



BIG SCREEN ENTERTAINMENT GROUP

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FINANCIAL INFORMATION

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BIG SCREEN ENTERTAINMENT GROUP AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
(UNAUDITED)

	June 30, 2012	March 31, 2012
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 123,818	\$ 6,410
Accounts Receivable	6,050	6,050
Total Current Assets	<u>129,868</u>	<u>12,460</u>
NON-CURRENT ASSETS		
Capitalized Gaming Production Costs	638,044	702,195
Capitalized Production Costs	7,323,087	7,315,405
Fixed Assets	-	1,000
Total Non-Current Assets	<u>7,961,130</u>	<u>8,018,600</u>
TOTAL ASSETS	<u><u>\$ 8,090,999</u></u>	<u><u>\$ 8,031,060</u></u>
LIABILITIES & SHAREHOLDERS' EQUITY		
LIABILITIES		
Accounts Payable	\$ (774)	\$ 26,700
Notes Payable to Officers	231,658	264,461
Production Loans	825,765	825,765
Intercompany Payable	1,451,162	1,490,885
Total Liabilities	<u>2,507,811</u>	<u>2,607,811</u>
SHAREHOLDERS' EQUITY		
Common Stock, par value \$.001 per share, 385,000,000 shares authorized, 87,593,508 and 85,293,508 shares issued and outstanding, respectively	87,594	85,294
Additional Paid-In Capital	9,621,212	9,603,512
Accumulated Deficit	(4,265,556)	(4,505,876)
Net Income	139,939	240,321
Total Shareholders' Equity	<u>5,583,187</u>	<u>5,423,249</u>
TOTAL LIABILITIES & SHAREHOLDERS' EQUITY	<u><u>\$ 8,090,999</u></u>	<u><u>\$ 8,031,060</u></u>

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

BIG SCREEN ENTERTAINMENT GROUP AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(UNAUDITED)

	For the Three Months Ended June 30,	
	2012	2011
REVENUES		
	\$	\$
Distribution	-	15,941
Licensing	318,036	-
Other	14,142	188,791
Total Revenues	332,177	204,732
COSTS AND EXPENSES		
Costs related to production revenues	128,568	66,275
Distribution and Marketing	22,992	32,073
General and Administrative	40,679	9,594
Total Expense	192,239	107,942
NET INCOME (LOSS)	\$ 139,939	\$ 96,790
Net Income per Common Share, Basic and Diluted	\$ 0.00	\$ 0.00
Weighted Average Number of Shares Outstanding	86,963,838	74,850,381

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

BIG SCREEN ENTERTAINMENT GROUP AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE THREE MONTHS ENDED JUNE 30, 2012

	Shares	Common Stock Amount	Additional Paid-in Capital	Accumulated Deficit	Shareholders Equity
Balance March 31, 2011 (unaudited)	76,193,508	\$ 76,194	\$ 9,089,729	\$ (4,505,876)	\$ 4,660,047
Stock issued	1,600,000	1,600	71,282		72,882
Stock issued in payment of production loans	7,500,000	7,500	442,500		450,000
Net income				240,321	240,321
Balance March 31, 2012 (unaudited)	85,293,508	\$ 85,294	\$ 9,603,512	\$ (4,265,556)	\$ 5,423,249
Stock issued for cash	2,300,000	2,300	\$ 17,700		20,000
Net income				\$ 139,939	139,939
Balance June 30 2012 (unaudited)	87,593,508	\$ 87,594	\$ 9,621,212	\$ (4,125,617)	\$ 5,583,188

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

BIG SCREEN ENTERTAINMENT GROUP AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(UNAUDITED)

	For the Three Months Ended	
	June 30,	June 30,
	2012	2011
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net Income	\$ 139,939	\$ 96,790
Changes in assets and liabilities:		
(Increase)/Decrease in Capitalized R&D Gaming	64,151	-
(Increase)/Decrease in Capitalized Production Costs	(7,681)	(93,667)
(Increase)/Decrease in Notes Receivable	-	(26,133)
(Decrease)/Increase in Accounts Payable	(27,473)	(4,468)
(Decrease)/Increase in Notes Payable	(32,803)	(4,643)
NET CASH USED IN OPERATING ACITIVITIES	136,132	(32,121)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Sale of Fixed Assets	1,000	-
NET CASH PROVIDED BY FINANCING ACTIVITIES	1,000	-
CASH FLOWS FROM FINANCING ACTIVITIES:		
Repayment of Intercompany Payable	(39,723)	-
Proceeds from Sale of Stock	20,000	10,500
NET CASH PROVIDED BY FINANCING ACTIVITIES	(19,723)	10,500
NET DECREASE IN CASH	117,409	(21,621)
CASH AT BEGINNING OF PERIOD	6,410	23,169
CASH AT END OF PERIOD	\$ 123,819	\$ 6,410
Supplemental Disclosure for Cash Flow Information:		
Cash paid during the year:		
Interest paid	\$ -	\$ -
Taxes paid	\$ -	\$ -
Non-cash Financing Activity:		
Stock issued in payment of production loans	\$ -	\$ -

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

BIG SCREEN ENTERTAINMENT GROUP AND SUBSIDIARIES
NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

NOTE A - BUSINESS ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Big Screen Entertainment Group ("Company") or ("BSEG") was incorporated under the laws of the Nevada. The Company produces and distributes feature films and video games.

Revenue Recognition. Royalty income from film contracts is derived from the sale of DVDs or from the licensing of film rights to third parties. A significant portion of royalty income is paid to the Company based on the timetable associated with royalty statements generated by third party processors, and is not typically known by the Company on a timely basis. Consequently, this revenue is not recognized until the amount is either known or reasonably estimable or until receipt of the statements from the third parties. The Company contracts with various agencies to facilitate collection of royalty income. When the Company is entitled to royalties based on gross receipts, revenue is recognized before deduction of agency fees, which are included as a component of cost of revenue.

The Company recognizes revenue from television and film productions pursuant to American Institute of Certified Public Accountants Statement of Position 00-2, "Accounting by Producers or Distributors of Films" ("SOP 00-2"). The following conditions must be met in order to recognize revenue under SOP 00-2: (i) persuasive evidence of a sale or licensing arrangement exists; (ii) the program is complete and has been delivered or is available for immediate and unconditional delivery; (iii) the license period of the arrangement has begun and the customer can begin its exploitation, exhibition or sale; (iv) the arrangement fee is fixed or determinable; and (v) collection of the arrangement fee is reasonably assured. Advance payments received from buyers or licensees are included in the condensed consolidated financial statements as a component of deferred revenue.

Film and Gaming Costs. Investment in film and gaming costs includes the capitalization of costs incurred to produce the film content including direct negative costs, production overhead, interest and development. These costs are recognized as operating expenses on an individual film basis in the ratio that the current year's gross revenues bear to management's estimate of total ultimate gross revenues from all sources to be earned over a seven-year period. Capitalized production costs are stated at the lower of unamortized cost or estimated fair value on an individual film basis. Revenue forecasts, based primarily on historical sales statistics, are continually reviewed by management and revised when warranted by changing conditions. When estimates of total revenues and other events or changes in circumstances indicate that a film has a fair value that is less than its unamortized cost, an impairment loss is recognized in the current period for the amount by which the unamortized cost exceeds the film's fair value.

Condensed financial Statements. The accompanying financial statements have been prepared by the Company without audit. In the opinion of management, all adjustments (which include only normal recurring adjustments) necessary to present fairly the financial position, results of operations, and cash flows at June 30, 2012, and for all periods presented herein, have been made.

Basis of Consolidation. All significant intercompany transactions and balances have been eliminated in consolidation.

Use of Estimates and Assumptions. The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures 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.

Concentrations. Financial instruments that potentially subject us to concentrations of credit risk consist principally of cash and cash equivalents and accounts receivable. Accounts receivable are typically unsecured and are derived from revenues earned from customers located in the United States.

Recent Accounting Pronouncements. The Company has reviewed recently issued, but not yet adopted, accounting standards in order to determine their effects, if any, on its results of operations, financial position or cash flows.

BIG SCREEN ENTERTAINMENT GROUP AND SUBSIDIARIES
NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Based on that review, the Company believes that none of these pronouncements will have a significant effect on its financial statements.

Cash and Cash Equivalents. For purposes of reporting cash flows, the Company considers all highly-liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents.

Income Taxes. The Company utilizes the liability method of accounting for income taxes as set forth in ASC Topic 740 (SFAS No. 109), "Accounting for Income Taxes." Under the liability method, deferred taxes are determined based on the difference between the financial statement and tax bases of assets and liabilities using enacted tax rates in effect in the years in which the differences are expected to reverse. An allowance against deferred tax assets is recorded when it is more likely than not that such tax benefits will not be realized.

NOTE B – CAPITALIZED FILM AND GAMING PRODUCTION COSTS

The following table summarizes the net capitalized film and gaming production costs in various stages of production at:

	June 30,	March 31,
	2012	2012
Gaming	\$ 638,044	\$ 702,195
Completed – theatrical	7,323,087	7,315,405
Total film and gaming production costs	<u>\$ 7,961,130</u>	<u>\$ 8,017,600</u>

The Company expects to amortize within three to five years 90% of capitalized film and gaming costs based on the estimated costs and ultimate revenue projected.

NOTE C – NOTES PAYABLE TO OFFICERS

The Company's officers have signed contracts that allows them accrue salaries that can be paid in either stock or cash. The officers have not enforced this contract to-date. The balance at June 30, 2012 and March 31, 2012 is \$231,658 and \$264,461, respectively.

NOTE D – PRODUCTION LOANS

Production and prints and advertising (P&A) loans consist of the following at:

	June 30,	March 31,
	2012	2011
Non-Related Party		
P&A Investors	\$ -	\$ -
Reyes Group	825,765	825,765
	<u>\$ 825,765</u>	<u>\$ 825,765</u>

The Reyes Group made loans to the Company for the financing of the film *Babysitter Wanted*. As of June 30, 2012, Reyes Group is owed \$825,765 in principal and \$0 in interest in production loans. Under the terms of the agreement the loans bear interest at the rate of 7% per annum and Reyes will also be entitled to contingent participation of 50% of all net contingent proceeds from the picture after full recoupment after distribution, marketing fees, other investors and interest are recouped plus interest has been fulfilled.

BIG SCREEN ENTERTAINMENT GROUP AND SUBSIDIARIES
NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

NOTE E – INTERCOMPANY PAYABLE

Intercompany payable are BSEG investments into its films, television, music videos, commercials, music, script development, research, marketing, manufacturing and distribution. The amount for fiscal years ended June 30, 2012 and March 31, 2012 were \$1,451,162 and \$1,490,885, respectively.

NOTE F - SHAREHOLDERS' EQUITY

At June 30, 2012, there are 385,000,000 shares of authorized common stock. Total common stock issued and outstanding at June 30, 2012 and March 31, 2012, was 87,593,508 and 85,293,508 shares, respectively. During the fiscal year-ended June 30, 2012, the Company issued the following shares:

- The Company issued 2,300,000 shares of common stock for cash.

NOTE G - SUBSEQUENT EVENTS

The Company has evaluated events from June 30, 2012, through the date whereupon the consolidated financial statements were issued and has determined that there are no additional items to disclose.