

STEREO VISION ENTERTAINMENT INC
Form 10-Q
May 21, 2009

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

FORM 10-Q

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

☐ TRANSITION 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 (I.R.S. Employer Identification No.)
organization)

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.

☒ Yes ☐ No

Indicate by check mark whether the registrant is a large accelerated filer, 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 ☐ Accelerated filer ☐
Non-accelerated filer ☐ (Do not check if a smaller reporting company) Smaller reporting company ☒

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 March 31, 2009, there were 25,075,138 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

ASSETS:	(Unaudited) March 31, 2009	June 30, 2008
Current Assets:		
Cash	\$ -	\$ 4,341
Prepaid expenses	-	6,750
Total Current Assets	-	11,091
Fixed Assets:		
Office Equipment	16,745	16,745
Less Accumulated Depreciation	(15,095)	(14,375)
Net Fixed Assets	1,650	2,370
Intangible and Other Non-Current Assets:		
Films, Manuscripts, Recordings and Similar Property	430,078	406,750
Investment in Mad Dogs&Oakies	11,893	11,893
Total Intangible and Other Non-Current Assets:	441,971	418,643
Total Assets	\$ 443,621	\$ 432,104
LIABILITIES AND STOCKHOLDERS' EQUITY:		
Liabilities:		
Accounts Payable	\$ 170,003	\$ 188,510
Accrued Expenses	341,385	613,790
Bank Overdraft	4,934	-
Lawsuit Payable	32,411	32,411
Loans from Shareholders	946,430	795,079
Total Current Liabilities	1,495,163	1,629,790
Stockholders' Equity:		
Common Stock, \$.001 Par value		
Authorized 100,000,000 shares,		
Issued 25,075,138 at March 31, 2009		
and 22,720,138 at June 30, 2008	25,075	22,720
Common Stock to be Issued, 96,000 shares at		
March 31, 2009 and June 30, 2008	96	96
Additional Paid-In Capital	15,782,110	15,334,465
Deficit Accumulated During the Development Stage	(16,858,823)	(16,554,967)
Total Stockholders' Equity	(1,051,542)	(1,197,686)
Total Liabilities and Stockholders' Equity	\$ 443,621	\$ 432,104

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 March 31,		(Unaudited) For the Nine Months Ended March 31,		Cumulative Since May 5, 1999 Inception of Development Stage
	2009	2008	2009	2008	
Revenues	\$ -	\$ -	\$ -	\$ -	\$ -
Expenses					
Research & Development	-	-	-	-	293,000
General & Administrative	52,624	200,234	178,728	608,508	9,097,042
Salaries & Consulting	61,575	152,500	186,575	353,210	6,466,388
Advertising & Promotion	-	-	-	-	418,423
Loss on Investment	-	-	-	-	558,191
Lawsuit Settlement	-	-	-	-	111,511
Operating Loss	(114,199)	(352,734)	(365,303)	(961,718)	(16,944,555)
Other income (expense):					
Interest income	-	429	1	2,489	2,562
Interest expense	(22,023)	(3,310)	(76,054)	(61,739)	(642,306)
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)	(22,023)	(2,881)	61,447	(59,250)	90,582
Net Loss Before Taxes	(136,222)	(355,615)	(303,856)	(1,020,968)	(16,853,973)
Income Tax Expense	-	-	-	-	(4,850)
Net Loss	\$ (136,222)	\$ (355,615)	\$ (303,856)	\$ (1,020,968)	\$ (16,858,823)
Basic & Diluted loss Per Share	\$ (0.01)	\$ (0.02)	\$ (0.01)	\$ (0.05)	
Weighted Average	24,730,805	21,795,138	24,135,612	21,313,328	

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 Nine Months Ended March 31,		Cumulative Since May 5, 1999 Inception of Development Stage
	2009	2008	
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net Loss	\$ (303,856)	\$ (1,020,968)	\$ (16,858,823)
Adjustments to reconcile net loss to net cash used in operating activities:			
Depreciation and Amortization	720	-	3,537,778
Issuance of Common Stock for Expenses	59,500	370,000	6,896,185
Stock Issued for Payment of Accounts Payable	20,000	-	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	6,750	(14,750)	-
Investment in films, manuscripts, recordings and similar property	(23,328)	(243,250)	(625,086)
Accounts Payable	(18,507)	5,770	324,239
Accrued Expenses	181,148	233,392	1,344,337
Lawsuit Payable			32,411
Payable to SAG for Route 66			71,493
Net Cash Used in operating activities	(215,073)	(669,806)	(4,664,988)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchase of investment	-	-	(5,892)
Purchase of equipment	-	(3,000)	(16,745)
Proceeds from sale of assets	-	-	51,117
Proceeds from sale of investments	-	-	565,773
Net cash provided (used) in investing activities	\$ -	\$ (3,000)	\$ 594,253

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

	(Unaudited) For the Nine Months Ended March 31,		Cumulative Since May 5, 1999 Inception of Development Stage
	2009	2008	
CASH FLOWS FROM FINANCING ACTIVITIES:			
Net proceeds from loans from shareholders	\$ 85,298	\$ 591,891	\$ 2,745,090
Proceeds from issuance of common stock	120,500	-	1,256,711
Proceeds from issuance of short-term notes	-	-	64,000
Bank overdraft	4,934	-	4,934
Net Cash Provided by Financing Activities	210,732	591,891	4,070,735
Net (Decrease) Increase in Cash	(4,341)	(80,915)	-
Cash at Beginning of Period	4,341	139,202	-
Cash at End of Period	\$ -	\$ 58,287	\$ -
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:			
Cash paid during the year for:			
Interest	\$ -	\$ 24,877	\$ 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	\$ 59,000
Common Stock Issued for Investment in Kung Fu U 3D	\$ -	\$ 18,000	\$ 18,000
Notes Payable Converted to Stock	\$ -	\$ -	\$ 1,710,608

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

STEREO VISION ENTERTAINMENT, INC.
(A Development Stage Company)
NOTES TO 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 March 31, 2009 and for the three and nine 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 nine 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 \$16,858,823 for the period from May 5, 1999 (inception) to March 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 meeting 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.

STEREO VISION ENTERTAINMENT, INC.
(A Development Stage Company)
NOTES TO 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 March 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 March 31, 2009 and June 30, 2008 approximates their fair values due to the short-term nature of these financial instruments.

STEREO VISION ENTERTAINMENT, INC.
(A Development Stage Company)
NOTES TO 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 nine months ended March 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 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 March 31, 2009 and 2008 and are thus not considered. At March 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 March 31, 2009 and June 30, 2008, the Company had \$430,078 and \$406,750 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, 2008, the Company had a net operating loss carry forward for income tax reporting purposes of approximately \$16,555,000 that may be offset against future taxable income through 2028. 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.

	2008	2007
Net Operating Losses	\$ 2,483,250	\$ 2,283,150
Valuation Allowance	(2,483,250)	(2,283,150)
	\$ -	\$ -

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

	2008	2007
Provision (Benefit) at US Statutory Rate	\$ 200,100	\$ 6,600

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Increase (Decrease) in Valuation Allowance	(200,100)	(6,600)
	\$ -	\$ -

STEREO VISION ENTERTAINMENT, INC.
(A Development Stage Company)
NOTES TO 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 nine months ended March 31, 2009 and 2008, rent expense was \$22,500 and \$22,500, 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 March 31, 2009 and June 30, 2008, the company owed \$946,430 and \$795,079 respectively to various shareholders and officers/directors. The loans are unsecured with interest at rates of between 4.00% to 12% and have no fixed terms of repayment. During the nine months ended March 31, 2009, the Company received \$86,313 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 June 30, 2008 the total amount due on this loan was \$706,667. 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. At March 31, 2009, the company owed \$769,667 on this loan. 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.

STEREO VISION ENTERTAINMENT, INC.
(A Development Stage Company)
NOTES TO 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 4366,084 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 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 Whiten 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 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 June 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 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 June 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.
(A Development Stage Company)
NOTES TO FINANCIAL STATEMENTS
(Continued)

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-split) 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 June 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 June 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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NOTES TO FINANCIAL STATEMENTS
(Continued)

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 June 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 prepaid asset. The journal entries recording the issuance of these shares was reversed upon cancellation.

STEREO VISION ENTERTAINMENT, INC.
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NOTES TO FINANCIAL STATEMENTS
(Continued)

NOTE 6 - COMMON STOCK TRANSACTIONS (continued)

On June 25, 2003, 40,000 shares were issued for conversion of debt totaling \$15,491, issued to Freddi Sidi, an accredited investor, under Rule 506.

During the quarter ended June 30, 2003, 2,156,000 shares were issued to various people for services which included 2,000,000 shares issued to Jack Honour, the Company President, in exchange for \$600,000 of past and current services (\$.30 per share or a 50% discount to market), and 156,000 shares issued to nine additional issueses for services whose shares were valued from \$.60 per share to \$1.13 per share (market value on the date of issuance) as their contract dates differed from Honour's. These shares were issued under Rule 4(2).

On July 8, 2003, 30,000 shares of common stock were issued for conversion of debt totaling \$8,905, according to the terms of the original agreement.

During the quarter ended September 30, 2003, 1,198,000 shares were issued to various people for services. A registration statement on Form S8 was filed covering 710,000 of these shares to the 5 individuals listed therein, at 100% of market on the date of issuance and registration (\$0.57). The value of the unregistered shares, when originally issued, was between \$0.47 and \$0.52 per share on the various agreement dates. These recipients (Buss, McLane, Tribe, Duke Films, Doug Schwartz, Lawrence Kallet, Edby and Eric Honour) provided consulting services in locating and securing new media projects. These shares were issued under Rule 4(2).

On November 17, 2003, 100,000 shares were cancelled for non-performance of services. These shares were originally issued in July 2003 to Rod McLane and the expense associated with these shares was recorded when the shares were issued. The expense related to the issuance of these shares was reversed upon the cancellation of the shares.

During the quarter ended December 31, 2003, 523,072 shares were issued for \$68,000 in services at approximately \$0.13 per share (50% discount to market on October 1, 2003). During the quarter, 20,000 shares were issued to Chicago Investment Group and Greg Myers for financial consulting services at \$0.26 per share, the market value on the date of issuance (October 1, 2003). In addition, 700,000 shares total were issued to Herky Williams (500,000), John Bodziak (100,000) and Tom Noonan (100,000) for employment and consulting services as officers and directors of the company, at approximately \$0.20 per share (50% discount to market on November 23, 2003). Also, the Company issued 200,000 shares to pay an accounts payable of \$55,500 due to Adams Technical Solutions at a price of approximately \$0.26 per share, (market value on date of issuance on October 1, 2003). All shares were issued under the Rule 4 (2) exemption.

On January 12, 2004, 90,000 shares were issued to Focus Partners West, for financial services valued at \$54,000.

STEREO VISION ENTERTAINMENT, INC.
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NOTES TO FINANCIAL STATEMENTS
(Continued)

NOTE 6 - COMMON STOCK TRANSACTIONS (continued)

On January 20, 2004, the Company converted debt of \$35,046 to 200,000 shares of common stock, pursuant to terms of pre-existing contracts.

On February 9, 2004, 20,000 shares were cancelled for non-performance of services. These shares were originally issued to Chicago investment Group and Greg Myers in October 2003, and the expense associated with these shares was recorded when the shares were issued. The expense related to the issuance of these shares was reversed upon the cancellation of the shares.

On March 9, 2004, 156,000 shares were cancelled for non-performance of services. These shares were originally issued to Tribe Communications for provision of advertising services in September 2003, and the expense associated with these shares was recorded when the shares were issued. The expense related to the issuance of these shares was reversed upon the cancellation of the shares.

On March 9, 2004, 100,000 shares were issued to pay rent valued at \$25,000, according to the terms of a previous agreement.

On March 11, 2004, 345,000 shares were issued to employees and consultants at \$2.00, which was the market price on the date of issuance, and these shares, issued to 7 named individuals, were the subject of a registration statement on Form S8, filed March 5, 2004.

During the quarter ended March 31, 2004, the Company issued 400,000 shares for cash (cancellation of indebtedness of \$100,000) at \$.25 per share, the price pre-set in the conversion agreements. The Company also issued 25,000 shares for cash (cancellation of indebtedness of \$12,500) at \$.50 per share, the price pre-set in the conversion agreements.

On April 7, 2004, the Company issued 60,000 shares of common stock to Messrs. Goldman and Botts, at \$2.04 per share (the then market price), for the provision of financial advisory services.

On April 7, 2004 the Company issued 375,000 shares of common stock for cash of \$215,000, valued at \$0.57 per share, in accordance with previously agreed conversion rights. In addition, approximately \$14,200 in loans were converted into 30,000 shares of common stock, at a conversion price of \$0.47 per share, the pre-agreed conversion price. All shares were issued under the exemption provided by Rule 4(2).

On April 14, 2004, the Company issued 100,000 shares of common stock for cash at \$0.25 per share, resulting from an option exercise.

On May 6, 2004, the Company issued 10,000 shares of common stock for cash at \$0.50 per share.

STEREO VISION ENTERTAINMENT, INC.
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NOTES TO FINANCIAL STATEMENTS
(Continued)

NOTE 6 - COMMON STOCK TRANSACTIONS (continued)

On May 25, 2004, the Company issued 50,000 shares of common stock to Var Growth valued at \$0.81 per share for marketing services.

On June 8, 2004, the Company issued 100,000 shares of common stock for cash at \$0.75 per share, to acquire distribution rights in Baywatch 3 DD, a planned movie. These shares were issued to an accredited investor under Rule 506.

On June 16, 2004, 240,000 shares were issued to Jack Fennie for an \$80,000 debt of the company which he paid, at \$0.33 per share, representing 50% of the market price on the date of delivery of the executed contract.

During the quarter ended September 30, 2004, the Company issued 1,234,333 shares of common stock to nine individuals for services rendered, including financial advisory, marketing, PR and strategic advice. Consulting expense of \$461,233 was recognized in connection with these issuances. Also during the quarter 400,000 shares were issued for cash at \$0.25 per share equal to 50% of the bid price.

During the quarter ended December 31, 2004, the Company issued 189,300 shares of common stock as follows: 86,000 shares to five individuals for services including secretarial, marketing and public relations. This included issuance of 56,000 S-8 shares valued at the closing price of the stock on the day prior to issuance and 30,000 restricted shares valued at fifty per cent of the price of the stock on the day prior to issuance. Consulting expense of \$39,850 was recognized in connection with these issuances. Also during the quarter, \$39,000 in loans was converted into 103,300 shares of common stock.

During the quarter ended March 31, 2005, the Company issued 160,000 shares of common stock for cash of \$35,000. These shares were valued at \$.25 per share, which was equal to a discount of 50% of the prevailing market price due for restricted securities.

During the quarter ended March 31, 2005, the Company issued 100,000 shares of common stock for \$25,000 of accounts payable. These shares were valued at \$.25 per share, which was equal to a discount of 50% of the prevailing market price due for restricted securities.

During the quarter ended March 31, 2005, the Company issued 370,000 shares of common stock to various people for services valued at \$167,850. The shares were valued at the market price on the date of the signing of the agreements, which ranged from \$.25 to \$.70 per share.

During the quarter ended March 31, 2005, the officers of the Company agreed to convert accrued payroll of \$281,666 for the period from September 1, 2004 to March 31, 2005 to 281,666 shares of common stock, at a price of \$1 per share, versus the then market price of \$.40 per share. On August 24, 2005, these shares were issued.

STEREO VISION ENTERTAINMENT, INC.
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NOTES TO FINANCIAL STATEMENTS
(Continued)

NOTE 6 - COMMON STOCK TRANSACTIONS (continued)

On April 4, 2005, the Company issued 20,000 shares of common stock for consulting and legal services at \$.35 per share, the closing price on the day prior to issuance, resulting in expense of \$7,000 being recognized.

During the quarter ended June 30, 2005, the Company entered into an agreement to issue 20,000 shares of common stock valued at \$.30 per share in exchange for a 10% interest in JamOakie Productions, Inc. On February 15, 2006, these shares were issued.

During the quarter ended June 30, 2005, the Company entered into an agreement to issue 100,000 shares of common stock for payment of \$35,000 in accounts payable. As of June 30, 2006, these shares had not been issued.

During the quarter ended June 30, 2005, the Company entered into three separate agreements to issue a total of 153,000 shares of common stock for conversion of notes payable of \$32,000. As of June 30, 2005, these shares had not been issued. On February 15, 2006, the Company issued 137,000 of the above shares. As of June 30, 2006, 16,000 shares had yet to be issued.

During the quarter ended December 31, 2005, the Company entered into an agreement to borrow \$10,000 from an individual not associated with the company in exchange for 40,000 restricted common shares as well as full repayment of the loan in two equal monthly installments commencing January 20, 2006. These shares were issued on October 28, 2005.

Also during the quarter ended December 31, 2005, a shareholder advanced \$11,000 to the company in return for 110,000 restricted common shares, equivalent to the offer price at the time the advance was made (November 14, 2005). These shares were issued on February 7, 2006.

During the quarter ended March 31, 2006, the Company issued a total of 1,266,583 restricted common shares to nine individuals and two entities for both expenses and loans made to the Company during the March 31, 2006 quarter, as well as for services, loans and a small acquisition made/received in previous quarters. Of the total shares issued, 500,000 were issued at \$.10 per share for conversion of loans of \$50,000 made during the current quarter; 469,083 shares were issued from \$.10 to \$.15 per share for loans of \$62,875 received by the Company in prior periods; 277,500 shares were issued from \$.0775 to \$.10 per shares to pay fees and expenses valued at \$23,356 which were incurred during the quarter; and 20,000 shares were issued for an acquisition of 10% of Jamoakie Productions agreed in May, 2005.

STEREO VISION ENTERTAINMENT, INC.
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(Continued)

NOTE 6 - COMMON STOCK TRANSACTIONS (continued)

During the quarter ended June 30, 2006, the Company issued a total of 3,024,972 restricted common shares as follows: 2,500,000 shares to one shareholder and 160,000 shares to a second shareholder for conversion of accrued expenses at \$.10 per share; 79,972 shares for conversion of an outstanding debt of \$7,972, 50,000 shares and 10,000 shares for conversion of a \$5,000 and a \$1,000 loan received by the company during the quarter from two individuals, 25,000 shares for a previous loan of \$2,000 as well as a new advance of \$500 from the same individual, and 200,000 shares to a consultant for IR services to be provided. During the quarter, a net total of 150,000 shares were returned to the treasury and cancelled.

During the quarter ended September 30, 2006, the Company sold 291,583 restricted common shares to four individuals for a total of \$23,325 at a price of \$.08 per share. The Company issued 225,000 of those shares during the quarter.

During the quarter ended December 31, 2006 the Company issued 881,100 new unregistered shares of its common stock as follows: 575,000 shares in payment for \$82,500 of accrued rent for the period February 1, 2004 to October 31, 2006; 119,850 shares for loans of \$ 8,400 to the Company during the quarter at an average price of \$.07 per share; 70,000 shares for accrued expenses of \$7,000 at a price of \$.10 per share; 66,250 shares for past loans to the Company in the amount of \$5,300 at a price of \$.08 per share; and 50,000 shares for legal services valued at \$5,000 at a price of \$.10 per share.

During the quarter ended March 31, 2007, the Company issued a total of 3,000,000 new unregistered shares of its common stock as follows: 1,250,000 shares to John Honour which represented a conversion of \$125,000 of his accrued salary at \$.10 per share; 750,000 shares to Theodore Botts which represented a conversion of \$ 75,000 of John Honour's accrued salary at \$.10 per share; 500,000 shares which represented exercise of options issued during the quarter to purchase the shares at \$.05 per share; 325,000 shares to three individuals which represented conversion of \$32,500 of John Honour's loans to the Company at \$.10 per share; 100,000 shares to an individual for film consulting services valued at \$10,000; 75,000 shares to an individual for conversion of accrued expenses at \$.0866 per share.

During the quarter ended June 30, 2007, the Company issued 954,333 restricted common shares as follows: 500,000 shares were issued to an individual for \$100,000 in cash at a price of \$.20 per share; 125,000 shares were issued to six individuals for conversion of loans to the Company of \$9,190 made in the previous quarter at a price of \$.07 per share; 123,333 shares were issued to an individual for \$40,000 in cash at a price of \$.32 per share; 6,000 shares were issued for bookkeeping services at \$.10 per share; and 200,000 shares were issued for consulting services at \$.10 per share.

During the quarter ended September 30, 2007, the Company issued 564,629 restricted common shares as follows: 220,000 shares to The Investor Relations Group (under the names of two individuals) for commencement of IR/PR work, valued at \$.35 per share for total expenses of \$77,000; 200,000 shares to the Lichtman Group for agency services valued at \$.325 per share for expense of \$65,000; 100,000 shares as a loan origination fee valued at \$.35 per share for expense of \$35,000; 37,879 shares to cover accrued rent of \$12,500 at \$.325 per share; and 6,750 shares to cover a shortfall from a previous issuance.

During the quarter ended December 31, 2007, the Company issued a total of 800,000 shares as follows: 100,000 restricted common shares at a per share price of \$.22 to each of its five Board members for serving on the Board;

300,000 shares to replace a lost certificate.

STEREO VISION ENTERTAINMENT, INC.
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NOTES TO FINANCIAL STATEMENTS
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NOTE 6 - COMMON STOCK TRANSACTIONS (continued)

During the quarter ended March 31, 2008, the Company issued a total of 850,000 shares as follows: 400,000 shares at prices ranging between \$.16 and \$.18 to four individuals for services in connection with two film projects; 250,000 shares valued at \$.18 per share to an individual for IR services; 100,000 shares at \$.18 per share as a loan origination fee; and 100,000 shares valued at \$.20 per share to an individual who paid a supplier of a service on the Company's behalf.

During the quarter ended June 30, 2008, the Company issued 500,000 restricted shares as follows: 200,000 shares to a shareholder for cash at a price of \$.25 per share; 100,000 shares to a shareholder at a value of \$.28 per share as payment of four months interest on his \$700,000 loan to the Company; 100,000 shares at a value of \$.35 per share to a newly elected Board member; and 100,000 shares at a value of \$.35 per share to the newly appointed President of the Company's Puerto Rico subsidiary.

During the quarter ended September 30, 2008, the Company issued a net new number of shares totaling 1,740,000 as follows: 500,000 shares for cash at a price of \$.20 per share; 100,000 shares for cash at a price of \$.105 per share; 140,000 shares to two individuals who agreed to participate in two of the Company's feature films valued at \$.20 per share; 1,000,000 shares to its CEO, Jack Honour as conversion of \$250,000 of accrued salary valued at \$.25 per share; 500,000 shares to its CFO, Theodore Botts as conversion of \$125,000 of accrued salary. This share issuance was subsequently canceled upon the resignation of Mr. Botts on September 17, 2008 who agreed to waive all of his accrued salary since becoming CFO on August 1, 2008. Lastly, the Company issued 2,500,000 shares to its newly appointed CEO, Mr. Lawrence Biggs, on August 1, 2008. Mr. Biggs resigned on September 16, 2008 and returned the shares for cancellation.

During the quarter ended March 31, 2009, the Company issued a net new number of shares totaling 615,000 as follows: 100,000 shares for interest expense of \$10,000 at a price of \$0.10 per share; 100,000 shares for cash of \$10,000; 215,000 shares for services valued at \$21,500; 200,000 shares for accrued rent of \$20,000 on the corporate offices. During the quarter ended March 31, 2009, the Board of Directors authorized the cancellation of 1,815,000 shares of common stock. As of March 31, 2009, the shares had not been returned, and thus are still reflected in the outstanding shares of the Company.

NOTE 7 - STOCK SPLIT

On May 30, 2003, the Board of Directors approved a proposal to effectuate a 25 to 1 reverse stock split of the Company's outstanding common shares with no effect on the par value or on the number of authorized shares. As a result of this action, the total number of outstanding shares of common stock is reduced from 37,903,485 to 1,516,150 shares. All references to common stock in the financial statements have been changed to reflect the stock split.

NOTE 8 - COMMITMENTS

On April 25, 2000, the Board of Directors approved a stock option plan whereby 2,675,000 common shares have been set aside for employees and consultants to be distributed at the discretion of the Board of Directors. The option shares will be exercisable on a cashless basis at a 15% discount to market value. No formal plan has been adopted as of the date of this report.

STEREO VISION ENTERTAINMENT, INC.
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NOTE 9 - STOCK OPTIONS

Pursuant to a year 2000 Stock Option and Compensation Plan, grants of shares can be made to employees, officers, directors, consultants and independent contractors of non-qualified stock options as well as for the grant of stock options to employees that qualify as incentive stock options under Section 422 of the Internal Revenue Code of 1986 or as non-qualified stock options. The Plan is administered by the Board of Directors ("Board"), which has, subject to specified limitations, the full authority to grant options and establish the terms and conditions for vesting and exercise thereof.

In order to exercise an option granted under the Plan, the optionee must pay the full exercise price of the shares being purchased. Payment may be made either: (i) in cash; or (ii) at the discretion of the Board, by delivering shares of common stock already owned by the optionee that have a fair market value equal to the applicable exercise price; or (iii) with the approval of the Board, with monies borrowed from the Company.

Subject to the foregoing, the Board has broad discretion to decide the terms and conditions applicable to options granted under the Plan. The Board may at any time discontinue granting options under the Plan or otherwise suspend, amend or terminate the Plan and may, with the consent of an optionee, make such modification of the terms and conditions of such optionee's option as the Board shall deem advisable.

On March 11, 2004, the Company granted its attorney an option to purchase 20,000 shares of its common stock at an exercise price of \$1.00 for an exercise period of two years. As a result of the grant, \$20,000 was recorded as compensation expense. The options expired unexercised.

At March 31, 2009 and 2008, there were no stock options outstanding.

NOTE 10 - LEGAL PROCEEDINGS

In September of 2001 the company entered into a promissory note with Duncan MacPhearson to be payable within the year. A dispute arose and the note was not timely paid, which led to a court action styled R. Duncan MacPhearson vs. Stereo Vision Entertainment, et. al., Case No. LC 0611749, in Los Angeles, California. Subsequently, the parties, on January 26, 2004, entered into a Settlement Agreement, including default provisions if scheduled payments did not occur as agreed. 25,000 shares of restricted stock, valued at \$25,000, were delivered and \$42,500 of payments was made, but the final \$10,000 was not paid. According to the stipulated judgment agreement, this resulted in the plaintiff's entry of a judgment, according to notice received by the company, of \$37,411, which was then appealed by the Company as incorrect. The appellate court disagreed and allowed the entry of judgment as filed, stating that the 25,000 shares had "no value" and allowing \$37,411 to be imposed against the Company. Therefore, the company has paid \$42,500 in cash, \$25,000 in restricted stock, and owed \$37,411, which had been accrued as a liability in the financial statements, for a total lawsuit resolution of \$104,911. At March 31, 2009 and June 30, 2008, the total amount due was \$32,411.

The Company has been served with a judgment in the amount of \$6,600 by an individual in Pennsylvania. As of March 31, 2009 and June 30, 2008, this amount has been recorded as a liability in the accompanying financial statements.

The Company has received notice that it is in breach of its former contract with the Investor Relations Group which claims it is owed \$17,676.25 as well as 40,000 shares of restricted stock. As of March 31, 2009 and June 30, 2008, this amount has been recorded as a liability in the accompanying financial statements. The issuance of the common stock has also been recorded and valued at \$10,100. As of March 31, 2009, the stock has not been issued.

The Company has brought a defamation action against Ed Meyer and Adirondack Pictures. A cross complaint has been filed by Adirondack against the Company alleging claims for breach of contract, intentional misrepresentation and declaratory relief. The Company has answered the cross-complaint, denying all of the material allegations and intends to vigorously defend the claims made. During the quarter ended March 31, 2009, the Company reached an agreement with Mr. Meyer and Adirondack Pictures whereby upon execution of the agreement by all parties, the plaintiffs and defendants fully and mutually release and forever discharge each other from any and all claims.

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NOTE 11 - INVESTMENT IN JAMOAKIE PRODUCTIONS

On May 2, 2005, the Company signed an agreement with Mr. Jamie Oldaker to acquire a 10% interest in JamOakie Productions which entitles the company to 10% of the profits from the album, "Mad Dogs and Oakies" which has subsequently been released. The Company has the right but not the obligation to finance future JamOakie projects. The price paid was 20,000 unregistered common shares of the Company which were worth \$6,000 at the time, and \$5,893 in cash.

NOTE 12 - FILM AND MUSIC COSTS

The Company has intangible assets which consist of movie licensing rights and development costs which are valued at cost. As of March 31, 2009 and June 30, 2008, the Company had \$430,078 and \$406,750 invested in film projects that are in the development or pre-production stage.

Item 2. Management's Discussion and Analysis or Plan of Operation.

Plan of Operations - The following discussion should be read in conjunction with the Company's reviewed financial statements.

SVEI intends to pursue opportunities in three product segments of the entertainment industry:

Feature length 3D and 2D films for theatrical release

Direct to DVD 2D and 3D films

Licensing of video game rights

StereoVision intends to be the only company in Hollywood focused on developing a library of films using 3D technology. The company intends to develop four to five new scripts for theatrical release in 3D and 2D and direct to DVD movies (initially in 2D only) each year and will concentrate on the most popular genres including horror, action/adventure, sci-fi CGI effect movies, comedies and family films. The Company currently has five film projects in various stages of development including one with a completed script and both a director and a producer attached.

As a development stage company, SVEI has minimal historical operations, no revenues and negative cash flows. In order to satisfy cash requirements for SVEI's production and revenue goals, management must obtain working capital through either debt or equity financing.

The entertainment industry is an intensely competitive one, where price, service, location, and quality are critical factors. The Company has many established competitors, ranging from similar local single unit operations to large multi-national operations. The entertainment industry may be affected by changes in customer tastes, economic, and demographic trends. Factors such as inflation, increased supply costs and the availability of suitable employees may adversely affect the entertainment industry in general and the Company in particular. In view of the Company's limited financial resources and management availability, the Company will continue to be at a significant competitive disadvantage vis-a-vis the Company's competitors.

Results of Operations - There were no revenues from sales for the nine months ended March 31, 2009 and 2008. SVEI has sustained a net loss of approximately \$136,000 and \$304,000 for the three and nine months ended March 31, 2009, respectively. From May 5, 1999 the Company was a development stage company and had not begun principal operations. Accordingly, comparisons with prior periods are not meaningful.

LIQUIDITY AND CAPITAL RESOURCES

The Company has developed a detailed plan of operations to exploit the opportunities it sees in the entertainment industry and to take advantage of the skills and experience of its management team. On a preliminary basis, the Company estimates that it will require approximately \$1,500,000 over a period of 12 months to fund initial development of existing projects as well as operate the company. In order to fund the actual production of a feature film, the Company estimates it will require approximately an additional \$6-\$25 million which it will obtain from a variety of sources including partner distributors, tax rebates for on site production in certain jurisdictions as well as debt and equity sources. The Company may attempt to arrange joint ventures with studios to facilitate the development of new movies.

The aforementioned estimates of capital required are still preliminary in nature and are subject to substantial and continuing revisions. Although the Company has not yet commenced any formal capital raising efforts, the Company expects that any capital that it raises will be in the form of one or more debt or equity financings. However, there can be no assurances that the Company will be successful in raising any required capital on a timely basis and/or under acceptable terms and conditions. To the extent that the Company does not raise sufficient capital to implement its plan

of operations on a timely basis, it will have to curtail, revise and/or delay its business plans. The Company has financed its operations to date from the sale of stock and loans from related parties. During the three months ended March 31, 2009, the Company raised \$36,000 from loan from shareholders and sales of stocks. There can be no assurances that loans or share sales can be effected in the future.

Government Regulations - The Company is subject to all pertinent Federal, State, and Local laws governing its business. The Company is subject to licensing and regulation by a number of authorities in its State or municipality. These may include health, safety, and fire regulations. The Company's operations are also subject to Federal and State minimum wage laws governing such matters as working conditions and overtime.

Item 3. Quantitative and Qualitative Disclosures about Market Risk

Not applicable.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

As of the end of the period covered by this report, the Company carried out an evaluation, under the supervision and with the participation of the Company's President, of the effectiveness of the design and operation of the Company's disclosure controls and procedures pursuant to Rule 13a-15 under the Securities Exchange Act of 1934, as amended (the "Exchange Act"). Based upon the evaluation, the Company's President concluded that, as of the end of the period covered by this report, the Company's disclosure controls and procedures were effective in timely alerting him to material information relating to the Company required to be included in the reports that the Company files and submits pursuant to the Exchange Act.

Item 4(T). Controls and Procedures

Changes in Internal Controls

Based on this evaluation as of March 31, 2009, there were no changes in the Company's internal controls over financial reporting or in any other areas that occurred during the fourth fiscal quarter that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

PART II - OTHER INFORMATION

Item 1. Legal Proceedings

In September of 2001 the company entered into a promissory note with Duncan MacPhearson to be payable within the year. A dispute arose and the note was not timely paid, which led to a court action styled R. Duncan MacPhearson vs. Stereo Vision Entertainment, et. al., Case No. LC 0611749, in Los Angeles, California. Subsequently, the parties, on January 26, 2004, entered into a Settlement Agreement, including default provisions if scheduled payments did not occur as agreed. 25,000 shares of restricted stock, valued at \$25,000, were delivered and \$42,500 of payments was made, but the final \$10,000 was not paid. According to the stipulated judgment agreement, this resulted in the plaintiff's entry of a judgment, according to notice received by the company, of \$37,411, which was then appealed by the Company as incorrect. The appellate court disagreed and allowed the entry of judgment as filed, stating that the 25,000 shares had "no value" and allowing \$37,411 to be imposed against the Company. Therefore, the company has paid \$42,500 in cash, \$25,000 in restricted stock, and owed \$37,411, which had been accrued as a liability in the financial statements, for a total lawsuit resolution of \$104,911. At March 31, 2009 and June 30, 2008, the total amount due was \$32,411.

The Company has been served with a judgment in the amount of \$6,600 by an individual in Pennsylvania. As of March 31, 2009 and June 30, 2008, this amount has been recorded as a liability in the accompanying financial statements.

The Company has received notice that it is in breach of its former contract with the Investor Relations Group which claims it is owed \$17,676.25 as well as 40,000 shares of restricted stock. As of December 31, 2008 and June 30, 2008, this amount has been recorded as a liability in the accompanying financial statements. The issuance of the common stock has also been recorded and valued at \$10,100. As of March 31, 2009, the stock has not been issued.

The Company has brought a defamation action against Ed Meyer and Adirondack Pictures. A cross complaint has been filed by Adirondack against the Company alleging claims for breach of contract, intentional misrepresentation and declaratory relief. The Company has answered the cross-complaint, denying all of the material allegations and intends to vigorously defend the claims made. During the quarter ended March 31, 2009, the Company reached an agreement with Mr. Meyer and Adirondack Pictures whereby upon execution of the agreement by all parties, the plaintiffs and defendants fully and mutually release and forever discharge each other from any and all claims.

Item 2. Changes in Securities

During the quarter ended March 31, 2009, the Company issued a net new number of shares totaling 615,000 as follows: 100,000 shares for interest expense of \$10,000 at a price of \$0.10 per share; 100,000 shares for cash of \$10,000; 215,000 shares for services valued at \$21,500; 200,000 shares for accrued rent of \$20,000 on the corporate offices.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Submission of Matters to a Vote of Security Holders.

None

Item 5. Other Information

None.

Item 6. Exhibits and Reports on Form 8-K

(a) The following exhibits are included as part of this report:

Exhibit Number	Exhibit
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3.1	Articles of Incorporation (1)
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3.2	Amended Articles of Incorporation (1)
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3.3	Bylaws (1)
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31	Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
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32	Certification Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
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(1) Incorporated by reference to the Registrant's registration statement on Form 10-SB filed on August 9, 2000.

(b) Reports on Form 8-K filed.

None.

SIGNATURES

In accordance with the requirements of the Exchange Act, the registrant caused this report to be signed on its behalf by the undersigned, thereto duly authorized.

STEREO VISION ENTERTAINMENT, INC.

Dated: May 21, 2009

By /S/ John Honour
C.E.O., President, Director

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, this report has been signed below by the following persons on behalf of the Registrant and in the capacities indicated.

Signatures & Title

/S/ John Honour
John Honour
C.E.O., President, Director
(Principal Executive Officer and Principal Financial Officer)
