

3D Entertainment Holdings, Inc
(D/B/A 3D EYE SOLUTIONS, INC.)

Consolidated Financial Statements
For the Twelve Months Ended December 31, 2013
(Unaudited)

3D Entertainment Holdings, Inc.

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3D Entertainment Holdings

Balance Sheet - Unaudited January through December, 2013

	Jan. - Dec. 2013	Jan. - Dec. 2012
	<u>2013</u>	<u>2012</u>
ASSETS		
Current Assets		
Checking/Savings	199	0
Total Checking/Savings	<u>199</u>	<u>0</u>
Accounts Receivable		
Accounts Receivable	54,965	54,965
Loans to Affiliates	32,600	
Total Accounts Receivable	<u>87,565</u>	<u>54,965</u>
Other Current Assets		
Inventory	25,000	25,000
Total Other Current Assets	<u>25,000</u>	<u>25,000</u>
Total Current Assets	112,764	79,965
Fixed Assets		
Intangible Assets	1,081,102	1,081,102
Property, Plant, & Equipment	175,973	175,973
Accumulated Depreciation	(254,465)	(241,565)
Total Fixed Assets	<u>1,002,610</u>	<u>1,015,510</u>
TOTAL ASSETS	<u><u>\$1,115,374</u></u>	<u><u>\$1,095,475</u></u>
LIABILITIES & EQUITY		
Liabilities		
Current Liabilities		
Other Current Liabilities	290,700	232,614
Loans from Officers	70	0
Total Other Current Liabilities	<u>290,770</u>	<u>232,614</u>
Total Current Liabilities	290,770	232,614
Long Term Liabilities		
Long Term Debt	1,016,087	1,016,087
Total Long Term Liabilities	<u>1,016,087</u>	<u>1,016,087</u>
Total Liabilities	1,306,857	1,248,701
Equity		
Preferred Stock		
Series "A" - No par value. 9,316,161 shares issued and outstanding		
Series "B" - No par value. 4,500,000 shares issued and outstanding		
Common Stock - Par value \$0.0001 - 29,905,271 shares issued and outstanding as of December 31, 2012; and, 1,712,401,625 shares issued and outstanding as of December 31, 2013	171,240	29,905
Paid in Capital-Preferred	288,000	288,000
Paid in Capital - Common	635,303	593,887
Adjustments to Equity	36,963	0
Accumulated Deficit	(1,065,018)	(1,013,073)
Net Income	(257,971)	(51,945)
Total Shareholders' Equity(Deficiency)	<u>(191,483)</u>	<u>(153,226)</u>
TOTAL LIABILITIES & SHAREHOLDERS' EQUITY	<u><u>\$1,115,374</u></u>	<u><u>\$1,095,475</u></u>

3D Entertainment Holdings

Income Statement - Unaudited

January through December 2013

	<u>Jan. - Dec.</u> <u>2013</u>	<u>Jan. - Dec.</u> <u>2012</u>
Ordinary Income/Expense		
Ordinary Income	0	0
Cost of Goods Sold	0	0
Subcontracted Services	7,500	0
Total COGS	<u>7,500</u>	
Gross Profit	(\$7,500)	\$0
Expense		
Advertising and Promotion	5,773	142,338
Automobile Expense	712	-
Bank Service Charges	989	-
Computer and Internet	165	-
Consulting Fees	31,899	129,834
Contract Labor	250	-
Depreciation	-	51,600
General Office & Administrative	195,541	92,523
Insurance Expense	2,072	-
Meals and Entertainment	1,049	-
Office Supplies	203	-
Other Selling Expense	-	104,357
Parking & Tolls	42	-
Postage and Delivery	384	-
Professional Fees	10,678	-
Small Tools & Equipment	366	-
Travel Expense	348	48,917
Total Expense	<u>\$250,471</u>	<u>\$569,569</u>
Net Ordinary Income (Loss) from Operations	(257,971)	(569,569)
Other Income/Expense		
Other Income	0	0
Forgiveness of Debt	0	(200,732)
Total Other Income	<u>0</u>	<u>(200,732)</u>
Net Other Income	<u>0</u>	<u>(200,732)</u>
Net Income (Loss)	<u><u>(257,971)</u></u>	<u><u>(770,301)</u></u>

3D Entertainment Holdings

Consolidated Statement of Stockholders' Equity (Deficit)

For the Period Ended December 31, 2013 - Unaudited

	<u>Preferred Shares "A"</u>	<u>Preferred Shares "B"</u>	<u>Common Shares</u>	<u>Amount</u>	<u>Preferred Additional Paid-In Capital</u>	<u>Common Additional Paid-In Capital</u>	<u>Retained Earnings (Accumulated Deficit)</u>	<u>Adjustments to Equity</u>	<u>Profit (Loss)</u>	<u>Total Equity</u>
Balance, December 31, 2012	6,068,061		29,905,271	\$ 2,990	\$ 288,000	\$ 623,792	\$ (1,013,073)		\$ (51,945)	\$ (153,226)
Common Stock Issued			1,682,496,354	168,250		11,511				
Preferred Stock Issued	3,248,100	4,500,000						36,963		
Net loss									(257,971)	
Balance, December 31, 2013	9,316,161	4,500,000	1,712,401,625	\$ 171,240	\$ 288,000	\$ 635,303	\$ (1,065,018)	\$ 36,963	\$ (257,971)	\$ (191,483)

3D Entertainment Holdings
Statement of Cash Flows - Unaudited
January through December 2013

	<u>Jan.-Dec.</u> <u>2013</u>	<u>Jan.-Dec.</u> <u>2012</u>
OPERATING ACTIVITIES		
Net Income	(257,971)	(770,301)
Adjustments to reconcile Net Income to net cash provided by operations:		
Accounts receivable	(54,965)	0
Other assets	0	0
Depreciation Expense		51,600
Inventory	0	
Increase (Decrease) Accounts payable	22,365	5,589
Increase (Decrease) Notes payable	290,770	388,047
Net cash provided by Operating Activities	<u>199</u>	<u>(325,065)</u>
INVESTING ACTIVITIES		
Loans to affiliates	(32,600)	0
Net cash used by Investing Activities	<u>(32,600)</u>	<u>0</u>
FINANCING ACTIVITIES		
Net principal of debt extinguished	0	325,065
Net effect on transfer of Assets & Liabilities	0	0
Net cash provided by Financing Activities	<u>0</u>	<u>325,065</u>
Net cash increase for period	<u>199</u>	<u>0</u>
Cash at beginning of period	<u>0</u>	<u>0</u>
Cash at end of period	<u><u>199</u></u>	<u><u>0</u></u>

3D ENTERTAINMENT HOLDINGS, INC.
(D/B/A 3D EYE SOLUTIONS, INC.)
FORMERLY AFA MUSIC GROUP, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED December 31, 2013

NOTE 1 – ORGANIZATION AND BASIS OF PRESENTATION:

3D Eye Solutions, Inc. (“Company”) formerly AFA Music Group, Inc. operates through its wholly owned subsidiary 3D Eye Solutions, LLC, which is a service provider and integrator for the 3D stereoscopic and auto-stereoscopic media industry and which owns proprietary technology to convert existing 2D content into 3D both with and without glasses.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Use of Estimates

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

Cash and Cash Equivalents

For purposes of statements of cash flows, the Company considers all highly liquid investments with a maturity date of three months or less to be cash equivalents. At December 31, 2013, the Company did not have any funds in excess of the \$100,000 FSLIC limitations.

The statement of cash flows is prepared on the basis of cash and cash equivalents. For purposes of the statements of cash flows, the Company considers all highly liquid debt instruments purchased with a maturity of three months or less, unless restricted as to use, to be cash equivalents.

Advertising and Marketing

Advertising costs are expensed as incurred and are included in the operating expenses. The advertising and promotion expense for the period ended December 31, 2013 was \$5,773.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

(CONTINUED)

Property and Equipment

Property and equipment are stated at cost. Depreciation is computed primarily using the straight-line method over the following useful lives:

Software 3 years

Equipment 5 years

Intangible Assets 15 years

Repairs and maintenance costs are expensed, while additions and betterments are capitalized.

Income Taxes

Deferred taxes are reported using the liability method. Deferred tax assets are recognized for deductible temporary differences and deferred tax liabilities are recognized for taxable temporary differences. Temporary differences are the differences between the reported amounts of assets and liabilities and their tax bases.

Fair Value of Financial Instruments

The carrying amount reported in the balance sheet for cash and cash equivalents approximate fair value because of the immediate or short-term maturity of these financial instruments.

NOTE 3 – LOANS PAYABLE

Loans Payable consists of amounts due to shareholders, who have advanced funds to the Company for operating purposes. The amount owed at the period ended December 31, 2013 was \$ 1,016,087 in the form of a convertible note.

NOTE 4 – REVERSE MERGER

3D Eye Solutions, LLC, a Florida corporation, was acquired by AFA Music Group, Inc. in July 2008, by issuance of shares to the current controlling shareholders of the Company in a reverse merger. There after the Company changed its name to 3D Eye Solutions, Inc.

NOTE 5 – STOCKHOLDERS' EQUITY

At December 31, 2013 the Company had three classes of stock, common having a par value of \$.0001, preferred stock Series A and preferred stock Series B, having no par value. The Company is authorized to issue 2,200,000,000 shares of the common stock and 10,000,000 shares of each preferred stock series.

Common Stock

The following details the stock transactions for the Company:

In 2008, the Company converted 5,184,160,345 shares of its \$.0001 par value common stock to 5,184,161 shares of its no par value preferred Series A stock.

In 2008, the Company issued the following shares of its \$.0001 par value restricted shares of common stock for services.

Marc Jablon 100,000 shares

Mark Kaley 100,000 shares

Keith Jablon 100,000 shares

Matt Maguire 60,000 shares

John Neff 50,000 shares

Bill Peterseim 50,000 shares

Ann Tomasulo 10,000 shares

Kristin Osweiler 10,000 shares

Alicia Goldberg 10,000 shares

Abbey Voight 10,000 shares

In 2008, the Company issued the 150,000 shares of its no par value preferred Series A stock at \$1.00 per share for private placements memorandums.

In 2009, the Company issued the 73,750 shares of its no par value preferred Series A stock at \$1.00 per share for private placements memorandums.

In 2010, the Company issued the following shares of its \$.0001 par value restricted shares of common stock for services.

Marc Jablon 2,000,000 shares

Mark Kaley 2,000,000 shares

Mike Gibilisco 2,000,000 shares

Dominic Crain 2,000,000 shares

In 2011, the Company issued the 5,000 shares of its no par value preferred Series A stock at \$1.00 per share for private placements memorandums.

In 2011, the Company retired 500,000 shares of its Series B shares belonging to Mike Gibilisco as part of the Settlement Agreement dated March 25, 2011.

In 2011, the Company issued 198,000 shares of its no par value preferred Series A stock at \$1.00 per share for the first, second and third quarter payment to Marc Jablon for his employment agreement dated December 29, 2010.

In 2011, the Company issued 90,000 shares of its no par value preferred Series A stock at \$1.00 per share as a partial payment towards outstanding consulting fees owed to Boost Marketing.

In 2012, the Company issued the following shares of its \$.0001 par value restricted shares of common stock for services.

Dominic Crain 60,000 restricted common stock