BIG SCREEN

Entertainment Group

BIG SCREEN ENTERTAINMENT GROUP

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FINANCIAL INFORMATION

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

	For The Year Ended March 31, 2013		For The Year Ended March 31, 2012	
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents	$	27,492	$	6,410
Accounts Receivable		7,150		6,050
Total Current Assets		34,642		12,460
NON-CURRENT ASSETS				
Capitalized Gaming Production Costs		702,195		702,195
Capitalized Production Costs, net of accummulated amortizatio		5,831,074		5,824,520
Fixed Assets		1,000		1,000
Total Non-Current Assets		6,534,269		6,527,715
TOTAL ASSETS	$	6,568,911	$	6,540,175
LIABILITIES & SHAREHOLDERS' EQUITY				
LIABILITIES				
Accounts Payable	$	26,527	$	26,700
Accrued Salaries - Officers		158,283		264,460
Production Loans		825,765		825,765
Total Liabilities		1,010,575		1,116,925
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		9,621,211		9,603,511
Accumulated Deficit		(4,265,555)		(4,505,876)
Net Income		115,086		240,321
Total Shareholders' Equity		5,558,336		5,423,250
TOTAL LIABILITIES & SHAREHOLDERS' EQUITY	$	6,568,911	$	6,540,175

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, 2013	Fiscal Year Ended March 31, 2012
REVENUES		
Distribution	$ -	$ 18,051
Licensing	491,189	28,017
Interest on Production Loans	-	134,503
Services	141,719	-
Other	3,580	10,000
Total Revenues	636,488	190,571
COSTS AND EXPENSES		
Costs related to production revenues	128,568	(480)
Distribution and Marketing	93,832	4,080
General and Administrative	327,152	(53,350)
Total Expense	549,552	(49,750)
ORDINARY INCOME	$ 86,936	$ 240,321
OTHER INCOME (EXPENSE)		
Other Income	28,150	-
Total Other Income (Expense)	28,150	-
NET INCOME	$ 115,086	$ 240,321
Net Income per Common Share, Basic and Diluted	$ 0.00	$ 0.00
Weighted Average Number of Shares Outstanding	87,436,522	77,868,431

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, 2013

	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	$ 9,603,511	$ (4,265,555)	$ 5,423,250
Stock issued for cash	2,300,000	2,300	$ 17,700		20,000
Net income				$ 115,086	115,086
Balance March 31, 2013 (unaudited)	87,593,508	$ 87,594	$ 9,621,211	$ (4,150,469)	$ 5,558,336

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 Year Ended March 31, 2013	For the Year Ended March 31, 2012
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net Income	$ 115,086	$ 240,321
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation and amortization	125,633	-
Changes in assets and liabilities:		
(Increase)/Decrease in Accounts Receivable	(1,100)	-
(Increase)/Decrease in Capitalized R&D Gaming	-	(360,000)
(Increase)/Decrease in Capitalized Production Costs	(132,187)	(82,231)
(Increase)/Decrease in Notes Receivable	-	-
(Decrease)/Increase in Accounts Payable	(173)	(272,557)
NET CASH PROVIDED BY (USED IN) OPERATING ACITIVITIES	107,259	(474,467)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Borrowings on Production Loans - Related Party	-	360,000
Principal Payments on Production Loans - Related Party	-	(4,040)
Borrowings on Notes Payable to Officers	6,660	73,834
Principal Payments on Notes Payable to Officers	(112,837)	(34,261)
Proceeds from Sale of Stock	20,000	72,882
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	(86,177)	468,415
NET INCREASE (DECREASE) IN CASH	21,082	(6,052)
CASH AT BEGINNING OF PERIOD	6,410	12,462
CASH AT END OF PERIOD	$ 27,492	$ 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	$ -	$ 450,000

The accompanying notes are an integral part of these 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 state of 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 ASC 926-605 (formerly American Institute of Certified Public Accountants Statement of Position 00-2, "Accounting by Producers or Distributors of Films"). The following conditions must be met in order to recognize revenue under ASC 926-605: (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 March 31, 2013, 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.

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, 2013	March 31, 2012
Gaming	$ 702,195	$ 702,195
Completed – theatrical	5,956,707	5,824,520
Less: accumulated amortization	(125,633)	-
Total film and gaming production costs	$ 6,533,269	$ 6,526,715

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 – ACCRUED SALARIES - 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, 2013 and 2012 is $158,283 and $264,460, 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, 2013	March 31, 2012
Reyes Group	$ 825,765	$ 825,765
Less current portion	-	-
	$ 825,765	$ 825,765

The Reyes Group made loans to the Company for the financing of the film *Babysitter Wanted*. As of March 31, 2013, 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.

NOTE E - SHAREHOLDERS' EQUITY

At March 31, 2013, there are 385,000,000 shares of authorized common stock. Total common stock issued and outstanding at March 31, 2013 and 2012, was 87,593,508 and 85,293,508 shares, respectively. During the fiscal year-ended March 31, 2013, the Company issued the following shares:

- 2,300,000 shares, at $0.01 per share, for a fair value of $20,000 issued in May 2012. The Company received cash.

NOTE F - SUBSEQUENT EVENTS

The Company has evaluated events from March 31, 2013, through the date whereupon the financial statements were issued and has determined that there are no additional items to disclose.