into the company's common stock at \$.001 per shares. The Holder is restricted from any conversions that would result in the Holder owning over 9.9% of the outstanding common shares of the Company after the conversion. From its origination, the Debenture has been accruing annual interest of \$1,300. At December 31, 2018, the debenture had \$13,000 of principal and \$3,900 of accrued interest outstanding.

On December 31, 2016 the Company issued a debenture for \$180,000 for services rendered during the year. The debenture accrues interest at 10% per annum and the Holder can convert into the company's common stock at \$.001 per shares. The Holder is restricted from any conversions that would result in the Holder owning over 9.9% of the outstanding common shares of the Company after the conversion. At December 31, 2018, the debenture had \$180,000 of principal and \$36,000 of accrued interest outstanding.

On January 4, 2017 the Company issued a debenture for \$24,860 for cash advances to the Company during 2016. The debenture accrues interest at 10% per annum and the Holder can convert into the company's common stock at \$.001 per shares. The Holder is restricted from any conversions that would result in the Holder owning over 9.9% of the outstanding common shares of the Company after the conversion. At December 31, 2018, the debenture had \$24,860 of principal and \$4,972 of accrued interest outstanding.

On April 30, 2017 the Company issued a debenture for \$11,500 for cash advances to the Company during April 2017. The debenture accrues interest at 10% per annum and the Holder can convert into the company's common stock at \$.001 per shares. The Holder is restricted from any conversions that would result in the Holder owning over 9.9% of



the outstanding common shares of the Company after the conversion. At December 31, 2018, the debenture had \$11,150 of principal and \$1,917 of accrued interest outstanding.

On December 31, 2017 the Company issued a debenture for \$180,000 for services rendered during the year. The debenture accrues interest at 10% per annum and the Holder can convert into the company's common stock at \$.001 per shares. The Holder is restricted from any conversions that would result in the Holder owning over 9.9% of the outstanding common shares of the Company after the conversion. At December 31, 2018, the debenture had \$180,000 of principal and \$18,000 accrued interest outstanding.

On January 18, 2018 the Company issued a debenture for \$110,000 for cash. The debenture accrues interest at 10% per annum and the Holder can convert into the company's common stock at \$.001 per shares. The Holder is restricted from any conversions that would result in the Holder owning over 9.9% of the outstanding common shares of the Company after the conversion. At December 31, 2018, the debenture had \$110,000 of principal and \$11,000 accrued interest outstanding.

## **NOTE 5. STOCKHOLDERS EQUITY**

### **Preferred Stock**

There were 1,000,000 Preferred shares authorized at December 31, 2018 and December 31, 2017. No Preferred shares have been issued and outstanding.

On June 6, 2016, the Company changed the designation of the authorized 1,000,000 Preferred shares to be designated as Series A that will have voting power of 150 votes per share on all matters presented to be voted by the holders of common stock and will be convertible into common stock at the same ratio of 150 of common for each preferred share.

### **Common Stock**

The Company has authorized 500,000,000 common shares and had 37,091,638 common shares issued and outstanding at December 31, 2018 and December 31, 2017.

The Company issued 4,320,000 common shares during the quarter ended December 31, 2016 from the retiring of \$4,320 of principal on the partial conversion of a Debenture that was originally issued on December 31, 2002.