



WORLDFLIX, INC.

FINANCIAL REPORTS - DECEMBER 2018

Prepared 17 April 2019

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Highlights

1. PARTICULAR HIGHLIGHT

DURING THE 3rd QUARTER OF 2018 THE COMPANY ISSUED (471,188,472) FREE TRADING SHARES TO:

Blackbridge Capital, LLC – 268,966,250

Apollo Capital Corp – 202,222,222

THE LAST CONVERTIBLE NOTE FUNDS WERE TAKEN IN FEBRUARY 2018

2. General Overview

NAME OF THE ISSUER

WorldFlix, Inc. was originally incorporated under the laws of the State of Nevada in December 30, 2006.

SIC Code: 7375

ADDRESS OF THE ISSUER'S PRINCIPAL EXECUTIVE OFFICES

Company Headquarters:

1616 N LA BREA AVENUE UNIT # 205 Los Angeles, CA 90028

Email: info@worldflix.co Website: www.worldflix.co

SECURITY INFORMATION

Trading Symbol: OTC PINK: WRFX

Exact title and class of securities outstanding:

COMMON STOCK:

CUSIP: 98137D 101

Par or Stated Value: \$0.00001

Total shares authorized: 12,900,000,000 as of: December 31, 2018

Total shares outstanding: 5,449,230,623 as of: December 31, 2018

PREFERRED STOCK CLASS A:

Par or Stated Value: \$0.001

Total shares authorized: 4 as of: December 31, 2018

Shares outstanding: 4 as of: December 31, 2018

Shares Restricted: 4 as of: December 31, 2018

PREFERRED STOCK CLASS B:

Par or Stated Value: \$0.00001

Total shares authorized: 10,000,000 as of: September 30, 2018

Shares Outstanding 6,487 as of: December 31, 2018

Shares Restricted: 6,487 as of: December 31, 2018

TRANSFER AGENT:

NOTICE: The Company is currently in transition between transfer agents Pacific Stock Transfer Co., its former transfer agent, and ClearTrust, LLC, a Securities & Exchange Commission registered transfer agent.

SEE PUBLIC ANNOUNCEMENT: <https://www.otcm Markets.com/stock/WRFX/news/Termination-of-Pacific-Stock-Transfer-Company-and-Regulation-A-Attorney-for-Cause?id=210947>

UNTIL NEGOTIATIONS HAVE BEEN COMPLETED AND THE COMPANY HAS A TRANSFER AGENT, WRFX IS UNABLE TO PROVIDE UPDATED STOCK INFORMATION AND/OR CERTAIN STOCK ISSUANCES.

Name: Pacific Stock Transfer (In Transition)
 4045 South Spencer Street Suite 403 Las Vegas, NV 89119 Tel: (702) 361-3033 / (800) 785-PSTC
 Fax: (702) 433-1979

Is the transfer agent registered under the exchange act? **Yes**

List any restrictions on the transfer of security: **NONE**

Describe any trading suspension orders issued by the SEC in the past 12 months. **NONE**

Observations

1. Market Conditions

The global encryption software market is expected to grow from USD \$3.87 Billion in 2017 to nearly USD \$13 Billion by 2022, at a Compound Annual Growth Rate (CAGR) of 27.4%. The demand for encryption software tools is no longer driven only by stringent nation-state government regulations and the need to protect critical information is now in high demand. Specifically, the Quantum Cryptology Market is forecast to reach over USD \$2 Billion by 2024.

According to the June 2017 Fortune Magazine article written by Jonathan Vanian, "The Global App Market Could Hit USD \$6.3 Trillion by 2021". "There's still plenty of money to be made in apps. According to analyst firm App Annie, the app economy will be worth \$6.3 trillion by 2021 — that's a 380% jump from the \$1.3 trillion app market of 2016. App Annie's 2017 Market Forecast reports that consumer spending on non-game apps should grow at 25% CAGR versus 16% for games from 2016–2021. App publishers in the media, news and dating verticals should increase their investments in subscription revenue models as these categories are forecast to be the primary beneficiaries of this growth".

The global market for Mobile Messaging Apps is projected to reach 2.1 billion users by 2020, driven by the growing penetration of smartphones and tablets, the increase in social connectedness among the young and old populations and availability of cheap mobile Internet services. The use of messaging apps is also gaining traction in enterprise environments, where enterprise messaging apps are used to improve internal communication, increase productivity and enhance collaboration among colleagues and teams. Asia-Pacific represents the largest market worldwide, led by China, South Korea, India, and other South East Asian countries.

2. DISCLOSURES & ISSUANCE HISTORY

Listed below are any events that resulted in changes in total shares outstanding by the issuer in the past fiscal year and any interim period. WRFX will continue to endeavor to have a more frequent and transparent dialogue with its investors via social media, as to the clarity of implementing company objectives. Using social media is a low cost to the company and freely available to the public. As we meet certain milestones, the investment community will be made more thoroughly aware through public this disclosure and record.". All compliance SEC related reporting will be presented on the OTC Markets Reporting website or the Securities and Exchange Commission EGAR website.

- www.otcmarkets.com/stock/WRFX/overview
- www.facebook.com/worldflixinc/
- twitter.com/WorldFlix
- www.sec.gov/edgar/searchedgar/companysearch.html

Until such time the Regulation A + is approved by the SEC and associated funding, the company may need to raise capital from qualified financing sources. There are outstanding debt conversions and long-term notes with Apollo Capital, Tribridge and Blackbridge. The company is currently working with THE WORKOUT GROUP, LLC. to reshape the capitalization roadmap to meet uplift goals and attract more traditional investment markets.

The company has entered into an informal and non-binding agreement with the Carden Capital Group to leverage the Regulation A+ as part of its strategic alignment to fund the 16 Million Dollars of development efforts of Paranotek and other strategic investment ventures related to those partnerships.

WRFX will amend its Articles of Incorporation and Corporate Bylaws to create various series of Anti-Dilutive Convertible Preferred Shares to protect its majority and critical stakeholders.

Paranotek and WRFX Management decided to raise additional capital from current shareholders. A new Limited Liability Company, Celsus, LLC was formed to offer "Units" in the LLC that would provide accredited investor/shareholders with revenue sharing up to 200% of principle from possible revenue from apps and

products of WRFX, along with, Class F Preferred Shares of Stock in WRFX. Last, the units provided the investors with warrants to purchase more WRFX shares at various strike prices and amounts. The company has raised approximately 600k+ to date with the money directly deposited to WRFX accounts to provide higher financial transparency. As explained to the Celsus LLC investors, the Series F shares have not been registered with the state of Nevada at this time and until Pacific Transfer agents account dispute has been resolved, the shares may not get registered in a timely fashion. As of this date, there have been no share issuances for Celsus LLC.

The company's CEO held multiple Facebook live shareholder updates, question and answer session and overall strategy during the 3rd quarter of 2018. The company also hosted a Facebook Live session in Los Angeles with Paranotek, LLC. CEO Mick Davis who has been significantly involved with the companies day to day decisions.

The leadership team is finalizing the remaining debt settlements on the balance sheet so that the company can continue to position itself to become debt free to enable early-stage revenues to provide operating capital. The company has attracted sophisticated investors bringing value and visibility to the company. Additional growth by acquiring profitable businesses or assets is planned in the upcoming months, using the Restricted Preferred Stock as currency.

Brad Listermann, CEO of WorldFlix, Inc. says, "Mick Davis and I are courting a team of very qualified professionals that will implement an aggressive global strategy moving forward, while we add credible accounting and legal representation.

3. COMPANY OVERVIEW

THE CURRENT WORLDFLIX AFFILIATE COMPANIES AND SUBSIDIARIES CONSIST OF:

1. Paranotek, LLC (www.paranotek.com) (Our main subsidiary)
2. Sayphr, LTD (www.sayphr.com)
3. Parano API developed with our confidential partner.
4. Swantry, LLC (www.swantry.com)
5. Swanlock (www.swanlock.com). Available on Google Play App Market
6. Brand App created Construction App. Our own version for commercial exploitation. Made within our partnership with Paranotek.

Developing and delivering innovative software for mobile and tablet devices is still a high priority for WorldFlix. Apps are a multi-billion-dollar industry growing at an incredible rate. The Paranotek "Star Gateway" incubation and development process is focused on viably profitable apps. The company plans to acquire various profitable mobile apps through acquisition as well as co-investment partnerships.

Paranotek -As a wholly owned subsidiary, Paranotek is continually developing ideas and solutions into potentially profitable App's, API's and commercial enterprises. Paranotek has created viable solutions with our patent pending ephemeral key wrapping and ratcheting encryption technology. The Parano™ protocol which is capable of counteracting the brute force attacks of quantum computers on encrypted data. Properly integrated, current brute force attacks will be rendered impotent against Parano's powerful quantum encryption strategy. An application using Parano as part of its encrypted data protection scheme will enable governments, corporations as well as ordinary individuals to take ownership in deciding who has access to their protected information. By using the Parano protocol to "up-armor" existing information systems, worldwide corporate and government leaders can start to restore confidence that citizens and consumer information is secure from bad actors no matter where they originate. The long-term negative effects from the user record breach events in 2018 will be a thing of the past.

The Paranotel team is currently at work on the new constriction app, API for Parano and Sayphr Messaging.

Swantry is a wholly owned subsidiary of WorldFlix is an innovative, mobile security app that can help combat cyberbullying for parents and children. According to a recent survey, 42% of children have been cyberbullied and 35% have been threatened online. Because peer approval is so important to kids, frequently the situation will continue to deteriorate without ever being reported, resulting in damaging consequences. This is where WRFX may find a niche market demand for an app that can help prevent and catch cyberbullying before it gets too far. SWANTRY was created in response to the danger's children face in today's world. This disruptive technology is going to be a "Must Have" for all concerned parents and monitors throughout the world. The Company stopped development after beta testing and will announce details about launching this app when innovative technologies can be included in the final revenue producing version.

We remain confident that our app, **Swanlock** designed to operate on a foundation of trust and dialogue for children is enabled to discover and utilize digital services safely and smartly on devices incorporating parent management unparalleled in the industry.

WorldFlix and Paranotek partnered with a group of elite Department of Defense contractors to create a set of **Parano API's** (Application Program Interfaces) to wrap around our patent-pending, Parano encryption technology into a software development toolkit and common interface capable of being licensed and sold to both government and commercial enterprise applications of all kinds. We anticipate a demo of the API may be available after 1st quarter 2019.

The **Sayphr Messaging app** is a new groundbreaking messaging app utilizing our post-quantum-computer-resistant, encryption towards users ability to send messages and data safely and securely. Sayphr was reviewed by an independent security firm and after an extensive technical review, recommendations to enable the app to be even more "hacker resistant" were added to the design specifications and the app was rolled back to improve functionality and resilience. The second round of internal beta testing will resume next quarter.

WorldFlix contracted out with Paranotek to make a **Construction Management App** for a shareholder client. The results were a highly regarded product set to be duplicated and produced for the growing billion dollar construction management app market. We spend much of 2018 developing the app and we believe announcements and a product rollout will be targeted towards 2nd quarter 2019.

WorldFlix and its team of partners and affiliated continue to research and develop new innovations for today's challenges. Whether that be in entertainment security and data safety of high profile clients, or, in the storage and data protection of individuals life data storage, we will continue our quest to find the next remarkable technology products and services!

4. DESCRIBE THE ISSUER'S FACILITIES

The Company maintains an executive address at: 1616 N La Brea Ave Unit # 205 Los Angeles, CA 90028.

5. OTHER HOLDERS OVER 5%:

Apollo Capital Corp: 8.8 % - 1,135,976,323 shares

Yohan Naraine
7050 Aloma Ave
Winter Park, FL 32792

Blackbridge Capital, LLC: 9.72 % - 1,253,361,618 shares

Alexander Dillon
450 7TH AVE STE 609
NEW YORK, NY 10123

Through the affiliated combined holdings of:

Alexander Dillon is the Principle of all the below entities:

BLACKBRIDGE CAPITAL GROWTH FUND LLC
450 7TH AVE
NEW YORK, NY 10123

and

TRI BRIDGE VENTURES LLC
450 7TH AVE
NEW YORK, NY 10123

and

L2 CAPITAL LLC
8900 STATE LINE ROAD
SUITE 410
LEAWOOD, KS 66206

and

L2 CAPITAL LLC
456 MOORESFIELD ST
ELGIN, IL 60124

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, misdemeanors, and other minor offenses); **No**
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; **No**
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; **No**
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; **No**

Beneficial Shareholders. Provide a list of the name and 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.

Brad Listermann

100% Series A
1616 N La Brea Ave #205 Los Angeles, CA 90028

Scott Eppinga

12.5% reserved common (Unconfirmed)
1901 S. Sertoma Ave, Sioux Falls, SD 57106

Paranotek, LLC.

31% reserved common
12361 East Cornell Avenue
Aurora, Colorado 80014

Please provide the name and address of each of the following outside providers that advise your company on matters relating to operations, business development, and disclosure:

Corporate Legal Counsel

Ryan A Woods, Esq.
3110 Main St.,
Santa Monica, CA 90405

Securities Legal Counsel

The Doney Law Firm
4955 S. Durango Drive Suite 165
Las Vegas, NV 89113

Accountant

Nikita Volchetskiy
No Stress Accounting
3110 Main St. Building C #144
Santa Monica, CA 90405

Investment Banking / NASDAQ Transition Team

THE BASILE LAW FIRM P.C. / The Workout Group, LLC.
400 Jericho Turnpike - Ste. 104
Jericho, New York 11753

6. OFFICERS, DIRECTORS, AND CONTROL PERSONS

Chief Executive Officer and Chairman: Brad Listermann

Paranotek CEO and Chief Operational, Legal and Financial Advisor to WRFX: James "Mick" Davis

Directors: Sean Teague, Todd Myers, Derrick DeRoan, Kevin Mills as also Secretary.

Control Person and holdings: Mr. Brad Listermann

04 shares of Class A Preferred Shares, 503 of Class B Preferred Shares, 50,212,500 common shares

7. Attestation and Certification

I, Brad Listermann, certify: I have reviewed this Annual Report of WorldFlix, Inc.;

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, considering the circumstances under which such statements were made, not misleading with respect to the period covered by this disclosure statement; and

Based on my knowledge, the financial statements, and other financial information included or incorporated by reference in this disclosure statement, 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 and as presented to me.

/s/ Brad Listermann

Brad Listermann
Chief Executive Officer

ORGANIZATION AND FORMATION

1. BASIS OF PRESENTATION

The accompanying financial statements have been prepared by us, without audit and in accordance with US GAAP. The balance sheet of WORLDFLIX, INC has been prepared on the accrual basis of accounting. Under this method, certain revenues are recognized when earned and certain expenses and purchases of assets are recognized when the obligation is incurred.

2. USE OF ESTIMATES:

The preparation of financial statements in conformity with GAAP 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 reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

3. EARLY ADOPTION OF FASB ASU 2014-10 - DEVELOPMENT-STAGE COMPANIES:

In June 2014, the FASB issued ASU 2014-10, "Development Stage Entities". The amendments in this update remove the definition of a development stage entity from the Master Glossary of the ASC thereby removing the financial reporting distinction between development stage entities and other reporting entities from U.S. GAAP.

In addition, the amendments eliminate the requirements for development stage entities to (1) present inception-to-date information in the statements of income, cash flows, and shareholder equity, (2) label the financial statements as those of a development stage entity, (3) disclose a description of the development stage activities in which the entity is engaged, and (4) disclose in the first year in which the entity is no longer a development stage entity that in prior years it had been in the development stage. The amendments in this update are applied retrospectively.

The Company elected early adoption of ASU 2014-10. The adoption of ASU 2014-10 removed the development stage entity financial reporting requirements from the Company.

4. BASIS OF CONSOLIDATION

The consolidated financial statements include 100% of the assets, liabilities, revenues, expenses and cash flows of WORLDFLIX, INC. All intercompany accounts and transactions have been eliminated in consolidation. The results of subsidiaries acquired or disposed of during the respective periods are included in the consolidated statements of operations from the effective date of acquisition or up to the effective date of disposal, as appropriate.

5. PROPERTY AND EQUIPMENT

Property and equipment are recorded at cost and depreciated under straight-line methods over each item's estimated useful life, generally seven years for furniture and fixtures and five years for office equipment.

6. FINANCIAL NOTES

The Company's unaudited financial statements, for Quarter, ended December 31, 2018, and are attached hereto and incorporated herein as part of the Company's Interim Report and filed herewith at the end of this report.

The financial statements requested pursuant to this item were prepared in accordance with US GAAP by persons with credentialed financial skills.

7. CONVERTIBLE PROMISSORY NOTES DEBT SCHEDULE

As of December 31, 2018, we had outstanding debt notes (taking into consideration the calculation of debt discounts).

The following table sets forth the summary schedule of the cash payments required to be made by us, broken down by the type of loan and status of payment.

8. CONVERTIBLE PROMISSORY NOTES

NOTES PAYABLE: WORLDFLIX AS OF DECEMBER 31, 2018

The following table sets forth the summary schedule of the cash payments required to be made by us:

1. 1. In 2008, the Company entered signed (2) two loan agreements with Cesilie Klaeboe for \$10,000 and \$17,000, respectively. **Outstanding debt \$27,000.00 in settlement queue.**
2. In 2010, the Company signed a note with Joann Deichman for \$20,000. **In the queue for settlement.**
3. In 2012, the Company signed a note with Joann Deichman for \$5,000. **Settled / Stock Allocated**
4. In 2012, the Company signed a consulting agreement & note for \$40,000 with Todd Myers. **In the queue for settlement.**
5. In 2014, the company signed an installment promissory Note with Jaymee Swain in the amount of \$15,000. **In the queue for settlement.**
6. In 2014, the Company signed a consulting agreement with Tareef Talala, for \$19,680. **Settled / Stock Allocated**
7. In 2015, the Company signed a consulting agreement with B&K Enterprise of Santa Rosa, for \$12,000 with interest of 10% annually thereon, due on before August 15, 2016. **Settled / Paid**
8. On October 9th, 2015 the Company signed a convertible promissory note with Apollo Capital Corp in the amount of \$25,000 the note carries an interest rate of 12%. On February 21, 2017 Tri-Bridge Ventures LLC purchased this note for the amount \$31,310.96. **Remaining debt in settlement allocation queue.**
9. On October 28th, 2015 the Company signed a convertible promissory note with Apollo Capital Corp in the amount of \$10,000 the note carries an interest rate of 12%. **Remaining debt in settlement allocation queue.**
10. On December 22nd, 2015 the Company signed a convertible promissory note with Apollo Capital Corp in the amount of \$12,500 the note carries an interest rate of 12%. **Remaining debt in settlement allocation queue..**
11. On January 12th, 2016 the Company signed a convertible promissory note with Apollo Capital Corp in the amount of \$15,000 the note carries an interest rate of 12%. **Remaining debt in settlement allocation queue.**
12. On February 9th, 2016 the Company signed a convertible promissory note with Apollo Capital Corp in the amount of \$10,000 the note carries an interest rate of 12%. **Remaining debt in settlement allocation queue.**
13. On February 25th, 2016 the Company signed a convertible promissory note with Apollo Capital Corp in the amount of \$35,000 the note carries an interest rate of 12%. **Remaining debt in settlement allocation queue.**
14. On March 11, 2016 the Company signed a securities purchase agreement with Blackbridge Capital, LLC. As part of the securities purchase agreement the Company issued an inappropriate Commitment Fee of a Convertible Promissory Note in the amount of \$200,000 but has been reduced to \$25,000. The convertible promissory note accrues interest at 5% per annum. The note may be converted into common stock of the Company at a 20% discount to the lowest trading price of the Company's common stock for the preceding twenty trading days. **In review as the outstanding debt should be \$25,000.00 and \$200,000.00 was converted -- in settlement queue.**
15. On April 12, 2016 the Company signed a convertible promissory note with Apollo capital Corp in the amount of \$110,000 the note carries an interest rate of 12%. **Remaining debt in settlement allocation queue.**
16. On October 19, 2016 the Company signed a convertible promissory note (Amendment) with Apollo capital Corp in the amount of \$27,500 the note carries an interest rate of 12%. **Remaining debt in settlement allocation queue..**
17. On February 15th, 2017 the Company signed a convertible promissory note with Apollo capital in the amount of \$99,000 the Note carries an interest rate of 12%. **Remaining debt in settlement allocation queue..**

18. On February 21, 2017 the Company signed a convertible promissory note with Tri- Bridge Ventures LLC in the amount of \$30,000 of which \$28,500 was funded. The note carries an interest rate of 8% and matures February 21, 2018. **Remaining debt in settlement allocation queue.**

19. On November 20, 2017 the Company signed a convertible promissory note with Blackbridge Growth Fund LLC in the amount of \$20,000 consisting of a \$5,000 OID of which \$19,000 was funded. The note carries an interest rate of 10% and matures November 20, 2018. **Remaining debt in settlement allocation queue.**

20. On January 9, 2018 Company signed a convertible promissory note with Blackbridge Capital Growth Fund LLC in the amount of \$10,000. The note carries an interest rate of 10% and matures January 9, 2019. **Remaining debt in settlement allocation queue.**

21. On February 28, 2018 Company signed a convertible promissory note with Blackbridge Capital Growth Fund LLC in the amount of \$5,500. The note carries an interest rate of 10% and matures February 28, 2019. **Remaining debt in settlement allocation queue.**

9. STOCKHOLDER'S EQUITY

COMMON SHARES: On March 6, 2018, the Company increased the authorized number of shares to 12,900,000,000. Over 30% of those authorized shares are held aside in reserve for Paranotek, LLC as part of its strategic capitalization strategy.

10. PREFERRED SHARES:

As of July 2017, Mr. Brad Listermann has been issued 4 shares of Series A Preferred stock. Each share maintains 25% voting rights of the company. Therefore, as the full owner of the Series A Preferred share, Mr. Listermann controls 100% of all voting rights and control.

The company has sold and issued Series B Preferred shares to various shareholders for direct investment into the company.

11. EARNINGS (LOSS) PER SHARE

We report Basic and Diluted Earnings per Share (EPS) as follows: Basic EPS is computed as net income (loss) divided by the weighted average number of common shares outstanding for the period. Diluted EPS reflects the potential dilution that could occur from common shares issuable through stock options, warrants and other convertible securities. Common equivalent shares are excluded from the computation of net loss per share if their effect is anti-dilutive.

12. COMMITMENTS AND CONTINGENCIES LITIGATION

The Company is currently involved in litigation with a toxic debt note holder who the company claims acted in bad faith and through fraudulent means. The company believes this bad actor has had a material adverse effect on its financial condition or results of operations. The company expects to be successful in its bid to recover damages from all the parties involved.

A Consulting Company in Michigan has threatened to file a suit against the company for nonpayment of services. The company believes the contractor has not performed and the contract is in dispute. The company is researching any pending litigation at this time.

There is no other action, suit, proceeding, inquiry or investigation before or by any court, public board, government agency, self-regulatory organization or body pending or, to the knowledge of the executive officers of the Company or any of its subsidiaries, threatened against or affecting the Company, our common stock, any of our subsidiaries or of our companies or our subsidiaries' officers or directors in their capacities as such, in which an adverse decision could have a material adverse effect.

13. SUBSEQUENT IMPORTANT EVENTS

The goal of Paranotek and its CEO and his prospective team members is to leverage intellectual property to make disruptive encryption software applications that specialize in security and privacy with an emphasis on prevention of interception and security breaches. WorldFlix is providing the primary financing of the development until revenues are enough to repay the development debts.

After the initial security applications are mature, Paranotek will retool and launch SWANTRY in late 2019 and include additional artificial intelligence for anti-bullying for future versions. After that, several other data-centric security tools will be added to the product roadmap for 2020.

Some apps/software from a subsidiary, Paranotek, are constrained within a revenue-sharing agreement wherein the profits and intellectual property is split 50/50, while the management control stays with WorldFlix.

14. OUR SUBSIDIARY COMPANY: PARANOTEK, LLC.

Paranotek is a global innovation company focused on developing and licensing robust technologies that increase personal and corporate information privacy and security through breakthrough advancements in encryption.

Paranotek's foundation began as a Finnish technology and design company working together with US partners. Paranotek has developed software and apps for everyday life in the public sector, companies, families and private individuals.

In the era of exponential digital connectivity, it is time for individuals and companies to take ownership of their privacy strategy and keep their data secure. With this philosophy, the Paranotek innovation team has developed encryption software tools that can meet the challenges required by next-generation, data-centric security products.

The Paranotek products range from securing data storage, sharing and instant messaging to a variety of software utility tools that are based on disruptive post-quantum-computing resistant security protocols. The patent for the Parano Protocol is pending within the United States and the Company is applying for patents in other countries.

Users of Paranotek data-centric encryption tools enable organizations to overcome role-based security incompatibilities between IT vendors and multiple data providers to implement mandatory access control (MAC) versus discretionary access controls (DAC).

The MAC can also enable multiple levels of security (MLS) within the data structure of a computer system to process information with incompatible classifications (i.e., at different security levels), permit access by users with different security clearances and needs-to-know, and prevent users from obtaining access to information for which they lack authorization.

Revenue is derived from download subscription fees directly from the Google or Apple Stores, structured licensing fees for enterprise-grade products, application development fees and license fees from original equipment manufacturer (OEM) developed custom applications.

According to Mick Davis, CEO, the management team is made up of six individuals including a CEO, CTO, Director of Software Development, Business Development, Market Advisor and Legal Advisor.

	Now	Actual vs Last Year to Date			Last 3 Months			Monitors	
	As at Dec 18	Last Year	Variance	Variance %	Nov 18	Oct 18	Sep 18	CAPEX Monitor	YTD
Accounts Receivable	14,902	7,451	7,451	100.0%	14,902	14,902	21,902	Office Equipment	9,747
Chase Main - 1305	14,708	0	14,708	0.0%	5,506	-249	420	Computer Equipment	496
Nevada State	-2,222	-2,544	322	12.7%	5,802	26,242	3,570	Total CAPEX	10,243
Rounding	-3	-5	2	40.0%	-6	-3	-1		
Total Current Assets	27,385	4,902	22,483	458.6%	26,204	40,892	25,891		
BTC Account	801	0	801	0.0%	801	801	801		
Computer Equipment	496	0	496	0.0%	496	496	496		
Investment in Paranotek	254,665	12,200	242,465	1,987.4%	224,665	197,665	182,404		
Less Accumulated Depreciation on Office Equi	2,839	0	2,839	0.0%	2,839	2,839	2,839		
Loan to Officer(s)	110,211	8,990	101,221	1,125.9%	105,447	101,695	86,074		
Office Equipment	9,747	0	9,747	0.0%	9,747	9,747	9,747		
Patent	3,630	3,460	170	4.9%	3,630	3,630	3,630		
Property, Plant & Equipment	6,482	2,275	4,207	184.9%	5,989	5,989	5,804		
R&D Expenses	128,829	36,221	92,608	255.7%	128,829	128,724	113,724		
Total Non-Current Assets	517,700	63,146	454,554	719.8%	482,443	451,586	405,519		
Total Assets	545,085	68,048	477,037	701.0%	508,647	492,478	431,410		
Accounts Payable	19,472	8,486	10,986	129.5%	16,972	16,972	16,972		
Accrued Expenses	301,517	301,517	0	0.0%	301,517	301,517	301,517		
Total Current Liabilities	320,989	310,003	10,986	3.5%	318,489	318,489	318,489		
Credit Line	3,124	0	3,124	0.0%	4,833	10,000	0		
Loan From Mick	7,500	0	7,500	0.0%	0	0	0		
Note Payable - Related Party	51,700	51,700	0	0.0%	51,700	51,700	51,700		
Notes Payables	395,877	395,877	0	0.0%	395,877	395,877	395,877		
Subscriptions Payable	67,200	67,200	0	0.0%	67,200	67,200	67,200		
Total Non-Current Liabilities	525,401	514,777	10,624	2.1%	519,610	524,777	514,777		
Total Liabilities	846,390	824,780	21,610	2.6%	838,099	843,266	833,266		
Net Assets	-301,305	-756,732	455,427	60.2%	-329,452	-350,788	-401,856		
Additional paid in Capital - Common Stock	2,258,507	1,430,752	827,755	57.9%	2,198,507	2,153,507	2,090,517		
Retained Earnings	-2,257,063	-1,761,839	-495,224	-28.1%	-2,257,063	-2,257,063	-2,257,063		

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	Now	Actual vs Last Year to Date			Last 3 Months		
	As at Dec 18	Last Year	Variance	Variance %	Nov 18	Oct 18	Sep 18
Stockholders' Deficiency	69,584	69,584	0	0.0%	69,584	69,584	69,584
Current Year Earnings	-372,333	-495,229	122,896	24.8%	-340,480	-316,816	-304,894
Total Equity	-301,305	-756,732	455,427	60.2%	-329,452	-350,788	-401,856

	YTD	Dec 18 Plus Last 3 Months				Forward Projection Full Year		
	Actual	Dec 18	Nov 18	Oct 18	Sep 18	YTD	Budget	Total 18/18
Business Revenue	21,451	0	0	0	7,000	21,451	0	21,451
Total Revenue	21,451	0	0	0	7,000	21,451	0	21,451
Gross Profit	21,451	0	0	0	7,000	21,451	0	21,451
GP%	100.0%	0.0%	0.0%	0.0%	100.0%	100.0%	0.0%	100.0%
Accounting and Book Keeping	26,681	400	1,043	773	3,185	26,681	0	26,681
Advertising	28,956	680	1,004	1,579	1,762	28,956	0	28,956
Automobil - Fuel	2,916	0	182	173	78	2,916	0	2,916
Automobile Expenses	4,012	188	0	164	277	4,012	0	4,012
Bank Service Charges	6,008	1,094	1,147	294	203	6,008	0	6,008
Business Licenses and Fees	13,465	7,500	0	52	0	13,465	0	13,465
Compensation to Officer	104,650	8,500	5,750	0	6,500	104,650	0	104,650
Dues & Subscriptions	22,059	458	770	1,625	910	22,059	0	22,059
Entertainment (Client, Stakeholders)	3,806	301	0	2,769	736	3,806	0	3,806
Gifts	1,129	0	309	213	55	1,129	0	1,129
Healthcare Expenses	996	107	0	70	399	996	0	996
Independent Contractors	52,485	5,845	1,820	1,112	2,808	52,485	0	52,485
Insurance	3,489	79	352	661	260	3,489	0	3,489
Janitorial Expenses	1,851	411	748	357	0	1,851	0	1,851
Legal Expenses	26,660	0	3,500	2,210	2,000	26,660	0	26,660
Meeting Meals	2,394	501	856	68	14	2,394	0	2,394
Networking and Marketing	21,924	1,087	640	397	76	21,924	0	21,924
Office Expenses	19,533	602	1,267	1,339	2,912	19,533	0	19,533
Office Food	5,326	197	282	625	504	5,326	0	5,326
Office Rent	37,716	3,428	3,339	6,256	5,086	37,716	0	37,716
Parking	824	38	45	256	118	824	0	824
Postage & Delivery	370	0	0	48	10	370	0	370
Telephone & Internet	3,439	223	169	620	125	3,439	0	3,439
Transportation and Taxi	3,214	214	391	261	265	3,214	0	3,214
Travel	9,235	0	50	0	0	9,235	0	9,235
Utilities	378	0	0	0	0	378	0	378

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	YTD	Dec 18 Plus Last 3 Months				Forward Projection Full Year		
	Actual	Dec 18	Nov 18	Oct 18	Sep 18	YTD	Budget	Total 18/18
Total OPEX	403,516	31,853	23,664	21,922	28,283	403,516	0	403,516
Operating Profit	-382,065	-31,853	-23,664	-21,922	-21,283	-382,065	0	-382,065
Other Revenue	10,000	0	0	10,000	0	10,000	0	10,000
Total Other Revenue	10,000	0	0	10,000	0	10,000	0	10,000
EBITDA	-372,065	-31,853	-23,664	-11,922	-21,283	-372,065	0	-372,065
EBITDA%	-1,183.0%	0.0%	0.0%	-119.2%	-304.0%	-1,183.0%	0.0%	-1,183.0%
EBIT	-372,065	-31,853	-23,664	-11,922	-21,283	-372,065	0	-372,065
EBT	-372,065	-31,853	-23,664	-11,922	-21,283	-372,065	0	-372,065
Income Tax Expense	268	0	0	0	268	268	0	268
Net Profit	-372,333	-31,853	-23,664	-11,922	-21,551	-372,333	0	-372,333

	Dec 18 Plus Last 11 Months											
	Dec 18	Nov 18	Oct 18	Sep 18	Aug 18	Jul 18	Jun 18	May 18	Apr 18	Mar 18	Feb 18	Jan 18
Revenue												
Business Revenue	0	0	0	7,000	0	0	7,000	0	0	0	0	7,451
Total Revenue	0	0	0	7,000	0	0	7,000	0	0	0	0	7,451
Gross Profit	0	0	0	7,000	0	0	7,000	0	0	0	0	7,451
GP%	0.0%	0.0%	0.0%	100.0%	0.0%	0.0%	100.0%	0.0%	0.0%	0.0%	0.0%	100.0%
OPEX												
Accounting and Book Keeping	400	1,043	773	3,185	4,985	2,328	341	929	3,806	3,350	5,528	13
Advertising	680	1,004	1,579	1,762	1,036	6,835	3,100	9,659	2,222	631	134	314
Automobil - Fuel	0	182	173	78	248	141	275	376	337	266	478	362
Automobile Expenses	188	0	164	277	36	49	36	2,547	536	36	51	92
Bank Service Charges	1,094	1,147	294	203	116	232	244	244	447	884	734	369
Business Licenses and Fees	7,500	0	52	0	173	0	0	0	0	5,625	52	63
Compensation to Officer	8,500	5,750	0	6,500	15,000	20,000	20,000	0	15,000	12,000	1,900	0
Dues & Subscriptions	458	770	1,625	910	3,678	759	1,888	1,509	928	3,912	626	4,996
Entertainment (Client, Stakeholders)	301	0	2,769	736	0	0	0	0	0	0	0	0
Gifts	0	309	213	55	131	104	133	184	0	0	0	0
Healthcare Expenses	107	0	70	399	280	0	140	0	0	0	0	0
Independent Contractors	5,845	1,820	1,112	2,808	6,558	3,504	7,024	6,877	660	8,422	4,602	3,253
Insurance	79	352	661	260	296	576	54	456	0	357	0	398
Janitorial Expenses	411	748	357	0	100	0	0	0	0	0	95	140
Legal Expenses	0	3,500	2,210	2,000	0	2,500	0	7,500	1,450	7,500	0	0
Meeting Meals	501	856	68	14	55	6	36	353	370	13	70	52
Networking and Marketing	1,087	640	397	76	1,317	3,227	1,185	3,256	1,357	592	3,745	5,045
Office Expenses	602	1,267	1,339	2,912	1,590	858	2,079	2,675	2,039	822	1,224	2,126
Office Food	197	282	625	504	310	714	552	642	775	0	286	439
Office Rent	3,428	3,339	6,256	5,086	0	6,677	3,428	9,347	155	0	0	0
Parking	38	45	256	118	187	78	15	22	35	30	0	0
Postage & Delivery	0	0	48	10	33	142	137	0	0	0	0	0
Telephone & Internet	223	169	620	125	393	123	30	532	202	290	451	281
Transportation and Taxi	214	391	261	265	194	583	300	362	422	149	48	25
Travel	0	50	0	0	503	197	0	3,637	31	2,639	594	1,584
Utilities	0	0	0	0	378	0	0	0	0	0	0	0

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	Dec 18 Plus Last 11 Months											
	Dec 18	Nov 18	Oct 18	Sep 18	Aug 18	Jul 18	Jun 18	May 18	Apr 18	Mar 18	Feb 18	Jan 18
Total OPEX	31,853	23,664	21,922	28,283	37,597	49,633	40,997	51,107	30,772	47,518	20,618	19,552
Operating Profit	-31,853	-23,664	-21,922	-21,283	-37,597	-49,633	-33,997	-51,107	-30,772	-47,518	-20,618	-12,101
Other Revenue												
Other Revenue	0	0	10,000	0	0	0	0	0	0	0	0	0
Total Other Revenue	0	0	10,000	0	0	0	0	0	0	0	0	0
EBITDA	-31,853	-23,664	-11,922	-21,283	-37,597	-49,633	-33,997	-51,107	-30,772	-47,518	-20,618	-12,101
EBITDA%	0.0%	0.0%	-119.2%	-304.0%	0.0%	0.0%	-485.7%	0.0%	0.0%	0.0%	0.0%	-162.4%
EBIT	-31,853	-23,664	-11,922	-21,283	-37,597	-49,633	-33,997	-51,107	-30,772	-47,518	-20,618	-12,101
EBT	-31,853	-23,664	-11,922	-21,283	-37,597	-49,633	-33,997	-51,107	-30,772	-47,518	-20,618	-12,101

	Current Financial Year											
	Jan 18	Feb 18	Mar 18	Apr 18	May 18	Jun 18	Jul 18	Aug 18	Sep 18	Oct 18	Nov 18	Dec 18
Operating profit / (loss)	-12,101	-20,618	-47,518	-30,772	-51,107	-33,997	-49,633	-37,597	-21,283	-21,922	-23,664	-31,853
EBITDA	-12,101	-20,618	-47,518	-30,772	-51,107	-33,997	-49,633	-37,597	-21,283	-21,922	-23,664	-31,853
(Increase)/decrease in trade debtors	-7,451	0	0	0	0	-7,000	0	7,000	-7,000	7,000	0	0
Increase/(decrease) in trade creditors	8,486	0	0	0	0	0	0	0	0	0	0	2,500
Cash generated from operations	-11,066	-20,618	-47,518	-30,772	-51,107	-40,997	-49,633	-30,597	-28,283	-14,922	-23,664	-29,353
Income tax paid	0	0	0	0	0	0	0	0	-268	0	0	0
Other revenue	0	0	0	0	0	0	0	0	0	10,000	0	0
Net cash from operations	-11,066	-20,618	-47,518	-30,772	-51,107	-40,997	-49,633	-30,597	-28,551	-4,922	-23,664	-29,353
Net cash from investing activities	-24,985	-11,426	-52,634	-52,866	-44,084	-83,246	-29,814	-20,012	-23,306	-46,067	-30,857	-35,257
Cash inflow/(outflow) from borrowings	0	0	0	0	0	0	0	0	0	10,000	-5,167	5,791
Changes in equity	45,000	28,500	208,500	70,000	74,000	115,125	84,000	4,500	30,140	62,990	45,000	60,000
Net cash from financing activities	45,000	28,500	208,500	70,000	74,000	115,125	84,000	4,500	30,140	72,990	39,833	65,791
Change in cash & cash equivalents	8,949	-3,544	108,348	-13,638	-21,191	-9,118	4,553	-46,109	-21,717	22,001	-14,688	1,181
Opening cash & cash equivalents	-2,544	6,406	2,861	111,212	97,573	76,380	67,262	71,817	25,708	3,990	25,993	11,308
Closing cash & cash equivalents	6,406	2,861	111,212	97,573	76,380	67,262	71,817	25,708	3,990	25,993	11,308	12,486