



BIG SCREEN ENTERTAINMENT GROUP

Table of Contents

FINANCIAL INFORMATION

CONDENSED CONSOLIDATED BALANCE SHEET	PG 3
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS	PG 4
CONDENSED CONSOLIDATED STATE OF CHANGES IN SHAREHOLDERS EQUITY	PG 5
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS	PG 6
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENT	PG 7-8

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

	For the Years Ended	
	March 31, 2012	March 31, 2011
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 6,410	\$ 12,461
Accounts Receivable	6,050	6,050
Total Current Assets	12,460	18,511
NON-CURRENT ASSETS		
Capitalized Gaming Production Costs	702,195	342,195
Capitalized Production Costs	7,315,405	7,233,174
Fixed Assets	1,000	1,000
Total Non-Current Assets	8,018,600	7,576,369
TOTAL ASSETS	\$ 8,031,060	\$ 7,594,880
LIABILITIES & SHAREHOLDERS' EQUITY		
LIABILITIES		
Accounts Payable	\$ 26,700	\$ 299,257
Notes Payable to Officers	264,461	224,887
P&A Loans	-	4,040
Production Loans	825,765	915,765
Intercompany Payable	1,490,885	1,490,885
Total Liabilities	2,607,811	2,934,834
SHAREHOLDERS' EQUITY		
Common Stock, par value \$.001 per share, 385,000,000 shares authorized, 85,293,508 and 76,193,508 shares issued and outstanding, respectively	85,294	76,194
Additional Paid-In Capital	9,603,512	9,089,729
Accumulated Deficit	(4,505,876)	(4,880,122)
Net Income	240,321	374,246
Total Shareholders' Equity	5,423,249	4,660,046
TOTAL LIABILITIES & SHAREHOLDERS' EQUITY	\$ 8,031,060	\$ 7,594,880

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)

	Fiscal Year Ended	
	March 31,	
	2012	2011
REVENUES		
Distribution	\$ 18,051	\$ 160,054
Licensing	28,017	31,083
Interest on Production Loans	134,503	370,387
Other	10,000	18,350
Total Revenues	<u>190,571</u>	<u>579,875</u>
COSTS AND EXPENSES		
Costs related to production revenues	(480)	12,161
Direct Operating	-	-
Distribution and Marketing	4,080	58,169
General and Administrative	(53,350)	135,298
Total Expense	<u>(49,750)</u>	<u>205,629</u>
NET INCOME (LOSS)	<u>\$ 240,321</u>	<u>\$ 374,246</u>
Net Income per Common Share, Basic and Diluted	<u>\$ 0.00</u>	<u>\$ 0.01</u>
Weighted Average Number of Shares Outstanding	<u>77,868,431</u>	<u>74,500,381</u>

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 FISCAL YEAR ENDED MARCH 31, 2012

	Shares	Common Stock Amount	Additional Paid-in Capital	Accumulated Deficit	Shareholders Equity
Balance March 31, 2010 (unaudited)	73,238,508	73,239	8,500,374	(4,880,122)	3,693,490
Stock issued	2,455,000	2,455	566,824		569,279
Stock issued in payment of production loans	500,000	500	22,531		23,031
Net income				374,246	374,246
Balance March 31, 2011 (unaudited)	76,193,508	\$ 76,194	\$ 9,089,729	\$ (4,505,876)	\$ 4,660,046
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

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 Years Ended	
	March 31, 2012	March 31, 2011
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net Income	\$ 240,321	\$ 374,246
Changes in assets and liabilities:		
(Increase)/Decrease in Capitalized R&D Gaming	(360,000)	(26)
(Increase)/Decrease in Capitalized Production Costs	(82,231)	(870,488)
(Increase)/Decrease in Accounts Receivable	-	(6,050)
(Decrease)/Increase in Accounts Payable	(272,557)	-
Proceeds from/(Payments to) Line of Credit	-	(102,301)
(Decrease)/Increase in Notes Payable	(34,261)	(99,942)
Proceeds from/(Payments to) Production Loans	360,000	(50,205)
Proceeds from/(Payments to) P&A Investors	(4,040)	(37,800)
NET CASH USED IN OPERATING ACTIVITIES	(152,768)	(792,566)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Borrowings on notes payable	73,834	158,946
Proceeds from Sale of Stock	72,882	569,279
NET CASH PROVIDED BY FINANCING ACTIVITIES	146,717	728,225
NET DECREASE IN CASH	(6,052)	(64,340)
CASH AT BEGINNING OF PERIOD	12,461	76,802
CASH AT END OF PERIOD	\$ 6,410	\$ 12,461
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	\$ 450,000	\$ 23,031

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

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

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 CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

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:

	March 31, 2012	March 31, 2011
Gaming	\$ 702,195	\$ 342,195
Completed – theatrical	7,315,405	7,233,174
Total film and gaming production costs	<u>\$ 8,017,600</u>	<u>\$ 7,575,369</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 March 31, 2012 and 2011 is \$264,461 and \$224,887, respectively.

NOTE D – PRODUCTION LOANS AND PRINTS AND ADVERTISING LOANS

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

	March 31, 2012	March 31, 2011
Non-Related Party		
P&A Investors	\$ -	\$ -
Reyes Group	825,765	951,664
	825,765	951,664
Less current portion	<u>-</u>	<u>-</u>
	<u>\$ 825,765</u>	<u>\$ 951,664</u>

The Reyes Group made loans to the Company for the financing of the film *Babysitter Wanted*. As of March 31, 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

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

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.

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 March 31, 2012 and 2011 were \$1,490,885.

NOTE F - SHAREHOLDERS' EQUITY

At March 31, 2012, there are 385,000,000 shares of authorized common stock. Total common stock issued and outstanding at March 31, 2012 and 2012, was 85,293,508 and 76,193,508 shares, respectively. During the fiscal year-ended March 31, 2012, the Company issued the following shares:

- 7,500,000 shares, at \$0.06 per share, for a fair value of \$450,000. The purpose of this issuance was to reduce certain production loans.
- 1,600,000 shares, at \$0.046 per share, for a fair value of \$72,882. The Company received cash.

NOTE G - SUBSEQUENT EVENTS

The Company has evaluated events from March 31, 2012, through the date whereupon the financial statements were issued and has determined that there are no additional items to disclose.