

VOYAGER ENTERTAINMENT INTERNATIONAL INC  
Form 10QSB/A  
May 24, 2005

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington DC 20549

FORM 10-QSBA

Amended Quarterly report under Section 13 or 15(d) of the Securities Exchange Act of 1934

For the quarterly period ended: March 31, 2005

Transition report under Section 13 or 15(d) of the Exchange Act

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission File Number: 000-33151

VOYAGER ENTERTAINMENT INTERNATIONAL, INC.

-----  
(Exact Name of Small Business Issuer as Specified in Its Charter)

Nevada  
-----  
(State of incorporation)

54-2110681  
-----  
(I.R.S. Employer Identification No.)

4483 West Reno Avenue, Las Vegas, NV 89118  
-----  
(Address of Principal Executive Offices)

(702) 221-8070  
-----  
(Issuer's Telephone Number, Including Area Code)

-----  
Name, Former Address and Former Fiscal Year, if Changed Since Last Report.)

Check whether the issuer (1) 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

There were 66,566,126 shares of Common Stock issued and outstanding 500,000 shares of Series A Preferred Stock and 4,000,000 shares of Series B Preferred Stock issued and outstanding as of the latest practicable date.

Transitional Small Business Disclosure Format (check one) Yes  No

This amendment to the quarterly report for the period ending March 31, 2005 is being filed in order to correct typographical errors in the (Unaudited) Statement of Operations. Changes made in this 10-QSBA in no way reflect a material omission or a change in our results.

INDEX

	Page
PART I - FINANCIAL INFORMATION	
Item 1. Financial Statements.....	3
Consolidated Balance Sheet (Unaudited).....	3
Consolidated Statements of Operations (Unaudited).....	4
Consolidated Statements of Stockholders' Deficit (Unaudited)....	5
Consolidated Statements of Cash Flows (Unaudited).....	6
Notes to Consolidated Financial Statements.....	7
Item 2. Plan of Operation.....	15
Item 3. Controls and Procedures.....	26
PART II - OTHER INFORMATION	
Item 1. Legal Proceedings.....	27
Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.....	27
Item 3. Defaults Upon Senior Securities.....	28
Item 4. Submission of Matters to a Vote of Security holders.....	28
Item 5. Other Information.....	28
Item 6. Exhibits.....	29
Signatures.....	30

PART I - FINANCIAL INFORMATION

VOYAGER ENTERTAINMENT INTERNATIONAL, INC. AND SUBSIDIARY  
(A DEVELOPMENT STAGE COMPANY)

CONSOLIDATED BALANCE SHEET - MARCH 31, 2005  
(UNAUDITED)

ASSETS

Current asset:

Cash and cash equivalents

\$ 87,856

Edgar Filing: VOYAGER ENTERTAINMENT INTERNATIONAL INC - Form 10QSB/A

Property and equipment, net of accumulated depreciation	8,592
	-----
Total assets	\$ 96,448
	=====

LIABILITIES AND STOCKHOLDERS' DEFICIT

Current liabilities:	
Accounts payable and accrued expenses	\$ 162,678
Accrued expenses - related party	550,000
Loans and settlement payable and accrued interest of \$196,492	1,074,731
Notes payable and accrued interest of \$605,000	1,210,000
	-----
Total current liabilities	\$ 2,997,409
Stockholders' deficit:	
Preferred stock - Series A; \$.001 par value; 1,500,000 shares authorized, 500,000 shares outstanding	500
Preferred stock - Series B; \$.001 par value; 10,000,000 shares authorized, 4,000,000 shares outstanding	4,000
Common stock; \$.001 par value; 200,000,000 shares authorized, 66,566,126 shares issued and outstanding	66,565
Issued and outstanding	26,092,035
Additional paid-in capital	(18,304,135)
Deferred construction cost	(10,759,926)
Deficit accumulated during development stage	-----
Total stockholders' deficit	(2,900,961)
	-----
Total liabilities and stockholders' deficit	\$ 96,448
	=====

The accompanying notes form an integral part of these consolidated financial statements

VOYAGER ENTERTAINMENT INTERNATIONAL, INC. AND SUBSIDIARY  
(A DEVELOPMENT STAGE COMPANY)

CONSOLIDATED STATEMENTS OF OPERATIONS (UNAUDITED)

	Three Months Ended		For the period since inception on
	March 31, 2005	March 31, 2004	March 1, 1997 to March 31, 2005
	-----	-----	-----
Net revenue	\$ --	\$ --	\$ --
	-----	-----	-----

Edgar Filing: VOYAGER ENTERTAINMENT INTERNATIONAL INC - Form 10QSB/A

Operating expenses:			
Professional and consulting fee, Including related party	364,590	1,009,553	8,176,475
Stock discount expense	--	--	--
Project costs	2,793	754	83,380
Rent expense	6,975	6,975	95,685
Settlement expense	--	--	650,000
Other operating expenses	25,373	41,798	478,516
	-----	-----	-----
	399,731	1,059,080	9,484,056
	-----	-----	-----
Interest (income) expense, net	(17,463)	16,930	1,275,871
	-----	-----	-----
Loss from operations before income taxes	(417,194)	(1,076,010)	(10,759,927)
	-----	-----	-----
Income taxes	--	--	--
	-----	-----	-----
Net loss	(417,194)	(1,076,010)	(10,759,927)
	=====	=====	=====
Preferred stock dividends from amortization of beneficial conversion feature	--	--	130,000
	=====	=====	=====
Net loss attributed to common stockholders	\$ (417,194)	\$ (1,076,010)	\$ (10,889,927)
	=====	=====	=====
Net loss per share - basic and diluted	\$ (0.01)	\$ (0.02)	
	=====	=====	
Weighted average common stock shares outstanding - basic and diluted	65,674,000	54,110,000	
	=====	=====	

The accompanying notes form an integral part of these consolidated financial statements

4

VOYAGER ENTERTAINMENT INTERNATIONAL, INC. AND SUBSIDIARY  
(A DEVELOPMENT STAGE COMPANY)

CONSOLIDATED STATEMENT OF STOCKHOLDERS' DEFICIT (UNAUDITED)  
FOR THE PERIOD SINCE INCEPTION ON MARCH 1, 1997 TO March 31, 2005

	Preferred Stock Series A		Preferred Stock Series B	
	Shares	Amount	Shares	Amount
	-----	-----	-----	-----
For the period since inception on March 1, 1997 to December 31, 2000 (as restated for reorganization)	--	\$ --	--	\$ --

Edgar Filing: VOYAGER ENTERTAINMENT INTERNATIONAL INC - Form 10QSB/A

Net loss for the year ended December 31, 2001	--	--	--	--
	-----	-----	-----	-----
Balance at December 31, 2001	--	--	--	--
Issuance of stock for cash and services (pre-merger)	2,160,000	2,160	--	--
Conversion of preferred stock to common stock	(660,000)	(660)	--	--
Acquisition of net assets of Dakota	--	--	--	--
Issuance of common stock for cash - February 15, 2002	--	--	--	--
Issuance of common stock for services - April 2002	--	--	--	--
Issuance of common stock for Architectural agreement - May 2002	--	--	--	--
Issuance of common stock for cash - June 2002	--	--	--	--
Issuance of common stock for Architectural agreement - October 2002	--	--	--	--
Issuance of common stock for financing costs - November 2002	--	--	--	--
Issuance of stock for services - October 2002	--	--	--	--
Net loss for the year ended December 31, 2002	--	--	--	--
	-----	-----	-----	-----
Balance at December 31, 2002	1,500,000	1,500	--	--
Issuance of common stock for financing costs - June 2003	--	--	--	--
Issuance of preferred stock for cash - June 2003	--	--	1,000,000	1,000
Issuance of preferred stock for cash - August 2003	--	--	500,000	500
Issuance of common stock for cash September 2003	--	--	--	--
BCF associated with preferred stock	--	--	130,000	130,000
Amortization of beneficial conversion feature in a manner similar to preferred stock dividends	--	--	--	--
Issuance of common stock for services September 2003	--	--	--	--

Edgar Filing: VOYAGER ENTERTAINMENT INTERNATIONAL INC - Form 10QSB/A

Issuance of common stock for cash December 2003	--	--	--	--
Issuance of common stock for cash - December 2003	--	--	--	--
Issuance of common stock for cash - December 2003	--	--	--	--
Issuance of common stock for cash - December 2003	--	--	--	--
Issuance of common stock for cash - December 2003	--	--	--	--
Issuance of preferred stock for service RP - December 2003	--	--	2,500,000	2,500
Issuance of common stock for services - December 2003	--	--	--	--
Net loss for the year ended 12/31/03	--	--	--	--
	-----	-----	-----	-----
Balance at December 31, 2003	1,500,000	\$ 1,500	4,000,000	\$ 4,000
	=====	=====	=====	=====
Issuance of common stock for cash January 2004	--	--	--	--
Issuance of common stock for cash February 2004	--	--	--	--
Issuance of common stock for cash February 2004	--	--	--	--
Issuance of common stock for cash February 2004	--	--	--	--
Issuance of common stock for services February 2004	--	--	--	--
Issuance of common stock for services February 2004	--	--	--	--
Issuance of common stock for services February 2004	--	--	--	--
Conversion of preferred stock to common stock March 2004	(500,000)	(500)	--	--
Conversion of preferred stock to common stock March 2004	(500,000)	(500)	--	--
Issuance of common stock for cash March 2004	--	--	--	--
Issuance of common stock for services June 2004	--	--	--	--

Edgar Filing: VOYAGER ENTERTAINMENT INTERNATIONAL INC - Form 10QSB/A

Issuance of common stock for cash September 2004	--	--	--	--
Issuance of common stock for cash October 2004	--	--	--	--
Issuance of common stock for services October 2004	--	--	--	--
Net loss for the year ended December 31, 2004	--	--	--	--
	-----	-----	-----	-----
Balance at December 31, 2004	500,000	\$ 500	4,000,000	\$ 4,000
	=====	=====	=====	=====
Issuance of common stock for services January 2005	--	--	--	--
Issuance of common stock for cash February 2005	--	--	--	--
Issuance of common stock for services March 2005	--	--	--	--
Issuance of common stock for cash March 2005	--	--	--	--
Net loss for the three months ended March 31, 2005	--	--	--	--
	-----	-----	-----	-----
Balance at March 31, 2005	500,000	\$ 500	4,000,000	\$ 4,000
	=====	=====	=====	=====

	Additional paid-in capital	Deferred construction costs	Deficit accumulated during the development stage
	-----	-----	-----
For the period since inception on March 1, 1997 to December 31, 2000 (as restated for reorganization)	\$ 20,000	\$ --	\$ (87,193)
Net loss for the year ended December 31, 2001	--	--	(101,432)
	-----	-----	-----
Balance at December 31, 2001	20,000	--	(188,625)
Issuance of stock for cash and services (pre-merger)	25,840	--	--
Conversion of preferred stock to common stock	(5,940)	--	--

Edgar Filing: VOYAGER ENTERTAINMENT INTERNATIONAL INC - Form 10QSB/A

Acquisition of net assets of Dakota	(11,615)	--	--
Issuance of common stock for cash - February 15, 2002	399,200	--	--
Issuance of common stock for services - April 2002	399,800	--	--
Issuance of common stock for Architectural agreement - May 2002	18,138,722	(18,141,535)	--
Issuance of common stock for cash - June 2002	149,950	--	--
Issuance of common stock for Architectural agreement - October 2002	162,000	(162,600)	--
Issuance of common stock for financing costs - November 2002	162,500	--	--
Issuance of stock for services - October 2002	74,750	--	--
Net loss for the year ended December 31, 2002	--	--	(1,754,327)
	-----	-----	-----
Balance at December 31, 2002	19,515,207	(18,304,135)	(1,942,952)
Issuance of common stock for financing costs - June 2003	309,400	--	--
Issuance of preferred stock for cash - June 2003	99,000	--	--
Issuance of preferred stock for cash - August 2003	49,500	--	--
Issuance of common stock for cash September 2003	99,231	--	--
BCF associated with preferred stock			
Amortization of beneficial conversion feature in a manner similar to preferred stock dividends	(130,000)	--	(130,000)
Issuance of common stock for services September 2003	99,375	--	--
Issuance of common stock for cash December 2003	297,692	--	--
Issuance of common stock for cash - December 2003	198,462	--	--
Issuance of common stock for cash - December 2003	198,462	--	--
Issuance of common stock for cash - December 2003	24,808	--	--



Edgar Filing: VOYAGER ENTERTAINMENT INTERNATIONAL INC - Form 10QSB/A

Issuance of common stock for cash - December 2003	49,616	--	--
Issuance of preferred stock for service RP - December 2003	2,347,500	--	--
Issuance of common stock for services - December 2003	847,827	--	--
Net loss for the year ended 12/31/03	--	--	(5,943,895)
	-----	-----	-----
Balance at December 31, 2003	\$ 24,136,080	\$ (18,304,135)	\$ (7,886,847)
	=====	=====	=====
Issuance of common stock for cash January 2004	24,808	--	--
Issuance of common stock for cash February 2004	49,615	--	--
Issuance of common stock for cash February 2004	99,750	--	--
Issuance of common stock for cash February 2004	199,500	--	--
Issuance of common stock for services February 2004	318,325	--	--
Issuance of common stock for services February 2004	119,850	--	--
Issuance of common stock for services February 2004	119,850	--	--
Conversion of preferred stock to common stock March 2004	(4,500)	--	--
Conversion of preferred stock to common stock March 2004	(4,500)	--	--
Issuance of common stock for cash March 2004	49,615	--	--
Issuance of common stock for services June 2004	322,350	--	--
Issuance of common stock for cash September 2004	49,667	--	--
Issuance of common stock for cash October 2004	149,000	--	--
Issuance of common stock for services October 2004	54,500	--	--
Net loss for the year ended December 31, 2004	--	--	(2,455,885)
	-----	-----	-----

Edgar Filing: VOYAGER ENTERTAINMENT INTERNATIONAL INC - Form 10QSB/A

Balance at December 31, 2004	\$ 25,683,910 =====	\$ (18,304,135) =====	\$ (10,342,732) =====
Issuance of common stock for services January 2005	74,500	--	--
Issuance of common stock for cash February 2005	99,500	--	--
Issuance of common stock for services March 2005	159,500	--	--
Issuance of common stock for cash March 2005	74,625	--	--
Net loss for the three months ended March 31, 2005	-- -----	-- -----	(417,194) -----
Balance at March 31, 2005	\$ 26,092,035 =====	\$ (18,304,135) =====	\$ (10,759,926) =====

The accompanying notes form an integral part of these consolidated financial statements

5

VOYAGER ENTERTAINMENT INTERNATIONAL, INC. AND SUBSIDIARY  
(A DEVELOPMENT STAGE COMPANY)

CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)

	Three Months Ended March 31, 2005 -----	Three Months Ended March 31, 2004 -----
Cash flows provided by (used for) operating activities:		
Net loss	\$ (417,194)	\$ (1,076,010)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation	1,555	1,227
Issuance of common stock for services	235,000	558,750
Interest expense from the issuance of common stock	--	--
Changes in assets and liabilities:		
(Increase) decrease in assets:		
Prepaid expenses	--	--
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	24,204	24,348
Accrued payable - related parties	(55,000)	--
Accrued settlement obligation	--	--

Edgar Filing: VOYAGER ENTERTAINMENT INTERNATIONAL INC - Form 10QSB/A

Net cash used for operating activities	(101,435)	(491,685)
Cash flows used for investing activities - payments to acquire property and equipment	(1,684)	(6,659)
Cash flows provided by (used for) financing activities:		
Proceeds from notes payable	--	--
Proceeds from sale of preferred stock	--	--
Proceeds from issuance of common stock	175,000	425,000
Net cash provided by financing activities	175,000	425,000
Net increase (decrease) in cash	71,881	(73,344)
Cash, beginning of period	15,975	489,104
Cash, end of period	\$ 87,856	\$ 415,760
Cash paid during the period for:		
Interest expense	\$ --	\$ --
Income taxes	\$ --	\$ --
Non cash financing activity:		
Common stock issued for services	\$ 235,000	\$ 558,750
Common stock issued for financing costs and services	\$ --	\$ --
Common stock issued for Architectural Agreement	\$ --	\$ --
Conversion of preferred stock to common stock	\$ --	\$ --

The accompanying notes form an integral part of these consolidated financial statements

6

VOYAGER ENTERTAINMENT INTERNATIONAL, INC.  
AND SUBSIDIARIES  
(A DEVELOPMENT STAGE COMPANY)  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

THREE MONTHS ENDED MARCH 31, 2005

(1) Summary of Significant Accounting Policies:

The Company is in the entertainment development business and is planning the development of the world's tallest Ferris wheel on the Las Vegas Strip area. The Company's corporate offices are located in Las Vegas, Nevada.

Business Activity:

## Edgar Filing: VOYAGER ENTERTAINMENT INTERNATIONAL INC - Form 10QSB/A

The Company is in the entertainment development business and is planning the development of the Ferris wheel on the Las Vegas Strip area, and other countries. The Company's corporate offices are located in Las Vegas, Nevada.

On March 17, 2005 the company signed a joint venture agreement with Allied Investment House, Inc. to build a 600ft Observation Wheel in the United Arab Emirates. Allied Investment House, Inc. will provide 100% of the financing of an Observation Wheel in the UAE up to \$150 million.

Voyager and Allied will form a UAE corporation in order for the transaction to be completed. Both Voyager (or its assigns) and Allied (or its assigns) will operate and govern the newly formed company. Voyager and Allied will jointly own the newly formed company.

Using "best efforts" within 180 days and depending on current prevailing market Conditions, Allied will cause the newly formed company to offer stock in a public offering that will cause the new company's stock to be traded on an internationally recognized stock exchange.

As a result of the signing of the agreement Voyager will be responsible for the management of the construction of the project and will receive a premium above and beyond the cost of building the project. There will be a management agreement which allows Voyager to contract a third party management company to perform day-to-day operations. Voyager will also receive a percentage of gross revenues from operations.

As a result of the agreement the Company is still determining the exact location where the Voyager Project will be located in the UAE.

### Basis of Presentation:

The accompanying consolidated financial statements include the accounts of Voyager Entertainment International, Inc. (the "Company"), formerly known as Dakota Imaging, Inc., ("Dakota"), incorporated under the laws of the state of North Dakota on January 31, 1991, and its subsidiaries:

a) Voyager Ventures, Inc. ("Ventures"), incorporated under the laws of the State of Nevada on January 15, 2002 (owned 100% by the Company); b) Outland Development, LLC ("Outland"), a limited liability company formed under the laws of the State of Nevada on March 1, 1997(owned 100% by Ventures); and c) Voyager Entertainment Holdings, Inc. ("Holdings"), incorporated under the laws of the State of Nevada on May 2, 2002 (owned 100% by the Company).

The Company is currently a development stage enterprise reporting under the provisions of Statement of Financial Accounting Standards ("SFAS") No. 7.

During April 2002, the Company changed its name from Dakota Imaging, Inc. to Voyager Entertainment International, Inc. and adopted a new fiscal year-end of December 31.

### Interim Financial Statements:

-----  
The accompanying consolidated financial statements include all adjustments (consisting of only normal recurring accruals) which are, in the opinion of management, necessary for a fair presentation of the results of operations for the periods presented. Interim results are not necessarily indicative of the results to be expected for the full year ending December 31, 2005. The consolidated financial statements should be read in conjunction with the consolidated financial statements included in the annual report of Voyager Entertainment International, Inc. and its subsidiaries (the "Company") on Form 10-KSB for the year ended December 31, 2004.

Going Concern

-----

The accompanying consolidated financial statements have been prepared assuming that the Company will continue as a going concern. The Company has no established source of revenue, has a working capital deficit of \$2,909,553 has debt of \$1.2 million which can be called at any time, has an accumulated deficit of \$10,759,927 incurred significant net losses and has used cash for operating activities of \$3,145,829 since inception and 101,435 for the three months ended March 31, 2005 respectively all of which raised substantial doubt about it's ability to continue as a going concern. Management's plan in regard to these matters is discussed below. These financial statements do not include any adjustments that might result from the outcome of this uncertainty.

The Company has limited operations and is still in the development stage. The Company will need to raise a substantial amount of capital in order to continue its business plan. This situation raises substantial doubt about its ability to continue as a going concern. The accompanying

7

consolidated financial statements do not include any adjustments relative to the recoverability and classification of asset carrying amounts or the amount and classification of liabilities that might result from the outcome of this uncertainty.

Management intends to initiate their business plan and will continue to seek out joint venture partners, attempt to locate the appropriate location for the Las Vegas Project and United Arab Emirates project as well as other projects, continually seek funding opportunities. Management also intends to raise additional capital through the sale of it's stock to private individuals that have prior relationships with the company and has been successful in providing enough capital in the past for minimal operations in the past. However, there can be no guarantees that management will be successful in the future. The company is currently indebted to two creditors and will not have the ability to repay either of the creditors if significant project funding is not received. If repayment does not occur, it is possible that a creditor could foreclose on the assets of the company causing the Company to be insolvent.

Accounting Policies:

There has been no change in accounting policies used by the Company during the quarter ended March 31, 2005.

There were no stock options granted from the period from inception to March 31, 2005.

For non-employee stock based compensation the Company recognizes an expense in accordance with SFAS No. 123 and values the equity securities based on the fair value of the security on the date of grant. For stock-based awards the value is based on the market value for the stock on the date of grant.

(2) Loan Payable:

Loans payable had no stated interest rate, were due on demand and unsecured. Interest has been accrued at an estimated market interest rate of 8% and is included with the principal balance. The original balance was \$228,239 and the proceeds were received and used for operating capital during the year ended December 31, 2002. In March 2003, a claim of \$1,460,000 was asserted by the lender. Although management believed the claims were frivolous, due to the additional resources needed by management to defend against these claims and the likely distraction of management's efforts from moving forward with the business plan, a settlement agreement was executed with the lender in August 2003.

Pursuant to the Settlement Agreement, the Company agreed to pay a settlement amount of an additional \$650,000, without claiming any fault or wrong doing. As of March 31, 2005, the total obligation including loans of \$228,239 in principal the settlement obligation of \$650,000, and accrued interest of \$196,492 amounted to an aggregate of \$1,074,731. One half of this amount, or \$537,365 is due and payable at the closing of the first round of project funding and the remaining balance is due and payable at the closing of any subsequent project funding. Since the loan payable does not have a maturity date, the entire balance has been presented as a current liability.

(3) Note Payable:

On November 19, 2002, the Company entered into a line of credit financing agreement which entitled the Company to borrow of from Dan Fugal up to an aggregate of \$2,500,000. Advances

under this line of credit are based on achievement of certain milestones pursuant to the agreement. Upon the receipt of funds, the Company was required to issue up to 1,500,000 shares of its Common Stock on a pro rata basis. The Company has borrowed \$605,000 against this line of credit and issued 1,500,000 shares. The balance payable under this line of credit was due on April 15, 2003 and is secured by all of the Company's assets. The original line of credit bore interest at the rate of 12% per annum. This line of credit has expired and no principal or accrued interest has been paid back. Consequently, during the year ended December 31, 2003, the Company agreed to pay 100% interest related to this line of credit. Interest of \$605,000 has been accrued and included with the principal balance in the accompanying consolidated financial statements. As of September 30, 2004, the total obligation including loans of \$605,000, and accrued interest of \$605,000, amounted to \$1,210,000. Mr. Fugal has agreed to be repaid from those funds received by the Company at its next project funding. If the Company does not receive significant project funding it will not be able to repay Mr. Fugal. As collateral for the Loan and Security Agreement with Mr. Fugal, Mr. Fugal filed a UCC-1 against the assets and intellectual property of the company which gives Mr. Fugal the right to institute foreclosure proceedings against the Company. Mr. Fugal could institute foreclosure proceedings at any time if he believes that he will not be repaid. As of the date of this amended Quarterly Report on Form 10-QSBA, Mr. Fugal has not indicated any intentions to institute foreclosure proceedings. However, management can not guarantee that Mr. Fugal will not attempt to institute foreclosure proceedings against the Company.

(4) Related Party Transactions:

During the three months ended March 31 2005, the Company paid management consulting fees of approximately \$105,000 or \$35,000 per month to Synthetic Systems, LLC., which is jointly owned by Richard L. Hannigan Sr. and his spouse Myong Hannigan. The company also paid to Synthetic Systems LLC., furniture rental expenses for the three months ending March 31, 2005 of approximately \$3,450 and office rent expenses of approximately \$6,975.

(5) Stockholders' Deficit

Convertible Preferred Stock - Series A

---

The Series A convertible preferred stock carries the following rights and preferences:

- o 10 to 1 voting rights per share
- o Each share has 10 for 1 conversion rights to shares of common stock
- o No redemption rights

During 2002, prior to the date of the Merger discussed in Note 1, the Company issued 2,160,000 shares of convertible preferred stock as consideration for cash and services, of which 660,000 shares were immediately converted to shares of common stock, resulting in the Company having 3,660,000 shares of common stock outstanding.

Effective February 8, 2002 the Company, as consideration for the Merger, issued 3,660,000 shares of its Series A convertible preferred stock in exchange for 100% of Voyager's outstanding common stock. Additionally, simultaneously upon closing of the Merger 2,160,000 shares of the Series A convertible preferred stock immediately converted into 21,600,000 shares of common stock, resulting in a balance of 1,500,000 shares of convertible preferred stock remaining outstanding. These amounts have been adjusted pursuant to reverse merger accounting in the accompanying financial statements.

Immediately preceding the Merger, Dakota, the legal acquirer, had 11,615,000 shares of common stock outstanding.

Convertible Preferred Stock - Series B

The Series B convertible preferred stock carries the following rights and preferences:

- o 2 to 1 voting rights per share
- o Par value of \$0.001
- o Each share has 2 for 1 conversion rights to shares of common stock
- o No redemption rights
- o Preferential liquidation rights to Series A preferred stock and common stock
- o Anti-dilution clauses in the event of a reverse split

In June 2003, the Company sold 1,000,000 of the Series B Preferred Stock Shares for total

cash consideration of \$100,000 to one investor at \$0.10 per share. The Company recognized a beneficial conversion feature of \$80,000 accounted for as a preferred stock dividend during the year. Since these shares are immediately convertible into common stock of the Company, pursuant to EITF 00-27 and EITF 98-5, the Company recognized the dividend immediately.

In August 2003, the Company sold 500,000 of the Series B Preferred Stock Shares for total cash consideration of \$50,000 to one investor at \$0.10 per share. The Company recognized a beneficial conversion feature of \$50,000 accounted for as a preferred stock dividend during the year. Since these shares are immediately convertible into common stock of the Company, pursuant to EITF



## Edgar Filing: VOYAGER ENTERTAINMENT INTERNATIONAL INC - Form 10QSB/A

00-27 and EITF 98-5, the Company recognized the dividend immediately.

In December 2003, the Company issued 2,500,000 of the Series B Preferred Stock Shares for total consideration valued at \$2,350,000, or \$0.94 per share, to its officer-stockholders. The fair value of the services received was determined based on the fair value of the underlying trading common stock.

On March 5, 2004, Richard L. Hannigan, Sr. an officer and director converted 500,000 Series A Preferred shares into 5,000,000 Common shares of the Company.

On March 31, 2004, Gregg Giuffria, a former officer and director converted 500,000 Series A Preferred shares into 5,000,000 Common shares of the Company.

### Common Stock Issuances

-----

In January, 2005 the company issued 500,000 shares of Common Stock for consulting services being rendered in the first quarter of 2005. These shares were valued at the fair value of \$0.15 per share for total compensation of \$75,000.

In February 2005, \$100,000 was received for 500,000 common shares at \$0.20 per share.

In March 2005, \$75,000 was received for 375,000 common shares at \$0.20 per share.

In March, 2005 the company issued 500,000 shares of Common Stock for consulting services rendered. These shares were valued at the fair value of \$0.32 per share for total compensation of \$160,000.

Stock was offered in reliance upon the private offering exemptions contained in Sections 3(b) and 4(2) of the Securities Act of 1933, as amended, and Rule 506 of Regulation D promulgated thereunder.

13

### (6) Commitments and Contingencies:

During January 2002, the Company entered into a month-to-month office lease totaling \$2,350 per month with a related party.

ITEM 2. PLAN OF OPERATION

The following discussion should be read in conjunction with the Company's financial statements and the notes thereto contained elsewhere in this filing.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

Except for the historical information contained herein, this amended quarterly report on Form 10-QSBA includes certain "forward-looking statements" within the meaning of that term in Section 27A of the Securities Act of 1933 and Section 21E of the Exchange Act of 1934, including, among others, those statements preceded by, followed by, or including the words "estimates," "believes," "expects," "anticipates," "plans," "projects," or similar expressions. Forward-looking statements include, but are not limited to, statements concerning anticipated trends in revenues and net income, projections concerning operations and available cash flow. The Company's actual results could differ materially from the results discussed in such forward-looking statements. The following discussion of the Company's financial condition and results of operations should be read in conjunction with the Company's financial statements and the related notes thereto appearing elsewhere herein.

These forward-looking statements are based largely on our current expectations and are subject to a number of risks and uncertainties. These forward-looking statements include, but are not limited to:

- o The Company's wholly-owned subsidiary, Voyager Entertainment Holdings, Inc. ("VEHI"), intends to manage the Las Vegas Voyager Project pursuant to a performance-based contract between the Company and VEHI and potentially an as-yet unidentified partner of the Company;
- o VEHI intends to employ highly skilled individuals from the theme park industry and combine their specialized skills with those from the gaming industry;
- o The western bank (Puxi) of the Huangpu River, the Bund, is our anticipated location for a master planned development with the "Star of Shanghai" Observation Wheel as the dominant feature (the "Star of Shanghai Voyager Project");
- o The Company intends to design the Star of Shanghai Voyager Project as a special tribute to the legendary figure Huang Daopo who invented the "spinning wheel" that reformed the technique of cotton weaving, and gained fame for its production of clothing;
- o Management believes that it can identify sources and obtain adequate

## Edgar Filing: VOYAGER ENTERTAINMENT INTERNATIONAL INC - Form 10QSB/A

- amounts of such financing;
- The Company intends to enter into a cooperative arrangement with distributors, whereby we will receive marketing and sales benefits from the professional staff of such distributors;
- The Company believes that it cannot satisfy the cash requirements of its plan of operation for the next twelve months without raising additional funds through debt or equity financings;
- Our near term cash requirements are anticipated to be offset through the receipt of funds from private placement offerings and loans obtained through private sources;
- During the next 12 months, we plan to focus our efforts on our development of the Observation Wheels; however actual construction will not commence until we have sufficient capital for construction and marketing;
- We anticipate that our monthly cash need is approximately \$60,000 per month;
- The Company plans to focus primarily on the development of the Observation Wheel in Las Vegas and the United Arab Emirates over the next 12 months. However, we will also actively seek partnerships and locations for other observation Wheels throughout the United States and foreign countries;
- On March 17, 2005 the company signed a joint venture agreement with Allied Investment House, Inc. to build a 600ft Observation Wheel in the United Arab Emirates.
- Over the next twelve months, we believe that existing capital and anticipated funds from operations will not be sufficient to sustain operations and planned development. Consequently, we will be required to seek additional capital in the future to fund growth and expansion through additional equity or debt financing or credit facilities; and

16

- The Company believes that it cannot satisfy the cash requirements of its plan of operation for the next twelve months without raising additional funds through debt or equity financings. However, if the Company receives adequate funding, the Company anticipates that there will be a need to purchase a significant amount of equipment and materials as well as significant need to hire additional employees throughout the next twelve months. The Company also believes that in this event there will also be a significant amount of research and development such as building mock-ups, statistical modeling and engineering.
- In the event we are unsuccessful in generating equity capital, then the Company will be unable to continue with product development and/or marketing. The lack of equity capital or other financing may in turn cause the Company to become insolvent and may cause the Company to seek protection under the federal bankruptcy laws.
- As of the date hereof the Company anticipates that it has enough cash to fund operations for the next six months however, the Company does not have sufficient capital to initiate or complete construction of any of the Voyager Projects.
- There have been other companies that have announced possible development of a large Observation Wheel.
- There have been several other companies that have announced to the public plans to build an observation wheel in Las Vegas. If any of these companies are successful it would diminish the possibility of the company obtaining financing or a acquiring a proper location.

## Edgar Filing: VOYAGER ENTERTAINMENT INTERNATIONAL INC - Form 10QSB/A

- o The Company has a limited operating history, which could make it difficult to evaluate our business.

We have yet to establish any history of profitable operations. Although some of our affiliates have been engaged in the acquisition and administration of various industries for several years, we have a limited operating history. As a result, we may not be able to successfully achieve profitability. The likelihood of our success must be considered in light of the problems, expenses and complications frequently encountered in connection with the development of a project this size and the competitive environment in which we operate. Accordingly, our limited operating history makes an effective evaluation of our potential success difficult. Our viability and continued operation depend on future profitability, our ability to generate cash flows and our successful development and management of other business opportunities. There can be no assurance that we will be able to successfully implement our business plan or that if implemented, it will be profitable.

Management may be unable to obtain the appropriate funding to run our company.

The Company does not presently have sufficient financial resources and have no assurance that sufficient funding will be available to us to build our project. There can be no assurance that we will be able to obtain adequate financing in the future or that

17

the terms of such financing will be favorable. Failure to obtain such additional financing could result in delay or indefinite postponement of constructing an Observation Wheel

The Company wishes to caution investors that any forward-looking statements made by or on behalf of the Company are subject to uncertainties and other factors that could cause actual results to differ materially from such statements. These uncertainties and other factors include, but are not limited to the Risk Factors listed below (many of which have been discussed in prior SEC filings by the Company). Though the Company has attempted to list comprehensively these important factors, the Company wishes to caution investors that other factors could in the future prove to be important in affecting the Company's results of operations. New factors emerge from time to time and it is not possible for management to predict all of such factors, nor can it assess the impact of each such factor on the business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements.

Readers are further cautioned not to place undue reliance on such forward-looking statements as they speak only of the Company's views as of the date the statement was made. The Company undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

### Recent Developments

#### ( a ) RECENT DEVELOPMENT

On March 17, 2005 the company signed a joint venture agreement with Allied Investment House, Inc. to build a 600ft Observation Wheel in the United Arab Emirates. Allied Investment House, Inc. will provide 100% of the financing of an Observation Wheel in the UAE up to \$150 million.

Voyager and Allied will form a UAE corporation in order for the transaction to

## Edgar Filing: VOYAGER ENTERTAINMENT INTERNATIONAL INC - Form 10QSB/A

be completed. Both Voyager (or its assigns) and Allied (or its assigns) will operate and govern the newly formed company. Voyager and Allied will jointly own the newly formed company.

Using "best efforts" within 180 days and depending on current prevailing market Conditions, Allied will cause the newly formed company to offer its stock in a public offering that will cause the newly formed company's stock to be traded on an internationally recognized stock exchange.

As a result of the signing of the agreement Voyager will be responsible for the management of the construction of the project and will receive a premium above and beyond the cost of building the project. There will be a management agreement which allows Voyager to contract a third party management company to perform day-to-day operations. Voyager will also receive a percentage of gross revenues from operations.

The Company is currently evaluating site locations in Las Vegas, Nevada where the Observation Wheel could be constructed by the Company . If the Company is unsuccessful in obtaining a site and negotiating terms acceptable to both Voyager and a prospective property owner for a Las Vegas location, the Company will be required to identify a location outside of Las Vegas where an Observation Wheel could be constructed before an Observation Wheel could be built in Las Vegas forcing our management to focus its efforts elsewhere for a significant amount of time. While there are several locations outside of Las Vegas which are currently proposed, there can be no guarantees that the Company will obtain financing or any definitive agreements for any other locations.

The Company is currently dependent upon funding operations through the sale of its Common Stock and securing debt through private individuals. If the Company can not continue to raise funds through the sale of its Common Stock and securing loans from private individuals, the Company may have to cease operations thus rendering the Company insolvent or requiring the Company to seek protection under the federal bankruptcy laws. While the company is seeking funding there can be no guarantee that funding will be attained.

18

### Business of the Company

Our current business plan is to build multiple observation Ferris wheels ("Observation Wheels"). Currently proposed sites for the construction of Observations Wheels include Las Vegas, Nevada; Shanghai, China and the UAE.

### L.V. Voyager Project

For the past 5 years, through its subsidiaries, the Company has planned and/or evaluated the available locations at both the North and South ends of the Las Vegas Strip as well as other off-strip locations in Las Vegas, Nevada for the construction of an Observation Wheel in Las Vegas ( the "L.V. Voyager Project").

The Las Vegas Voyager Project is intended to be one of the most unique architectural and engineering designs making it a "must see" attraction that will give the patron an experience overlooking the "Las Vegas Strip." With 30 vehicles called "Orbiters" the Las Vegas Voyager Project is intended a revolving Observation Wheel that will overlook the Las Vegas Strip as it revolves higher than a 60 story building at approximately 600 feet. One rotation in an Orbiter will last approximately 27 minutes. Each Orbiter will be controlled by and onboard Navigator, who will be part entertainer and part steward, and who will also be trained in life safety and security.

### Organization and Operation

-----  
The L.V. Voyager Project would be owned by the Company, however, it will be designed, developed, built and operated by Voyager Entertainment Holdings, Inc., ("VEHI"), a wholly owned subsidiary of the Company. VEHI intends to manage the project pursuant to a performance-based contract between the Company and VEHI [and potentially an as-yet unidentified partner of the Company]. All covenants, restrictions and protocols would be detailed in the performance-based contract.

As the management company, VEHI would be responsible for the design, development, construction, and operation of the L.V. Voyager Project, and would provide the following: concept development, project design, location assessment and acquisition, strategic alliances in both entertainment and gaming, business plans and budgets, financial oversight and management during both construction and operation, marketing plans, insurance procurement and risk management, senior operational management including development of policies and procedures, and overall strategic focus for the L.V. Voyager Project.

The initial management team at VEHI is anticipated to consist of Richard Hannigan, President, CEO and a Director, Tracy Jones, COO and a Director, Myong Hannigan, Secretary and Treasurer and Director, Michael Schaunessy, CFO, and Sig Rogich, Director of Public Relations & Communications.

19

#### Star of Shanghai Voyager Project

-----

The western bank (Puxi) of the Huangpu River, the Bund, is our anticipated location for a master planned development with the "Star of Shanghai" Observation Wheel as the dominant feature (the "Star of Shanghai Voyager Project"). We intend to design the Star of Shanghai Voyager Project as a special tribute to the legendary figure Huang Daopo who invented the "spinning wheel" that reformed the technique of cotton weaving, and gained fame for its production of clothing. The Company does not currently have any agreements for a proposed site and has not secured financing for the planned project. Therefore the Company does not currently have a suitable site and we can offer no assurances that we will find a suitable site.

The Company requires substantial additional funds to build its Las Vegas Voyager Project and to fulfill its business plan and successfully develop its three Observation Wheel projects. The Company intends to raise these needed funds from private placements of its securities, debt financing or internally generated funds from the licensing of its intellectual property or service fees. As of the date of this filing the Company has not received a firm commitment for financing of any of the projects. The company continues to receive and evaluate opportunities throughout Asia as well as Shanghai, China.

#### United Arab Emirates (UAE)

-----

On March 17, 2005 the company issued a press release announcing the signing of a joint venture agreement with Allied Investment House, Inc. to build a 600ft Observation Wheel in the United Arab Emirates. Allied Investment House, Inc. will provide 100% of the financing of an Observation Wheel in the UAE up to \$150 million.

Voyager and Allied will form a UAE corporation in order for the transaction to be completed. Both Voyager (or its assigns) and Allied (or its assigns) will operate and govern the newly formed company. Voyager and Allied will jointly own the newly formed company.

## Edgar Filing: VOYAGER ENTERTAINMENT INTERNATIONAL INC - Form 10QSB/A

Using "best efforts" within 180 days and depending on current prevailing market Conditions, Allied will cause the newly formed company to offer stock from the company in a public offering that will cause the new company's stock to be traded on an internationally recognized stock exchange.

As a result of the signing of the agreement Voyager will be responsible for the management of the construction of the project and will receive a premium above and beyond the cost of building the project. There will be a management agreement which allows Voyager to contract a third party management company to perform day-to-day operations. Voyager will also receive a percentage of gross revenues from operations.

Currently the determination is being made as to the exact location where the Voyager Project is going to be located in UAE.

20

### Other "Observation Wheels"

-----

Currently, the Company is primarily focusing on the L.V. Voyager Project and the UAE Project. However, the Company has plans to build additional Observation Wheels in other various locations in addition to Las Vegas, UAE and Shanghai.

### Market Overview

-----

### Competition

We compete with numerous other hospitality and entertainment companies. Many of these competitors have substantially greater resources than we do. Should a larger and better financed company decide to directly compete with us, and be successful in its competitive efforts, our business could be adversely affected. Other competitors could announce and build an observation wheel who are better financed. If this occurs it would make it very difficult for the company to have a successful project within the same city.

There have been other companies that have announced possible development of a large Observation Wheel.

There have been several other companies that have announced to the public plans to build an observation wheel in Las Vegas. If any of these companies are successful it would diminish the possibility of the company obtaining financing or a acquiring a proper location.

We have a limited operating history, which could make it difficult to evaluate our business.

We have yet to establish any history of profitable operations. Although some of our affiliates have been engaged in the acquisition and administration of various industries for several years, we have a limited operating history. As a result, we may not be able to successfully achieve profitability. The

21

likelihood of our success must be considered in light of the problems, expenses and complications frequently encountered in connection with the development of a project this size and the competitive environment in which we operate.

## Edgar Filing: VOYAGER ENTERTAINMENT INTERNATIONAL INC - Form 10QSB/A

Accordingly, our limited operating history makes an effective evaluation of our potential success difficult. Our viability and continued operation depend on future profitability, our ability to generate cash flows and our successful development and management of other business opportunities. There can be no assurance that we will be able to successfully implement our business plan or that if implemented, it will be profitable.

We may be unable to obtain the appropriate funding to run our company.

We do not presently have sufficient financial resources and have no assurance that sufficient funding will be available to us to build our project. There can be no assurance that we will be able to obtain adequate financing in the future or that the terms of such financing will be favorable. Failure to obtain such additional financing could result in delay or indefinite postponement of constructing an Observation Wheel.

### Research and Development

From the inception to our predecessor in interest, Voyager Ventures, Inc., in March of 1997 through present, we have devoted a majority of our time on research and development. During the period from March 1, 1997 through March 31, 2005, we incurred operating expenses of \$9,484,056 and interest expense of \$1,275,871 against no revenues, which resulted in accumulated losses of \$10,759,927.

Management believes that, in the foreseeable future, cash generated from operations will be inadequate to support full marketing roll out and ongoing product development, and that we will thus be forced to rely on additional debt and/or equity financing. Management believes that it can identify sources and obtain adequate amounts of such financing. We intend to enter into a cooperative arrangement with distributors, whereby we will receive marketing and sales benefits from the professional staff of such distributors. To date, we have not established any such arrangements.

In the event we are unsuccessful in generating equity capital, then the Company will be unable to continue with product development and/or marketing. The lack of equity capital or other financing may in turn cause the Company to become insolvent and may cause the Company to seek protection under the federal bankruptcy laws.

As of the date hereof the Company anticipates that it has enough cash to fund operations for the next six months however, the Company does not have sufficient capital to initiate or complete construction of any of the Voyager Projects.

### Plan of Operation

During the next 12 months, the Company plans to focus its efforts on its development of the Observation Wheels; however actual production will not commence until the Company has sufficient capital for production and marketing.. The Company believes that it cannot satisfy the cash requirements of its plan of operation for the next twelve months without raising additional

funds through debt or equity financings. However, if the Company receives adequate funding, the Company anticipates that there will be a need to purchase a significant amount of equipment and materials as well as significant need to hire additional employees throughout the next twelve months. The Company also believes that in this event there will also be a significant amount of research and development such as building mock-ups, statistical modeling and engineering.



## Edgar Filing: VOYAGER ENTERTAINMENT INTERNATIONAL INC - Form 10QSB/A

The Company is dependent upon Richard Hannigan, CEO, President and Director, Myong Hannigan, Secretary/Treasurer and Director, and Tracy Jones, COO and Director. The Company does not have any employees at this time and does not anticipate the need to hire any employees until such time as the Company has been sufficiently capitalized.

Risks that could cause actual performance to differ from expected performance are detailed in the remainder of this section, and under the section titled "Factors That May Affect the Company's Future Operating Results."

### Liquidity and Capital Resources

A critical component of our operating plan impacting our continued existence is the ability to obtain additional capital through additional equity and/or debt financing. We do not anticipate enough positive internal operating cash flow until such time as we can generate substantial revenues, which may take the next few years to fully realize. In the event we cannot obtain the necessary capital to pursue our strategic plan, we may have to cease or significantly curtail our operations. This would materially impact our ability to continue operations. If this occurs, there could be a possibility that management of the company could seek protection under the federal bankruptcy laws.

In the event we are unsuccessful in generating equity capital, then the Company will be unable to continue with product development and/or marketing. The lack of equity capital or other financing may in turn cause the Company to become insolvent and may cause the Company to seek protection under the federal bankruptcy laws. As of the date hereof the Company has enough cash to fund operations for the next six months however, the Company does not have sufficient capital to initiate or complete construction of any of the Voyager Projects.

Our near term cash requirements are anticipated to be offset through the receipt of funds from private placement offerings and loans obtained through private sources. Since inception, we have financed cash flow requirements through debt financing and issuance of Common Stock for cash and services. As we initiate operational activities, we may continue to experience net negative cash flows from operations, pending receipt of servicing or licensing fees, and will be required to obtain additional financing to fund operations through stock offerings and bank borrowings to the extent necessary to provide working capital.

During the next 12 months, we plan to focus our efforts on our development of the Observation Wheels; however actual construction will not commence until we have sufficient capital for construction and marketing. Currently, we anticipate that our monthly cash need is approximately \$85,000 per month. These costs consist primarily of professional fees (including legal and accounting fees) and consulting fees, including those paid to related parties, as well as rent expenses and printing expenses. As of the year ending December 31, 2004 the Company did not have enough cash on hand to continue operations through the next quarter. However, from time-to-time the officers of the company loan funds to provide for operations. There can be no guarantees that the company's officers and directors will continue to loan funds to the company on an ongoing basis. However, if we do not receive a substantial amount of funding it will be unlikely we can continue operations. We have been successful in the past in selling our common stock in private transactions to provide for minimal operations. We plan to seek additional funding through debt transactions and the sale of our common stock either privately or publicly. There can be no guarantees we will continue to be successful in completing those transactions. The primary expenses for the company consist of consulting fees that are primarily paid by the issuance of our common stock.

If a suitable site is acquired and selected the primary focus will be on completing engineering and starting the construction of an Observation Wheel.

Over the next twelve months, we believe that existing capital and anticipated funds from operations will not be sufficient to sustain operations and planned development. Consequently, we will be required to seek additional capital in the future to fund growth and expansion through additional equity or debt financing or credit facilities. No assurance can be made that such financing would be available, and if available it may take either the form of debt or equity. In either case, the financing could have a negative impact on our financial condition and our stockholders. The lack of equity capital or other financing may in turn cause the Company to become insolvent. At that time the Company might elect to seek protection under the federal bankruptcy laws. As of the date hereof the Company anticipates that it has enough cash to fund operations for the next six months; however the Company does not have sufficient capital to initiate or complete construction of any of the Voyager Projects.

We anticipate incurring operating losses over the next twelve months. Our lack of operating history makes predictions of future operating results difficult to ascertain. Our prospects must be considered in light of the risks, expenses and difficulties frequently encountered by companies in their early stage of development, particularly companies in new and rapidly evolving markets such as development related companies. Such risks include, but are not limited to, an evolving and unpredictable business model and the management of growth. To address these risks we must, among other things, implement and successfully execute our business and marketing strategy, continue to develop and upgrade technology and products, respond to competitive developments, and attract, retain and motivate qualified personnel. There can be no assurance that we will be successful in addressing such risks, and the failure to do so can have a material adverse effect on our business prospects, financial condition and results of operations. As of March 31, 2005, the Company had current assets of \$87,856 which consisted primarily of cash on hand, and current liabilities of \$2,997,408 resulting in working capital deficit of \$2,909,552.

The Company is currently obligated to repay two of its creditors at the time we receive adequate project funding. One of the creditors, Mr. Fugal, to whom the Company owes an aggregate of \$1,210,000, filed a UCC-1 against the assets and intellectual property of the Company which gives Mr. Fugal the right to institute foreclosure proceedings against the Company. Mr. Fugal could institute foreclosure proceedings at any time if he believes that he will not be repaid. As of the date of this amended Quarterly Report on Form 10-QSBA, Mr. Fugal has not indicated any intention to institute foreclosure proceedings. However, we can not guarantee that Mr. Fugal will not attempt to institute foreclosure proceedings against the Company in the future.

#### CRITICAL ACCOUNTING POLICIES AND ESTIMATES

Management's Discussion and Plan of Operations discusses the Company's consolidated

financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States of America. The preparation of these financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. On an on-going basis, management evaluates its estimates and judgments, including those related to financing operations,

## Edgar Filing: VOYAGER ENTERTAINMENT INTERNATIONAL INC - Form 10QSB/A

and contingencies and litigation.

Management bases its estimates and judgments on historical experience and on various other factors that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying value of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions. The most significant accounting estimates inherent in the preparation of the Company's financial statements include estimates as to the appropriate carrying value of certain assets and liabilities which are not readily apparent from other sources, primarily accruals for operating costs, and the classification of net operating loss and tax credit carryforwards.

**FACTORS THAT MAY AFFECT THE COMPANY'S FUTURE OPERATING RESULTS** We are a development stage company, recently reorganized and have minimal operating history, which makes an evaluation of us extremely difficult. At this stage of our business operations, even with our good faith efforts, potential investors have a high probability of losing their investment. As a result of our recent reorganization we have yet to generate revenues from operations and have been focused on organizational, start-up, market analysis and fund raising activities. Although we have a project to market, there is nothing at this time on which to base an assumption that our business operations will prove to be successful or that we will ever be able to operate profitably. Our future operating results will depend on many factors, including our ability to raise adequate working capital, demand and acceptance of our product, the level of our competition and our ability to attract and maintain key management and employees.

While Management believes its estimates of projected occurrences and events are within the timetable of its business plan, there can be no guarantees or assurances that the results anticipated will occur.

Our auditor's report filed with our Annual Report on Form 10-KSB for the year ended December 31, 2004 reflects the fact that without realization of additional capital, it would be unlikely for us to continue as a going concern. If we are unable to continue as a going concern, it is unlikely that we will continue in business.

As a result of our deficiency in working capital and other factors, our auditors included a paragraph in their report filed with our Annual Report on Form 10-KSB for the year ended December 31, 2003, regarding substantial doubt about our ability to continue as a going concern.

Our plans in this regard are to seek additional funding through future equity private placements or debt facilities.

There is a limited current public market for our Common Stock.

25

Although our Common Stock is listed on the Over-the-Counter Bulletin Board, there is a limited volume of sales, thus providing a limited liquidity into the market for our shares. As a result of the foregoing, stockholders may be unable to liquidate their shares for any reason.

The Company is currently seeking potential locations in Las Vegas where the Company can resume its plans to construct and operate the L.V. Voyager Project; however, we can offer no assurances that we will be successful in finding a suitable location or negotiating the lease or purchase of land on terms acceptable to the Company or favorable to its stockholders.

## Edgar Filing: VOYAGER ENTERTAINMENT INTERNATIONAL INC - Form 10QSB/A

The Company is currently obligated to repay two of its creditors at the time we receive adequate project funding. Pursuant to the Loan and Security Agreement, as amended, with Mr. Fugal, to whom the Company owes an aggregate of \$1,210,000, Mr. Fugal filed a UCC-1 against the assets and intellectual property of the company which would give Mr. Fugal the right to institute foreclosure proceedings against the Company. Mr. Fugal could institute foreclosure proceedings at any time if he believes that he will not be repaid. As of this the date of the Amended Quarterly Report on Form 10-QSBA, Mr. Fugal has not indicated any intentions to institute foreclosure proceedings. However, we can not guarantee that Mr. Fugal will not attempt to institute foreclosure proceedings against the Company in the future. If this occurs management may elect to seek protection under the federal bankruptcy laws.

We are uncertain about the possible demand for our Observation Wheels. There can be no assurances that if built there will be adequate demand for our Project in Las Vegas or other proposed sites in Shanghai, China or Dallas, Texas.

The Company is highly dependent upon management's ability to execute the Company's business plan. We believe our officers and directors have a great deal of experience in the construction industry but do not have experience in managing an attraction. We will be highly dependent upon securing the appropriate management personnel in order for the attraction to operate correctly. If adequate funding is not received or management elects to manage the attraction itself, there can be no assurance that the Company can effectively execute its business plan.

### ITEM 3. CONTROLS AND PROCEDURES

We maintain disclosure controls and procedures that are designed to ensure that information required to be disclosed in the Company's Exchange Act reports is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure. Management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives, and management necessarily was required to apply its judgment in evaluating the cost-benefit relationship of possible controls and procedures. We do realize that we are a small company and as a small company with only the officers and directors participating in the day to day management, with the ability to override controls, each officer and director has multiple positions and responsibilities that would normally be distributed among several employees in larger organizations with adequate segregation of duties to ensure the appropriate checks and balances.

### EVALUATION OF DISCLOSURE, CONTROLS AND PROCEDURES

-----

Based on their evaluation of the Company's disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934) as of the end of the period covered by this quarterly report on Form 10-QSBA the Company's chief executive officer has concluded that the Company's disclosure controls and procedures are designed to ensure that information required to be disclosed by the Company in the reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms and are operating in an effective manner.

## Edgar Filing: VOYAGER ENTERTAINMENT INTERNATIONAL INC - Form 10QSB/A

### ITEM 1. LEGAL PROCEEDINGS

None.

### ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

In February, 2005, the Company also issued 500,000 shares of restricted Common Stock, for consulting services performed during the first quarter of 2005. The Company believes that the issuance of the shares was exempt from the registration and prospectus delivery requirements of the Securities Act of 1933 by virtue of Section 4(2). The shares were issued directly by the Company and did not involve a public offering or general solicitation. The recipients of the shares had a preexisting relationship with our management, had performed services for the Company and had full and complete access to the Company and had the opportunity to speak with management with regards to their investment decision. These shares were valued at a fair market value of \$0.15 per share for total consideration of \$75,000.

In March 2005, the Company sold 500,000 shares of Common Stock for \$100,000. The Common Stock was offered in reliance upon the private offering exemptions contained in Sections 3(b) and 4(6) of the Securities Act of 1933, as amended, and Rule 506 of Regulation D promulgated thereunder. All purchasers were "accredited" investors within the meaning of Rule 501(a) of Regulation D. We received net proceeds in the offering of \$100,000. All purchasers represented that they were acquiring the Common shares for investment purposes only and not with a view to distribute. The purchasers further represented that they (a) have such knowledge and experience in financial and business matters and are capable of evaluating the merits and risks of the investment, (b) are able to bear the complete loss of the investment, (c) have had the opportunity to ask questions of, and receive answers from, the Company and its management concerning the terms and conditions of the offering and to obtain additional information, and (d) qualify as "accredited investors" as such term is defined in Rule 501(a) of Regulation D.

In March, 2005, the Company also issued 500,000 shares of restricted Common Stock, for consulting services performed during the first quarter of 2005. The Company believes that the issuance of the shares was exempt from the registration and prospectus delivery requirements of the Securities Act of 1933 by virtue of Section 4(2). The shares were issued directly by the Company and did not involve a public offering or general solicitation. The recipients of the shares had a preexisting relationship with our management, had performed services for the Company and had full and complete access to the Company and had the opportunity to speak with management with regards to their investment decision. These shares were valued at a fair market value of \$160,000.

In March 2005, the Company sold 375,000 shares of Common Stock for \$75,000. The Common Stock was offered in reliance upon the private offering exemptions contained in Sections 3(b) and 4(6) of the Securities Act of 1933, as amended, and Rule 506 of Regulation D promulgated thereunder. All purchasers were "accredited" investors within the meaning of Rule 501(a) of Regulation D. We received net proceeds in the offering of \$75,000. All purchasers represented that they were acquiring the Common shares for investment purposes only and not with a view to distribute. The purchasers further represented that they (a) have such knowledge and experience in financial and business matters and are capable of evaluating the merits and risks of the investment, (b) are able to bear the complete loss of the investment, (c) have had the opportunity to ask questions of, and receive answers from, the Company and its management concerning the terms and conditions of the offering and to obtain additional information, and (d) qualify as "accredited investors" as such term is defined in Rule 501(a) of Regulation D.

## ITEM 3. DEFAULTS UPON SENIOR SECURITIES

Loans payable had no stated interest rate, were due on demand and unsecured. Interest has been accrued at an estimated market interest rate of 8% and is included with the principal balance. The original balance was \$228,239 and the proceeds were received and used for operating capital during the year ended December 31, 2002. In March 2003, a claim of \$1,460,000 was asserted by the lender. Although management believed the claims were frivolous, due to the additional resources needed by management to defend against these claims and The likely distraction of management's efforts from moving forward with the business plan, a settlement agreement was executed with the lender in August 2003.

Pursuant to the Settlement Agreement, the Company has agreed to pay a settlement amount of an additional \$650,000, without claiming any fault or wrong doing. As of September 30, 2004, the total obligation including loans of \$228,239 in principal the settlement obligation of \$650,000, and accrued interest, of \$196,492 amounted to an aggregate of \$1,074,731. One half of this amount, or \$537,365.5, is due and payable at the closing of the first round of project funding and the remaining balance is due and payable at the closing of any subsequent project funding.

## ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

None.

## ITEM 5. OTHER INFORMATION

None.

## ITEM 6. EXHIBITS

Number -----	Description -----
2.1	Plan and Agreement of Merger of Voyager Entertainment International, Inc. (North Dakota) into Voyager Entertainment International, Inc. (Nevada) (incorporated by reference to Exhibit 3.3 to the Company's Quarterly Report on Form 10-QSB for the period ended September 30, 2003 filed on November 14, 2003).
2.2	Nevada Articles of Merger (incorporated by reference to Exhibit 3.4 to the Company's Quarterly Report on Form 10-QSB for the period ended September 30, 2003 filed on November 14, 2003).
2.3	North Dakota Certificate of Merger (incorporated by reference to Exhibit 3.5 to the Company's Quarterly Report on Form 10-QSB for the period ended September 30, 2003 filed on November 14, 2003).
3.1	Nevada Articles of Incorporation (incorporated by reference to Exhibit 3.1 to the Company's Quarterly Report on Form 10-QSB for the period ended September 30, 2003 filed on November 14, 2003).
3.2	Amended and Restated Bylaws (incorporated by reference to Exhibit 3.2

## Edgar Filing: VOYAGER ENTERTAINMENT INTERNATIONAL INC - Form 10QSB/A

to the Company's Quarterly Report on Form 10-QSB for the period ended September 30, 2003 filed on November 14, 2003).

- 4.1 Certificate of Designation of Series A Convertible Preferred Stock (incorporated by reference to Exhibit 4.1 to the Company's Quarterly Report on Form 10-QSB for the period ended September 30, 2003 filed on November 14, 2003).
- 4.2 Certificate of Designation of Series B Convertible Preferred Stock (incorporated by reference to Exhibit 10.3 to the Company's Quarterly Report on Form 10-QSB for the period ended September 30, 2003 filed on November 14, 2003)
- 4.3 2002 Stock Plan for Voyager Entertainment International, Inc. (incorporated by reference to Exhibit 99 to the Company's Current Report on Form 8-K filed on April 15, 2002.
- 10.1 Loan and Security Agreement [by and between the Company and Dan Fugal, dated November 15, 2002] (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on November 22, 2002).
- 10.2 Amendment No. 1 to Loan and Security Agreement [by and between the Company and Dan Fugal, dated February 15, 2003] (incorporated by reference to Exhibit 10(k) to the Company's Form 10-KSB filed on April 16, 2003).
- 10.3 Amendment No. 2 to Loan and Security Agreement [by and between the Company and Dan Fugal, dated April 23, 2003 (incorporated by reference to Exhibit 10.3 to the Company's Quarterly Report on Form 10-QSB for the period ended March 31, 2003 filed on May 20, 2003).
- 10.4 Contractor Agreement by and between the Company and Western Architectural Services, LLC, dated may 30, 2002 (incorporated by reference as exhibit 10.1 to for the Quarter ending September 30, 2004 and filed with the 10QSB on November 23, 2004).
- 10.5 Definitive Joint Venture Agreement between Allied Investment House, Inc. and Voyager to build a Voyager Project in the United Arab Emirates dated March 15, 2005 (incorporated by reference as filed and attached as exhibit 99.1 to the 8- K filed on March 17, 2005.
- 10.6 Settlement and General Release Agreement ( incorporated by reference as exhibit 10.6 as filed with the 10QSB for the Quarter Ending September 30, 2004 and filed on November 23, 2004.
- 31.1 Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002, filed herein.
- 31.2 Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002, filed herein.
- 32.1 Section 1350 Certification of Chief Executive Officer, filed herein.
- 32.2 Section 1350 Certification of Chief Financial Officer, filed herein.
- (b) Reports on Form 8-K
  - \* On January 18, 2005 the Company filed with the SEC a Current Report pursuant to Item 5 of Form 8-K, "Other Events and Reported FD Disclosure
  - \* On March 17, 2005 the Company filed with the SEC a Current

Edgar Filing: VOYAGER ENTERTAINMENT INTERNATIONAL INC - Form 10QSB/A

Report pursuant to Item 5 of Form 8-K, "Other Events and  
Reported FD Disclosure

29

SIGNATURES

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

VOYAGER ENTERTAINMENT INTERNATIONAL, INC.

-----  
(Registrant)

Dated May 23, 2005

By: /s/ Richard Hannigan

-----  
Richard Hannigan,  
President/Director

In accordance with the Exchange Act, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated

By: /s/ Richard Hannigan, Sr.

-----  
Richard Hannigan, Sr.  
President/CEO/Director  
May 23, 2005

By: /s/ Myong Hannigan

-----  
Myong Hannigan  
Secretary/Treasurer/Director  
May 23, 2005

By: /s/ Tracy Jones

-----  
Tracy Jones  
COO/Director  
May 23, 2005

30