

**SILK ROAD ENTERTAINMENT, INC.**  
**(A Development Stage Company)**  
**UNAUDITED BALANCE SHEET**  
**AT SEPTEMBER 30, 2017**

**ASSETS**

**CURRENT ASSETS:**

Cash	\$ 6,727
Prepaid expenses	3,000
Total current assets	<u>9,727</u>

**OTHER ASSETS:**

Intellectual Property	<u>1,500,018</u>
Total assets	<u>\$ 1,509,745</u>

**LIABILITIES**

**CURRENT**

Accounts payable and accrued expenses	\$ 282,763
Debentures payable and accrued interest	<u>5,256,168</u>
Total current liabilities	<u>5,538,931</u>
 Total Liabilities	 <u>5,538,931</u>

**STOCKHOLDERS' DEFICIT**

Common stock	37,092
Additional paid-in capital	1,077,440
Accumulated (deficit)	(247,188)
Deficit accumulated during development stage	<u>(4,896,530)</u>
Total stockholders' deficit	<u>(4,029,186)</u>
 Total liabilities and stockholders' deficit	 <u>\$ 1,509,745</u>

See accompanying notes to these unaudited consolidated financial statements.

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

	For the nine months ended September 30,		January 1, 2001 (Entrance of Development Stage) through September 30, 2017
	2017	2016	
<b><u>OPERATING EXPENSES</u></b>			
General and administrative	\$ 9	\$ 1,777	\$ 5,806
Consultants	135,000	90,000	1,500,000
Legal and accounting	10,837	16,770	116,270
Marketing		0	1,500
Rent	3,600	1,200	6,000
Officer & Director compensation	9,000	9,000	45,000
Travel & entertainment		949	949
Professional fees	18,323	880	11,323
Interest expense	220,629	206,290	2,347,108
Impairment of assets		0	862,574
Total expenses	<u>397,398</u>	<u>326,866</u>	<u>4,896,530</u>
Net (loss)	\$ <u>(397,398)</u>	\$ <u>(326,866)</u>	\$ <u>(4,896,530)</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 PART 1 of 2**

	Preferred Shares	Amount	Common Shares	Amount
Balance at January 1, 2001	0	\$0	32,771,638	\$32,772
Cumulative net (loss) from Jan. 1, 2001 thru December 31, 2015				
Balance at December 31, 2015	0	0	32,771,638	32,772
Partial conversion of debenture			4,320,000	4,320
Net (loss) for the year ended Dec 31, 2016				
Balance at December 31, 2016	0	0	37,091,638	37,092
Net (loss) for the period ended Sept 30, 2017				
Balance at September 30, 2017	0	\$0	37,091,638	\$37,092

See accompanying notes to these unaudited consolidated financial statements.

**SILK ROAD ENTERTAINMENT, INC.**  
**(A Development Stage Company)**  
**STATEMENTS OF CHANGES IN STOCKHOLDERS' DEFICIT**  
**UNAUDITED PART 2 of 2**

	Paid-In Capital	Accumulated (Deficit)	Deficit Accumulated During the Development Stage	Total
Balance at January 1, 2001	\$1,077,440	(\$247,638)	\$0	\$862,574
Cumulative net (loss) from Jan. 1, 2001 thru December 31, 2015			(4,089,226)	(\$4,089,226)
Balance at December 31, 2015	1,077,440	(247,188)	(4,089,226)	(3,226,202)
Partial conversion of debenture				4,320
Net (loss) for the year ended Dec 31, 2016			(409,906)	(409,906)
Balance at December 31, 2016	1,077,440	(247,188)	(4,499,132)	(3,631,788)
Net (loss) for the period ended Sept 30, 2017			(397,398)	(397,398)
Balance at September 30, 2017	\$1,077,440	(\$247,188)	(\$4,896,530)	(\$4,029,186)

See accompanying notes to these unaudited consolidated financial statements.

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

	For the nine months ended September 30,		January 1, 2001 (Entrance of Development Stage) through Sept 30, 2017
	2017	2016	
<b>OPERATING ACTIVITIES</b>			
Net (loss) for the period	\$ (397,398)	\$ (326,866)	\$ (4,896,530)
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)
Incr/(decr) in accounts payable	148,770	184,537	287,533
Incr/(decr) in accrued interest	216,309	205,820	2,342,338
<b>Net cash (used in) provided by operating activities</b>	<u>(35,319)</u>	<u>63,491</u>	<u>(1,407,085)</u>
<b>INVESTING ACTIVITIES</b>			
Investment in intellectual property	0	(62,299)	(1,500,018)
<b>Net cash (used in) provided by investing activities</b>	<u>0</u>	<u>(62,299)</u>	<u>(1,500,018)</u>
<b>FINANCING ACTIVITIES</b>			
Issuance of debentures for cash	36,360	0	188,150
Issuance of debentures for services	0	0	2,725,680
<b>Net cash (used in) provided by financing activities</b>	<u>36,360</u>	<u>0</u>	<u>2,913,830</u>
<b>INCREASE (DECREASE) IN CASH</b>	1,041	1,192	6,727
<b>CASH, BEGINNING OF PERIOD</b>	<u>5,686</u>	<u>5,000</u>	<u>0</u>
<b>CASH, END OF PERIOD</b>	\$ <u><u>6,727</u></u>	\$ <u><u>6,192</u></u>	\$ <u><u>6,727</u></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 nine months ended September 30, 2017 and 2016**

**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 September 30, 2017, the debenture had \$180,000 of principal and \$283,500 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 September 30, 2017, the debenture had \$175,680 of principal and \$265,176 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 September 30, 2017, the debenture had \$180,000 of principal and \$247,500 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 \$180,000. At September 30, 2017, the debenture had \$180,000 of principal and \$229,500 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 September 30, 2017, the debenture had \$174,000 of principal and \$204,450 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 September 30, 2017, the debenture had \$162,000 of principal and \$174,150 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 September 30, 2017, the debenture had \$156,000 of principal and \$152,100 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, 2017, the debenture had \$144,000 of principal and \$126,000 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 September 30, 2017, the debenture had \$144,000 of principal and \$111,600 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 September 30, 2017, the debenture had \$150,000 of principal and \$101,250 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 September 30, 2017, the debenture had \$180,000 of principal and \$103,500 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 September 30, 2017, the debenture had \$180,000 of principal and \$85,500 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 September 30, 2017, the debenture had \$180,000 of principal and \$67,500 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 September 30, 2017, the debenture had \$180,000 of principal and \$49,500 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 September 30, 2017, the debenture had \$10,504 of principal and \$2,888 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 September 30, 2017, the debenture had \$53,082 of principal and \$14,597 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 September 30, 2017, the debenture had \$180,000 of principal and \$31,500 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 September 30, 2017, the debenture had \$75,204 of principal and \$13,160 of accrued interest outstanding.

Also 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 September 30, 2017, the debenture had \$13,000 of principal and \$2,275 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 September 30, 2017, the debenture had \$180,000 of principal and \$13,176 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 September 30, 2017, the debenture had \$24,860 of principal and \$1,865 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 September 30, 2017, the debenture had \$11,150 of principal and \$639 of accrued interest outstanding.

## **NOTE 5. STOCKHOLDERS EQUITY**

### **Preferred Stock**

There were 1,000,000 Preferred shares authorized at June 30, 2017 and December 31, 2016. 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 September 30, 2017 and December 31, 2016.

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.