

PARAFIN CORPORATION  
(A Development Stage Company)  
BALANCE SHEET  
AS AT MARCH 31, 2014  
UNAUDITED (Prepared by Management)

ASSETS

Current Assets:		
Account Receivable (Note 2.)	\$	2,513
Other Assets		
Investment in Bearer Bonds (Note 1.)		1,560,000,000
Investment in Preferred Shares (Note 3.)		<u>6,000,000</u>
Total Assets		<u>1,566,002,513</u>

LIABILITIES AND STOCKHOLDERS EQUITY (DEFICIT)

Current Liabilities:		
Debenture payable, JRM (Note 4.)		
Financial Services Inc.		956,785
Accounts payable		<u>9,313</u>
		<u>966,098</u>
Stockholders Equity (Deficit):		
Preferred stock, par value \$0.001, 10,000,000 shares authorized, issued and outstanding - 1,210		2
Common stock, par value \$0.001, 9,990,000,000 shares authorized, 9,680,280,671 shares issued and outstanding		9,680,281
Paid-in-capital in excess of par value		1,612,370,336
Deficit accumulated during the Development stage		<u>( 57,014,204)</u>
Total Stockholders Equity (Deficit)		<u>1,565,036,415</u>
Total Liabilities and Stockholders Equity		<u>\$1,566,002,513</u>

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

PARAFIN CORPORATION  
(A Development Stage Company)  
STATEMENTS OF OPERATIONS  
UNAUDITED (Prepared by Management)

	From Inception (October 3, 1978) to March 31, 2014	For the Six Months Ended March 31, 2014
Revenues		
Royalty Income (Note 2.)	\$ 283,670	\$ 16,138
General and Administrative Expenses:		
Accounting and legal	2,487,914	--
Amortization	8,143,848	--
Web Home Page	250,000	--
Depreciation	534,886	--
Consulting and management fees	35,749,473	372,000
Transfer and filing fees	227,404	7,405
Stock option expense	<u>6,394,000</u>	<u>--</u>
Total General and Administrative Expenses	<u>53,794,500</u>	<u>379,405</u>
Net (Loss) Before Other Income (Expenses)	<u>(53,510,830)</u>	<u>( 363,267)</u>
Other Income and (Expenses):		
Interest expense	( 3,525,839)	( 44,442)
Loss on Sale of P-CE (Note 3.)	( 59,552)	--
Forgiveness of debt	<u>82,007</u>	<u>--</u>
Total Other Income and Expenses	<u>( 3,436,657)</u>	<u>( 44,442)</u>
Net (Loss)	<u>\$ (57,014,204)</u>	<u>\$ ( 407,709)</u>
Basic and Diluted Earnings Per Share	n/a	<u>\$ ( 0.000)</u>
Weighted Average Number Of Shares Outstanding	n/a	<u>9,680,280,671</u>

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

PARAFIN CORPORATION  
(A Development Stage Company)  
STATEMENTS OF CASH FLOWS  
UNAUDITED (Prepared by Management)

	From Inception (October 3, 1978) to March 31, 2014	For the Six Months Ended March 31, 2014
Cash Flows from		
Operating Activities: Net (loss)	\$( 57,013,914)	\$( 407,709)
Adjustments to Reconcile Net (Loss) to Cash used In Operating Activities:		
Stock compensation	11,673,000	--
Amortization	8,143,848	--
Depreciation	534,886	--
Less Non-Cash Working Capital Items:		
(Increase) Decrease in Accounts receivable (Note 2.)	( 2,513)	( 111)
Increase in accounts payable	<u>9,313</u>	<u>300</u>
Net Cash Used in Operating Activities	( 36,655,380)	( 407,898)
Cash flows from Investing Activities:		
Acquisition of fixed assets	( 534,886)	--
Acquisition of other assets	<u>(1,224,143,848)</u>	<u>--</u>
Net Cash Used in Investing Activities	<u>(1,224,678,734)</u>	<u>--</u>
Cash Flows from Financing Activities:		
Proceeds from JRM Financial Services, Inc.	14,810,009	423,925
Payments to JRM Financial Services Inc.	( 13,853,514)	(16,027)
Issuance of Common Stock	53,047,619	--
Decrease in Paid-in-Capital in excess of par value	( 2,670,000)	--
Issuance of Preferred Stock	<u>1,210,000,000</u>	<u>--</u>
Net Cash Provided By Financing Activities	<u>1,261,334,114</u>	<u>407,898</u>
Net Increase (Decrease) In Cash	--	--
Cash, Beginning of Period	<u>--</u>	<u>--</u>
Cash, End of Period	<u>\$ --</u>	<u>\$ --</u>

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

**PARAFIN CORPORATON**  
**(A Development Stage Company)**  
**NOTES TO FINANCIAL STATEMENTS**  
UNAUDITED (Prepared by Management)  
**MARCH 31, 2014**

**NOTE 1.**

On January 8, 2008, the Company issued 3,630 Series "A" Preferred Shares in reliance upon Regulation "S" (and subject to Restriction 144 of the United States Securities and Exchange Commission), an exemption from the registration requirements of the Act for offers and sales of securities made solely outside the United States of America to persons who are not "U.S. persons" (as defined in Rule 902(o) of Regulation "S"). The Shares may not be offered or sold in the United States or to any "U.S. Person" during the "restricted period", or whatever other hold period as maybe or is designated for 144 by the SEC, which will commence upon issuance of the Shares.

The subscriber paid for the Series "A" Preferred Shares by delivering to the Company 2,400 ING BANK N.V. 5.5% EURO BEARER BONDS DATED FOR REDEMPTION JUNE 16, 2010, each Bearer Bond having a face value of 1,000,000 Euros. ING BANK N.V. is disputing the Corporation's right to own the said Bonds and, therefore, their validity.

The Corporation is of the opinion that its ownership and possession of the said Bonds is valid. The Corporation is in the process of validating its claim. The Series "A" Preferred Shares are redeemable, retractable on demand and secured by funds from the sale or redemption of said ING Bank N.V. Series FF 5.5% Bearer Bonds dated for redemption June 16, 2010" The Series "A" Preferred Shares issued by the Corporation bear the Legend as follows: SERIES "A" REDEEMABLE, RETRACTABLE ON DEMAND, NON-VOTING PREFERRED SHARES ISSUE PRICE US\$1,000,000 PER SHARE REDEEMABLE AND SECURED ONLY BY FUNDS FROM THE SALE OR REDEMPTION OF ING EURO BEARER BONDS DATED FOR REDEMPTION JUNE 16, 2010"

In the year ended September 30, 2010, Parafin Retracted 2,420 (US\$2,420,000,000) Series "A" Preferred Shares in exchange for 1,600 ING Bank N.V. Series FF 5.5% Bearer Bonds. Parafin has agreed to allow the Trustee of the ING Bank N.V. Series FF 5.5% Bearer Bonds to subscribe for further Series "A" Preferred Shares of Parafin and the Trustee shall be allowed to use ING Bank N.V. Series FF 5.5% Bearer Bonds as payment for future purchases of Parafin Series "A" Preferred Shares upon due Notice to Parafin Corporation and subject to Euro / US\$ exchange rate not to exceed the original rate. In the period ended March 31, 2012, Parafin agreed to Retract 180 Series "A" Preferred Shares in exchange for 125 ING Bank N.V. Series FF 5.5% Bearer Bonds.

On December 22, 2013, the Corporation issued 350 Series "A" Preferred Shares in reliance upon Regulation "S" (and subject to Restriction 144 of the United States Securities and Exchange Commission), an exemption from the registration requirements of the Act for offers and sales of securities made solely outside the United States of America to persons who are not "U.S. persons" (as defined in Rule 902(o) of Regulation "S"). The Shares may not be offered or sold in the United States or to any "U.S. Person" during the "restricted period", or whatever other hold period as maybe or is designated for 144 by the SEC, which will commence upon issuance of the Shares.

The subscriber paid for the Series "A" Preferred Shares by delivering to the Company 250 ING BANK N.V. 5.5% EURO BEARER BONDS DATED FOR REDEMPTION JUNE 16, 2010, each Bearer Bond

having a face value of 1,000,000 Euros. This brings the Corporation's total holdings of ING BANK N.V. 5.5% EURO BEARER BONDS to 1,050.

The Corporation is of the opinion that its ownership and possession of the said Bonds is valid. The Corporation is in the process of validating its claim. The Series "A" Preferred Shares are redeemable, retractable on demand and secured by funds from the sale or redemption of said Series FF ING Bank N.V. Euro Bearer Bonds dated for redemption June 16, 2010" The Preferred Shares issued by the Company bear the Legend as follows: SERIES "A" REDEEMABLE, RETRACTABLE ON DEMAND, NON-VOTING PREFERRED SHARES ISSUE PRICE US\$1,000,000 PER SHARE REDEEMABLE AND SECURED ONLY BY FUNDS FROM THE SALE OR REDEMPTION OF ING EURO BEARER BONDS DATED FOR REDEMPTION JUNE 16, 2010"

#### **NOTE 2.**

For the six months ended March 31, 2014, the Corporation received Overriding Royalty Income of \$16,138 from properties previously sold but sold with a retained Overriding Royalty.

#### **NOTE 3.**

The Corporation sold 100% of the proprietary technology of the P-CE Personal Computer Environment work station. The Purchaser agreed to pay to the Corporation US\$6,000,000 (the amount the Corporation paid). The US\$6,000,000 was paid by the issuance to the Corporation of US\$6,000,000 Series "A" Redeemable Retractable Preferred Shares of the Purchaser, and, as part of the purchase price, the Purchaser agrees to pay to the Corporation a 5% royalty from all sales.

The Preferred shares are secured only by all Patents, Patents Pending, internet web sites and e-Mail addresses, intellectual properties and all development concepts sold by the Corporation and the Preferred shares shall be redeemed by the Purchaser from 90% of net cash flow. Once the Preferred shares have been redeemed, the Purchaser shall continue to pay a 5% Royalty from all sales to the Corporation.

#### **NOTE 4. DEBENTURE PAYABLE, BEARER**

Advances payable to JRM Financial Services, Inc., are secured by a fixed and floating Debenture and are due on demand. The Debenture was registered in the State of Colorado on August 11, 1993, and the total aggregate principal amount secured by the Debenture that may be outstanding at any time is \$5,000,000 . Interest shall be payable at 12% per annum compounded quarterly, and the principal amount is due upon demand. The Debenture is secured by all Company assets. The balance payable to JRM Financial Services, Inc as at March 31, 2014 is \$956,785.

#### **NOTE 5. FUNDING CONCENTRATION**

Monies raised to pay down the Debenture have been provided by the issuance of common stock through the Company's fiscal agent Rukos Security Advice AG, a financial services company whose principal offices are in Germany.

#### **NOTE 6. GOING CONCERN**

As of March 31, 2014, the Company had an accumulated deficit of \$57,014,204. As a result, substantial doubt exists about its ability to continue as a going concern. These financial statements have been prepared on the going concern basis under which an entity is considered to be able to realize its assets and satisfy its liabilities in the ordinary course of business. Operations to date have been primarily

financed by equity transactions. The Company's future operations are dependent upon the identification and successful completion of additional equity financing, the continued support of creditors and shareholders, and, ultimately the achievement of profitable operations. There can be no assurances that the Company will be successful. If it is not, the Company will be required to reduce operations or liquidate assets, if any. The financial statements do not include any adjustments that might be necessary should the Company be unable to continue as a going concern.

**NOTE 7. SHARE CAPITAL**

In the period ended September 30, 2013, the Authorized Capital Stock of the Corporation was increased to 10,000,000,000 Shares comprised of 9,990,000,000 Common Stock and 10,000,000 Preferred Stock. As at March 31, 2014 there were 9,680,280,671 Common shares and 1,560 Series "A" Preferred shares issued and outstanding. In June, 2013, the Corporation issued 2,000,000,000 Reg "S" 144 Restricted Shares of Common Stock by way of a Reg "S" 144 Restricted Private Placement to Rukos Security Advice AG (Rukos) for general working capital purposes. The Directors of Parafin negotiated a price for the Private Placement of \$0.00033 per share, a premium of approximately 300% above the market price of \$0.0001.