STEREO VISION ENTERTAINMENT INC
Form 10-Q
February 22, 2010

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

xQUARTERLY REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
FOR THE QUARTERLY PERIOD ENDED
DECEMBER 31, 2009

oTRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from to

Commission File Number: 000-28553

Stereo Vision Entertainment, Inc.
(Exact name of small business issuer as specified in its charter)

Nevada	95-4786792
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

15452 Cabrito Road, Suite 204, Van Nuys, CA 91406
(Address of principal executive offices)

(818) 326-6018
(Issuer's Telephone Number)

Indicate by check mark whether the issuer (1) has filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the past 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.
x Yes o No

Indicate by check mark whether the registrant is a large accelerated file, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer o	Accelerated filer o
Non-accelerated filer o (Do not check if a smaller reporting company)	Smaller reporting company x

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). o Yes x No

APPLICABLE ONLY TO CORPORATE ISSUERS

State the number of shares outstanding of each of the issuer's classes of common equity, as of the latest practical date. As of December 31, 2009, there were 24,236,138 shares of the issuer's $.001 par value common stock issued and outstanding.

PART I - FINANCIAL INFORMATION

Item 1. Financial Statements

STEREO VISION ENTERTAINMENT, INC.
(A Development Stage Company)
BALANCE SHEETS

Item 1. Financial Statements

ASSETS:	(Unaudited) December 31, 2009	June 30, 2009
Current Assets:		
Cash	$-	$-
Prepaid Expenses	29,950	38,950
Total Current Assets	29,950	38,950
Fixed Assets:		
Office Equipment	16,745	16,745
Less Accumulated Depreciation	(15,815)	(15,335)
Net Fixed Assets	930	1,410
Intangible and Other Non-Current Assets:		
Films, Manuscripts, Recordings and Similar Property	430,078	430,078
Investment in Mad Dogs & Oakies	11,893	11,893
Total Intangible and Other Non-Current Assets:	441,971	441,971
Total Assets	$472,851	$482,331
LIABILITIES AND STOCKHOLDERS' EQUITY:		
Liabilities:		
Accounts Payable	$232,543	$198,844
Accrued Expenses	500,286	402,908
Bank Overdraft	191	4,709
Lawsuit Payable	32,411	32,411
Loans from Shareholders	1,104,957	981,492
Total Current Liabilities	1,870,388	1,620,364
Stockholders' Equity:		
Common Stock, $.001 Par value		
Authorized 100,000,000 shares,		
Issued 24,236,138 at December 31, 2009		
and 23,786,138 at June 30, 2009	24,236	23,786
Common Stock to be Issued, 96,000 shares at		
December 31, 2009 and June 30, 2009	96	96
Additional Paid-In Capital	15,904,698	15,858,149

Deficit Accumulated During the Development Stage	(17,326,567)	(17,020,064)
Total Stockholders' Equity	(1,397,537)	(1,138,033)
Total Liabilities and Stockholders' Equity	$472,851	$482,331

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

STEREO VISION ENTERTAINMENT, INC.
(A Development Stage Company)
STATEMENTS OF OPERATIONS

	(Unaudited) For the Three Months Ended December 31,		(Unaudited) For the Six Months Ended December 31,		Cumulative Since May 5, 1999 Inception of Development Stage
	2009	2008	2009	2008	
Revenues	$-	$-	$-	$-	$-
Expenses					
Research & Development	-	-	-	-	293,000
General & Administrative	45,864	79,851	84,582	126,104	9,251,535
Salaries & Consulting	58,750	20,300	151,000	125,000	6,677,721
Advertising & Promotion	-	-	-	-	418,423
Loss on Investment	-	-	-	-	558,191
Lawsuit Settlement	-	-	-	-	111,511
Operating Loss	(104,614)	(100,151)	(235,582)	(251,104)	(17,310,381)
Other Income (Expense):					
Interest Income		1		1	2,562
Interest Expense	(24,783)	(32,023)	(70,921)	(54,031)	(743,424)
Investment Fee	-	-	-	-	(75,000)
Loss on Sale of Assets	-	-	-	-	(15,883)
Write off of Note Receivable	-	-	-	-	(191,701)
Gain on Forgiveness of Debt	-	-	-	137,500	600,138
Gain (Loss) on Available for Sale Securities	-	-	-	-	412,772
Total Other Income (Expense)	(24,783)	(32,022)	(70,921)	83,470	(10,536)
Net Loss Before Taxes	(129,397)	(132,173)	(306,503)	(167,634)	(17,320,917)
Income Tax Expense	-	-	-	-	(5,650)
Net Loss	$(129,397)	$(132,173)	$(306,503)	$(167,634)	$(17,326,567)
Basic & Diluted Loss Per Share	$-	$(0.01)	$(0.01)	$(0.01)	
Weighted Average	24,007,877	24,460,138	23,947,823	23,853,400	

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

STEREO VISION ENTERTAINMENT, INC.
(A Development Stage Company)
STATEMENTS OF CASH FLOWS

	(Unaudited) For the Six Months Ended December 31, 2009	2008	Cumulative Since May 5, 1999 Inception of Development Stage
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net Loss	$(306,503)	$(167,634)	$(17,326,567)
Adjustments to Reconcile Net Loss to Net			
Cash Used in Operating Activities:			
Depreciation and Amortization	480	480	3,538,498
Interest Expense from Beneficial Conversion Features	2,000	-	15,640
Issuance of Common Stock for Expenses	45,000	28,000	6,953,295
Stock Issued for Payment of Accounts Payable	-	-	70,500
Stock Issued for Accrued Expenses	-	-	494,166
Compensation Expense from Stock Options	-	-	487,500
Realized Gain on Trading Investments	-	-	(412,773)
Loss on Sale of Assets	-	-	15,883
Loss on Investment Written Off	-	-	557,008
Gain on Forgiveness of Debt	-	(137,500)	(600,138)
Cash Acquired in Merger	-	-	332
Change in Operating Assets and Liabilities:			
Prepaid Expense	9,000	-	(29,950)
Investment in Films, Manuscripts, Recordings			
and Similar Property	-	(23,328)	(625,086)
Accounts Payable	33,699	743	386,779
Accrued Expenses	143,799	123,564	1,572,522
Lawsuit Payable	-	-	32,411
Payable to SAG for Route 66	-	-	71,493
Net Cash Used in Operating Activities	(72,525)	(175,675)	(4,798,487)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchase of Investment	-	-	(5,892)
Purchase of Equipment	-	-	(16,745)
Proceeds from Sale of Assets	-	-	51,117
Proceeds from Sale of Investments	-	-	565,773
Net Cash Provided (Used) in Investing Activities	$-	$-	$594,253

STEREO VISION ENTERTAINMENT, INC.
(A Development Stage Company)
STATEMENTS OF CASH FLOWS
(continued)

	(Unaudited) For the Six Months Ended December 31, 2009	2008	Cumulative Since May 5, 1999 Inception of Development Stage
CASH FLOWS FROM FINANCING ACTIVITIES:			
Net proceeds from loans from shareholders	$77,043	$59,298	$ 2,863,332
Proceeds from issuance of common stock	-	110,500	1,276,711
Proceeds from issuance of short-term notes	-	-	64,000
Bank overdraft	(4,518)	1,536	191
Net Cash Provided by Financing Activities	72,525	171,334	4,204,234
Net (Decrease) Increase in Cash	-	(4,341)	-
Cash at Beginning of Period	-	4,341	-
Cash at End of Period	$-	$-	$ -
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:			
Cash paid during the year for:			
Interest	$-	$-	$ 68,676
Income taxes	$-	$-	$ 7,670
SUPPLEMENTAL DISCLOSURE OF NON-CASH INVESTING AND FINANCING ACTIVITIES:			
Common Stock Issued for Investment in Wilfield Entertainment	$-	$-	$ 220,000
Common Stock Issued for Investment in Mad Dogs & Oakies Project	$-	$-	$ 3,000
Common Stock Issued for Investment in In the Garden of Evil Project	$-	$-	$ 12,000
Common Stock Issued for Investment in Booty 3D	$-	$-	$ 59,000
Common Stock Issued for Investment in Kung Fu U 3D	$-	$-	$ 18,000
Notes Payable Converted to Stock	$-	$-	$ 1,739,608

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

STEREO VISION ENTERTAINMENT, INC.
(A Development Stage Company)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of accounting policies for Stereo Vision Entertainment, Inc. is presented to assist in understanding the Company's financial statements. The accounting policies conform to generally accepted accounting principles and have been consistently applied in the preparation of the financial statements.

The unaudited financial statements as of December 31, 2009 and for the three and six months then ended reflect, in the opinion of management, all adjustments (which include only normal recurring adjustments) necessary to fairly state the financial position and results of operations for the three and six months. Operating results for interim periods are not necessarily indicative of the results which can be expected for full years.

Nature of Operations and Going Concern

The accompanying financial statements have been prepared on the basis of accounting principles applicable to a “going concern”, which assumes that the Company will continue in operation for at least one year and will be able to realize its assets and discharge its liabilities in the normal course of operations.

Several conditions and events cast doubt about the Company’s ability to continue as a “going concern”. The Company has incurred net losses of approximately $17,326,567 for the period from May 5, 1999 (inception) to December 31, 2009, has a liquidity problem, and requires additional financing in order to finance its business activities on an ongoing basis. The Company is actively pursuing alternative financing and has had discussions with various third parties, although no firm commitments have been obtained. In the interim, shareholders of the Company have continued to meet its minimal operating expenses as they have done in the past.

The Company’s future capital requirements will depend on numerous factors including, but not limited to, continued progress developing its products and market penetration and profitable operations.

These financial statements do not reflect adjustments that would be necessary if the Company were unable to continue as a “going concern”. While management believes that the actions already taken or planned, will mitigate the adverse conditions and events which raise doubt about the validity of the “going concern” assumption used in preparing these financial statements, there can be no assurance that these actions will be successful.

If the Company were unable to continue as a “going concern”, then substantial adjustments would be necessary to the carrying values of assets, the reported amounts of its liabilities, the reported expenses, and the balance sheet classifications used.

Principles of Consolidation

The consolidated financial statements for the six months ended December 31, 2009 include the accounts of the parent entity and its wholly-owned subsidiary TDOJ LLC. TDOJ LLC was formed on March 17, 2009 and has no operations as of December 31, 2009.

All significant intercompany balances and transactions have been eliminated.

STEREO VISION ENTERTAINMENT, INC.
(A Development Stage Company)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Organization and Basis of Presentation

The Company was incorporated under the laws of the State of Nevada on May 5, 1999. As of December 31, 2009, the Company is in the development stage, and has not commenced planned principal operations.

Nature of Business

The Company intends to position itself to evolve into a vertically integrated, diversified media entertainment company. The Company anticipates generating revenues from several sources, including production of new feature films in both 3-D and 2-D format for theatrical and direct to DVD release, as well as expanding into other areas of the entertainment industry including the licensing of its film rights to the video gaming industry.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Company considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents to the extent the funds are not being held for investment purposes.

Pervasiveness of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles required management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Fair Value of Financial Instruments

The carrying value of the Company's financial instruments, including accounts payable and accrued liabilities at December 31, 2009 and June 30, 2009 approximates their fair values due to the short-term nature of these financial instruments.

STEREO VISION ENTERTAINMENT, INC.
(A Development Stage Company)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property and Equipment

Property and equipment are stated at cost. Depreciation is provided for in amounts sufficient to relate the cost of depreciable assets to operations over their estimated service lives, principally on a straight-line basis from 3 to 5 years.

Upon sale or other disposition of property and equipment, the cost and related accumulated depreciation or amortization are removed from the accounts and any gain or loss is included in the determination of income or loss.

Expenditures for maintenance and repairs are charged to expense as incurred. Major overhauls and betterments are capitalized and depreciated over their useful lives.

The Company identifies and records impairment losses on long-lived assets such as property and equipment when events and circumstances indicate that such assets might be impaired. The Company considers factors such as significant changes in the regulatory or business climate and projected future cash flows from the respective asset. Impairment losses are measured as the amount by which the carrying amount of intangible asset exceeds its fair value.

Advertising Costs

Advertising costs are expensed as incurred. For the six months ended December 31, 2009 and 2008, advertising expense was $0 and $0, respectively.

Concentration of Credit Risk

The Company has no significant off-balance-sheet concentrations of credit risk such as foreign exchange contracts, options contracts or other foreign hedging arrangements. The Company maintains the majority of its cash balances with one financial institution, in the form of demand deposits.

STEREO VISION ENTERTAINMENT, INC.
(A Development Stage Company)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Loss per Share

Basic loss per share has been computed by dividing the loss for the year applicable to the common stockholders by the weighted average number of common shares outstanding during the year. The effect of outstanding common stock equivalents would be anti-dilutive for December 31, 2009 and 2008 and are thus not considered. At December 31, 2009 and 2008, there were no outstanding common stock equivalents.

Reclassification

Certain reclassifications have been made in the 2008 financial statements to conform with the 2009 presentation.

Intangible Assets

Intangible assets consist of movie and music licensing rights and production costs and are valued at cost. As of December 31, 2009 and June 30, 2009, the Company had $430,078 and $430,078 in film costs that are in the development stage or pre-production stage.

The Company identifies and records impairment losses on intangible assets when events and circumstances indicate that such assets might be impaired or when the property is not set for production within three years of acquisition. The Company considers factors such as significant changes in the regulatory or business climate and projected future cash flows from the respective asset. Impairment losses are measured as the amount by which the carrying amount of intangible asset exceeds its fair value.

NOTE 2 - INCOME TAXES

As of June 30, 2009, the Company had a net operating loss carry forward for income tax reporting purposes of approximately $17,305,907 that may be offset against future taxable income through 2029. Current tax laws limit the amount of loss available to be offset against future taxable income when a substantial change in ownership occurs. Therefore, the amount available to offset future taxable income may be limited. No tax benefit has been reported in the financial statements, because the Company believes there is a 50% or greater chance the carry-forwards will expire unused. Accordingly, the potential tax benefits of the loss carry-forwards are offset by a valuation allowance of the same amount.

	2009	2008
Net Operating Losses	$2,553,000	$2,483,250
Valuation Allowance	(2,553,000)	(2,483,250)
	$-	$-

The provision for income taxes differs from the amount computed using the federal US statutory income tax rate as follows:

	2009	2008

Provision (Benefit) at US Statutory Rate	$69,750	$200,100
Increase (Decrease) in Valuation Allowance	(69,750)	(200,100)
	$-	$-

STEREO VISION ENTERTAINMENT, INC.
(A Development Stage Company)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

NOTE 2 - INCOME TAXES (continued)

The Company evaluates its valuation allowance requirements based on projected future operations. When circumstances change and causes a change in management's judgment about the recoverability of deferred tax assets, the impact of the change on the valuation is reflected in current income.

NOTE 3 - DEVELOPMENT STAGE COMPANY/ GOING CONCERN

The Company has not begun principal operations and as is common with a development stage company, the Company has had recurring losses during its development stage. Continuation of the Company as a going concern is dependent upon obtaining the additional working capital necessary to be successful in its planned activity. The management of the Company has developed a strategy, which it believes will accomplish this objective through additional equity funding and long term financing, which will enable the Company to operate for the coming year.

NOTE 4 - RENT EXPENSE

The Company’s principal executive offices are located at 15452 Cabrito Road, Suite 204, Van Nuys, CA 91406 and consist of approximately 2,500 square feet of furnished executive suite offices and reception and conference room arrangements. The lease expired in June 2005. Since the lease expired, the Company is on a month to month lease. The monthly rent for the property is $2,500. For the six months ended December 31, 2009 and 2008, rent expense was $15,000 and $15,000, respectively.

In March, 2008, the Board approved a new benefits package for its CEO, Mr. Jack Honour which includes payment for housing at the rate of $4,500 per month plus utilities as well as the use of a car. The annual cost of these benefits is estimated to be $85,000 p.a.

NOTE 5 - LOANS FROM SHAREHOLDERS AND OTHER RELATED PARTY TRANSACTIONS

As of December 31, 2009 and June 30, 2009, the company owed $1,104,957 and $981,492 respectively to various shareholders and officers/directors. The loans are unsecured with interest at rates of between 4% to 12% and have no fixed terms of repayment. During the six months ended December 31, 2009, the Company received $77,900 in new loans from related parties, which are included in the total above.

On June 27, July 31 and August 27, 2007, the Company borrowed $125,000, $150,000 and $225,000 respectively from a shareholder at an interest rate of 12% per annum. Interest of $5,000 per month was due and payable monthly beginning in September 2007 and continuing through the payment due date on February 21, 2009. On February 19, the Company borrowed an additional $200,000 under the same terms. This loan was collateralized with 1,000,000 shares of Mr. John Honour’s shares. Interest of $7,000 per month is due and payable monthly. At December 31, 2009 the total amount due on this loan was $832,667. This amount is included in the total amount of loans shown above. For the four month period of March-June, 2008, the lender accepted 100,000 shares of restricted stock valued at $.28 per share as payment for the interest for those four months. The $700,000 note is convertible at the option of the lender on the due date at a per share price equal to 75% of the closing price on the day of conversion.

During the year ended June 30, 2009, the Company borrowed $115,000 from various shareholders. These loans are convertible to common stock of the Company at a conversion rate of $.10 per share. The $115,000 in notes payable are convertible into 1,150,000 restricted common shares. The notes are convertible immediately and are due on demand. The Company has recognized $13,640 of interest expense related to the beneficial conversion feature of the notes payable. As of June 30, 2009, $29,000 of these notes payable have been converted into 290,000 shares of common stock.

During the three months ended December 31, 2009, the Company borrowed $8,000 from a shareholder. These loans are convertible to common stock of the Company at a conversion rate of $.05 per share. The $8,000 in notes payable are convertible into 160,000 restricted common shares. The notes are convertible immediately and are due on demand. During the three months ended December 31, 2009, the Company has recognized $2,000 of interest expense related to the beneficial conversion feature of these notes payable.

STEREO VISION ENTERTAINMENT, INC.
(A Development Stage Company)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

NOTE 6 - COMMON STOCK TRANSACTIONS

The Company was initially authorized to issue 100,000,000 common shares with a par value of $0.001.

At inception, the company issued 61,200 (1,530,000 pre-split) shares of common stock to its officers and directors for services performed and payments made on the Company's behalf during its formation. This transaction was valued at approximately $0.003 per share or an aggregate approximate value of $5,000. These shares were issued under Rule 4(2).

On December 2, 1999, the Company issued 58,800 (1,470,000 pre split) shares of common stock in exchange for $350,000 investment in 3-D projects, $255,000 licensing and distribution rights, $3,306,900 3-D film production and exhibition equipment, and $100,000 patent pending. On September 25, 2001 the asset acquisition was rescinded and the assets acquired were returned and the common stock was returned to treasury.

In addition to the asset acquisition, on December 3, 1999, the company entered into an acquisition agreement and plan of reverse merger with Kestrel Equity Corporation whereby the company acquired $332 cash, $153,001 trading investments, $100,686 reduction in accounts payable, and 4,366,084 in notes payable in exchange for 48,000 (1,200,000 pre-split) shares of common stock. By virtue of the merger and the asset acquisition, the Company issued 106,800 (2,670,000 pre-split) shares of common stock of the surviving corporation and acquired assets valued at $4,013,100 or approximately $1.50 per share.

On December 31, 1999, the Company issued 14,000 (350,000 pre-split) shares to several employees (Rick Ducommun and Rocco Urbisci) and a consultant for project related services rendered and to be rendered, valued at $2.00 per share. These shares were issued in reliance upon the Rule 4(2) exemptive provisions, and no advertising nor solicitation occurred.

On February 14, 2000, the Company issued 4,000 (100,000 pre-split) shares of common stock as payment for services rendered by Mr. Herky Williams valued at $1.00 per share. The services rendered were for the development of the company's music division. The shares were issued under Rule 4(2) to an officer of the Company.

On April 17, 2000, the Company issued 4,000 (100,000 pre-split) shares of common stock to Shauna Gilibarti as payment for marketing related services valued at $100,000. They were cancelled on May 25, 2001 for failure to perform.

STEREO VISION ENTERTAINMENT, INC.
(A Development Stage Company)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

NOTE 6 - COMMON STOCK TRANSACTIONS (continued)

On May 4, 2000, the Company issued 2,200 (55,000 pre-split) shares of common stock for cash of $55,000.

On June 2, 2000, the Company issued 4,000 (100,000 pre-split) shares of common stock to Profit Earth as payment for market development services valued at $100,000. They were cancelled for non performance on September 25, 2001.

On June 30, 2000, the Company issued 1,420 (35,500 pre-split) shares of common stock for cash of $35,500.

On September 13, 2000, the Company issued 5,000 (125,000 pre-split) shares of common stock for conversion of notes payable totaling $141,250. The value of these shares was $1.13 per share, according to the terms of the original loan agreement.

On September 27, 2000, the company entered into a contract with Ron Whiten to make strategic introductions on behalf of the Company to the investment community in exchange for 4,000 (100,000 pre-split) common shares. On September 29, 2000, the shares were issued at a value of $95,000, which was the quoted market price on the date of issue. The contract is for a period of time covering 3 quarterly financial statements. To the best knowledge and belief of the company, no services were performed by Mr.Whiten pursuant to this agreement. On May 25, 2001, the 4,000 shares of stock issued to Mr. Whiten were cancelled for non-performance of services.

On October 27, 2000, the Company issued 500 (12,500 pre-split) shares of common stock valued at $1.00 per share to National Financial Group for financial services previously rendered. These shares were issued under Rule 4(2).

On November 15, 2000, the Company issued 32,000 (800,000 pre-split) shares of common stock for conversion of notes payable totaling $407,138. The value of these shares was $0.51 per share, according to the terms of the original loan agreement.

On November 22, 2000, the Company issued 2,000 (50,000 pre-split) shares of common stock for conversion of notes payable totaling $25,000. The value of these shares was $0.50 per share according to the terms of the original agreement.

On November 22, 2000, the Company issued 4,080 (102,000 pre-split) shares of common stock to Daniel Symmes as payment for 3-D consulting services valued at $102,000.

On December 4, 2000, the Company issued 400 (10,000 pre-split) shares of common stock as payment for services valued at $10,200.

On December 14, 2000, the Company issued 4,000 (100,000 pre-split) shares of common stock to Rod Whiton as payment for advertising services valued at $106,000. These shares were cancelled for non-performance on May 25, 2001.

STEREO VISION ENTERTAINMENT, INC.
(A Development Stage Company)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

NOTE 6 - COMMON STOCK TRANSACTIONS (continued)

On January 23, 2001, the Company issued 600 (15,000 pre-split) shares of common stock for cash $15,000.

On January 30, 2001, the Company issued 4,724 (118,100 pre-split) shares of common stock to six individuals as payment for services valued at $64,950. These services included advising on the film "On Route 66" as well as website design. On May 25, 2001, 2,000 of these shares were cancelled for non-performance.

On March 10, 2001, the Company issued 8,000 (200,000 pre-split) shares of common stock to Herky Williams (100,000) and Jerry Crutchfield (100,000) valued at $154,000 as payment for services regarding the production of a record album.

On April 9, 2001, the Company issued 3,600 (90,000 pre-split) shares of common stock to Charles Marshall as payment for advertising expense valued at $49,500.

Pursuant to an agreement made with an affiliate company of Mr. Williams (the Secretary-Treasurer and a Director of the Company) called Wilfield Entertainment, the Company issued 16,000 (400,000 pre-split) shares of common stock at a market price of $.55 per share on April 18, 2001 for its participation in the joint venture. The joint venture with Wilfield is for the production of thirteen
musical albums. The company will supply the necessary funding for the production of these albums and after capital repayment has occurred, the Company will receive 51% of the profits from the projects. The estimated production costs per album are projected to be $80,000.

On May 25, 2001, 14,000 (350,000 pre split) shares that were issued during the years ended September 30, 2001 and 2000 to various people for services were cancelled. These shares were cancelled for non-performance of services. The expenses related to these shares were recorded when the shares were issued. The expenses related to the issuance of these shares were reversed upon the cancellation of the shares.

STEREO VISION ENTERTAINMENT, INC.
(A Development Stage Company)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

NOTE 6 - COMMON STOCK TRANSACTIONS (continued)

On June 1, 2001, the Company issued 840 (21,000 pre-split) shares of common stock for conversion of notes payable totaling $7,513, according to the terms of the original agreement.

On June 15, 2001, the Company issued 1,000 (25,000 pre-split) shares of common stock as payment for services valued at $15,000.

On June 28, 2001, the Company issued 10,000 (250,000 pre-split) shares of common stock to Vision Publishing (100,000) and Jim and Cynthia Pitochelli (150,000) as payment for services and advertising expenses valued at $150,000.

On June 29, 2001, the Company issued 34,000 (850,000 pre-split) shares of common stock for conversion of notes payable totaling $225,000, according to the terms of the original loan agreement.

On August 29, 2001, the Company issued 13,400 (335,000 pre-split) shares of common stock for conversion of notes payable totaling $100,500, according to the terms of the original loan agreement.

During the quarter ended September 30, 2001, 4,000 (100,000 pre-split) shares were issued for conversion of notes payable totaling $25,600. The value of these shares was $0.26 per share, as agreed in the original loan documents. These shares were issued under Rule 4(2).

On September 25, 2001, 4,000 (100,000 pre-split) shares that were issued during the year ended September 30, 2000 for services were cancelled. These shares were cancelled for non-performance of services. The expenses related to these shares were recorded when the shares were issued. The expenses related to the issuance of these shares were reversed upon the cancellation of the shares. Also on September 25, 2001, the asset acquisition agreement with 3-D was rescinded and the assets acquired by the Company were returned to 3-D. The stock issued by the Company in the acquisition was not returned. There was a net increase in total stockholders’ equity of $70,532.

During the quarter ended September 30, 2001, the company issued 112,200 (2,805,000 pre-split) shares to the Company's officers and directors for services rendered in their various capacities (J. Honour (1,500,000), H. Williams (600,000), J. Bodziak, R. Urbisci and T. Noonan (100,000 each)) at the market value of the stock on the date of agreed (not actual) issuance of $0.30 to $0.45 per share.

During the quarter ended September 30, 2001, 3,600 (90,000 pre-split) restricted common shares were issued to individuals for cash at $0.50 per share trading value. All shares were issued under Rule 4(2).

STEREO VISION ENTERTAINMENT, INC.
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NOTE 6 - COMMON STOCK TRANSACTIONS (continued)

During the quarter ended December 31, 2001, the Company issued 25,912 (647,795 pre-split) shares of stock for conversion of notes payable totaling $135,596, for accrued interest on the notes payable of $12,275, and for consulting services of $20,779. The value of the shares was between $0.14 and $0.35 per share. The share values were always determined based upon the trading price of the stock on the date of the agreement, not on the date of issuance of the shares. All shares were issued in reliance on the exemption provided by Rule 4(2).

During the quarter ended December 31, 2001, the Company issued 94,825 (2,370,631 pre-slit) shares to twelve different individuals for services at the market value on the date of the agreements, between $0.21 and $0.54 per share. Such services included financial and market advisory as well as project advisory.

On January 15, 2002, 12,000 (300,000 pre-split) shares of common stock were issued for cash at $0.33 per share.

During the quarter ended March 30, 2002, 119,185 (2,979,625 pre split) shares were issued in connection with previous debt cancellation, pursuant to the terms of the convertible instrument. These shares were issued under Rule 4(2), and the recipient was an accredited investor.

On April 10, 2002, the Company issued 9,920 (248,000 pre-split) shares of common stock for conversion of notes payable totaling $32,627 according to the terms of the original agreement.

On April 29, 2002, 8,000 (200,000 pre-split) common shares were issued for the purchase of "In the Garden of Eden" album. The value of the shares was $0.06 on the date of contractual agreement, and the shares were issued under Rule 4(2), but later rescinded for failure of the owner to deliver the rights. These shares were cancelled on June 3, 2003.

On May 30, 2002, 4,000 (100,000 pre-split) common shares were issued to various people for services, which included writing, arranging, composing and product placement, all connected with the project "Mad Dogs and Oakies." The value of the shares was $.03 per share on the date of contract. These shares were issued to non-affiliates under Rule 4(2).

During the quarter ended September 30, 2002, the Company issued 12,000 (300,000 pre-split) shares of common stock for cash. Shares were issued for $.025 to $.075 per share.

During the quarter ended September 30, 2002, 10,000 (250,000 pre-split) shares were issued for consulting and rent expense. The value of the shares was between $.03 (April 15) and $.08 (May 24) per share.

STEREO VISION ENTERTAINMENT, INC.
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NOTE 6 - COMMON STOCK TRANSACTIONS (continued)

On July 1, 2002, 34,000 (850,000 pre-split) common shares were issued for cash of $9,500, based upon a conversion contract entered into earlier.

On July 8, 2002, 85,334 (2,133,334 pre-split) shares were issued in connection with a previous debt cancellation, based upon the terms of the note and conversion price therein committed. These shares were issued to an accredited investor under Rule 506 of Regulation D.

On December 20, 2002, 20,000 (500,000 pre-split) shares were returned to the treasury and cancelled.

On December 23, 2002, 104,000 (2,600,000 pre split) common shares were cancelled from various shareholders for non-performance of services. 750,000 shares were initially issued December 20, 2001, 1,500,000 shares were initially issued September 27, 2001, and 450,000 shares were initially issued October 2, 2001. The shares were recorded as a prepaid asset at the time of issuance. The entry recording the issuance of the shares was reversed upon cancellation.

During the quarter ended March 31, 2003, a total of 559,800 (13,995,000 pre-split) common shares were issued to individuals for services. This total included issuances to officers and directors, at $0.029 per share (restricted) of 13,450,000 shares (J. Honour (10,000,000), H. Williams (1,500,000), T. Noonan (500,000), J. Bodziak (250,000) and R. Urbisci (100,000)) and outside consultants providing media solicitation services (Ron Kelley, 1,100,000 shares).

On March 26, 2003, 160,000 (4,000,000 pre-split) common shares were issued for conversion of notes payable of $274,932. These shares were issued to an accredited investor, in conversion of pre-existing rights, under Rule 506.

On May 9, 2003, 101,600 (2,540,000 pre-split) shares were issued to 7 individuals providing various consulting services, all as described in the Form S8 registration statement, filed April 29, 2003. The value of the registered shares was effectively $0.01 per share. The private placement shares were issued under the exemption available through Rule 4(2).

On June 2, 2003, 88,000 common shares were issued for conversion of debt totaling $20,000 according to the terms of the original agreement.

On June 3, 2003, 12,000 shares were cancelled for non-performance of services. These shares were originally issued during the year ended September 30, 2002. 8,000 shares were initially issued April 29, 2002 and recorded as other assets. 4,000 shares were initially issued September 27, 2001 and recorded as a p