

VOYAGER ENTERTAINMENT INTERNATIONAL INC
Form 10QSB
November 14, 2003

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington D.C. 20549

FORM 10-QSB

QUARTERLY REPORT UNDER SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934

For Quarterly Period Ended: September 30, 2003

Commission File Number: 000-33151

VOYAGER ENTERTAINMENT INTERNATIONAL, INC.

(Exact name of registrant 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
(Registrant's telephone number, including area code)

(Former 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 [X] No []

There are 42,641,722 shares of common stock issued and outstanding and 1,500,000 shares of Series B preferred shares issued and outstanding as of November 14, 2003.

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

Edgar Filing: VOYAGER ENTERTAINMENT INTERNATIONAL INC - Form 10QSB

Consolidated Statements of Cash Flows (Unaudited).....	6
Notes to Consolidated Financial Statements.....	7-11
Item 2. Management's Discussion and Plan of Operation.....	12
Item 3. Controls and Procedures.....	15
 PART II - OTHER INFORMATION	
Item 1. Legal Proceedings.....	16
Item 2. Changes in Securities.....	16
Item 3. Defaults Upon Senior Securities.....	17
Item 4. Submission of Matters to a Vote of Security Holders.....	17
Item 5. Other Information.....	18
Item 6. Exhibits and Reports on Form 8-K.....	18
Signatures.....	19
Certifications.....	20

ITEM 1. FINANCIAL STATEMENTS

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

CONSOLIDATED BALANCE SHEET - SEPTEMBER 30, 2003 (UNAUDITED)

ASSETS

Current assets:

Cash	\$	48,507	
Other current assets		4,268	

Total current assets		\$	52,
----------------------	--	----	-----

Property and equipment, net of accumulated depreciation			10,
---	--	--	-----

Deferred financing cost			35,

Total assets		\$	98,
			=====

LIABILITIES AND STOCKHOLDERS' DEFICIT

Current liabilities:

Edgar Filing: VOYAGER ENTERTAINMENT INTERNATIONAL INC - Form 10QSB

Accounts payable and accrued expenses	\$	224,459
Loans payable, including settlement fee		940,093
Notes payable		605,000

Total current liabilities \$ 1,769,

Stockholders' deficit:

Preferred stock - Series A; \$.001 par value; 1,500,000 shares authorized, 1,500,000 shares outstanding		1,500
Preferred stock - Series B; \$.001 par value; 10,000,000 shares authorized, 1,500,000 shares outstanding		1,500
Common stock; \$.001 par value; 200,000,000 shares authorized, 42,646,722 shares issued and outstanding		--
issued and outstanding		42,647
Additional paid-in capital		(20,271,713)
Deferred construction cost		(18,304,135)
Deficit accumulated during development stage		(3,684,333)

Total stockholders' deficit (1,671,

Total liabilities and stockholders' deficit \$ 98,

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

3

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

CONSOLIDATED STATEMENTS OF OPERATIONS (UNAUDITED)

	Three Months Ended		Nine Months
	September 30, 2003	September 30, 2002	September 30, 2003
	-----	-----	-----
Net revenue	\$ --	\$ --	\$ --
	-----	-----	-----
Operating expenses:			
Professional and consulting fees	156,059	269,752	242,967
Stock discount expense	--	--	--
Interest	46,996	--	514,312
Project costs	7,822	11,304	10,282
Rent expense	7,083	--	21,033
Settlement expense	--	--	711,854
Other operating expenses	70,457	16,521	140,933
	-----	-----	-----
	288,417	297,577	1,641,381
	-----	-----	-----
Loss from operations	(288,417)	(297,577)	(1,641,381)
	-----	-----	-----

Edgar Filing: VOYAGER ENTERTAINMENT INTERNATIONAL INC - Form 10QSB

Income taxes	--	--	--
	-----	-----	-----
Net loss	\$ (288,417)	\$ (297,577)	\$ (1,641,381)
	=====	=====	=====
Preferred stock dividends	100,000	--	(100,000)
	-----	-----	-----
Net loss attributed to common stockholders	\$ (388,417)	\$ (297,577)	\$ (1,741,381)
	=====	=====	=====
Net loss per share - basic and diluted	\$ (0.01)	\$ (0.01)	\$ (0.04)
	=====	=====	=====
Weighted average common stock shares outstanding - basic and diluted	41,587,000	37,078,000	39,641,000
	=====	=====	=====

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

4

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

CONSOLIDATED STATEMENT OF STOCKHOLDERS' DEFICIT

FOR THE PERIOD SINCE INCEPTION ON MARCH 1, 1997 TO SEPTEMBER 30, 2003

	Preferred Stock Series A		Preferred Stock Series B		S
	Shares	Amount	Shares	Amount	
	-----	-----	-----	-----	-----
For the period since inception on March 1, 1997 to December 31, 2000 (as restated for reorganization)	--	\$ --	--	\$ --	15,
Net loss for the year ended December 31, 2001	--	--	--	--	---
	-----	-----	-----	-----	-----
Balance at December 31, 2001	--	--	--	--	15,
Issuance of stock for cash and services (pre-merger)	2,160,000	2,160	--	--	
Conversion of preferred stock to common stock	(660,000)	(660)	--	--	6,
Acquisition of net assets of Dakota	--	--	--	--	11,
Issuance of common stock for cash -					

Edgar Filing: VOYAGER ENTERTAINMENT INTERNATIONAL INC - Form 10QSB

February 15, 2002	--	--	--	--	--
Issuance of common stock for services - April 2002	--	--	--	--	--
Issuance of common stock for Architectural agreement - May 2002	--	--	--	--	2,
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	--	--	38,
Issuance of common stock for financing costs - June 2003 (unaudited)	--	--	--	--	2,
Issuance of preferred stock for cash - June 2003 (unaudited)	--	--	1,000,000	1,000	
Issuance of preferred stock for cash - August 2003 (unaudited)	--	--	500,000	500	
Issuance of common stock for cash - September 2003 (unaudited)	--	--	--	--	
Issuance of common stock for services - September 2003 (unaudited)	--	--	--	--	
Beneficial conversion feature associated with series B preferred stock (unaudited)	--	--	--	--	
Net loss for the nine months ended September 30, 2003 (unaudited)	-----	-----	-----	-----	-----
Balance at September 30, 2003 (unaudited)	<u>1,500,000</u>	<u>\$1,500</u>	<u>1,500,000</u>	<u>\$1,500</u>	<u>42,</u>

	Deferred construction costs	Deficit accumulated during the development stage	Total stockholders' deficit
	-----	-----	-----
For the period since inception on March 1, 1997 to December 31, 2000 (as restated for reorganization)	\$ --	\$ (87,193)	\$ (52,193)
Net loss for the year ended December 31, 2001	--	(101,432)	(101,432)

Edgar Filing: VOYAGER ENTERTAINMENT INTERNATIONAL INC - Form 10QSB

Balance at December 31, 2001	---	(188,625)	(153,625)
Issuance of stock for cash and services (pre-merger)	--	--	28,000
Conversion of preferred stock to common stock	--	--	--
Acquisition of net assets of Dakota	--	--	--
Issuance of common stock for cash - February 15, 2002	--	--	400,000
Issuance of common stock for services - April 2002	--	--	400,000
Issuance of common stock for Architectural agreement - May 2002	(18,141,535)	--	--
Issuance of common stock for cash - June 2002	--	--	150,000
Issuance of common stock for Architectural agreement - October 2002	(162,600)	--	--
Issuance of common stock for financing costs - November 2002	--	--	163,150
Issuance of stock for services - October 2002	--	--	75,075
Net loss for the year ended December 31, 2002	--	(1,754,327)	(1,754,327)
Balance at December 31, 2002	(18,304,135)	(1,942,952)	(691,727)
Issuance of common stock for financing costs - June 2003 (unaudited)	--	--	312,000
Issuance of preferred stock for cash - June 2003 (unaudited)	--	--	100,000
Issuance of preferred stock for cash - August 2003 (unaudited)	--	--	50,000
Issuance of common stock for cash - September 2003 (unaudited)	--	--	100,000
Issuance of common stock for services - September 2003 (unaudited)	--	--	100,000
Beneficial conversion feature associated with series B preferred stock (unaudited)	--	(100,000)	--
Net loss for the nine months ended September 30, 2003 (unaudited)	--	(1,641,381)	(1,641,381)
Balance at September 30, 2003 (unaudited)	\$ (18,304,135)	\$ (3,584,333)	\$ (1,671,108)

Edgar Filing: VOYAGER ENTERTAINMENT INTERNATIONAL INC - Form 10QSB

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

5

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

CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)

	Nine Months Ended September 30, 2003	Nine Months Ended September 30, 2002
	-----	-----
Cash flows provided by (used for) operating activities:		
Net loss	\$ (1,641,381)	\$ (1,111,711)
	-----	-----
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation	1,556	39
Issuance of common stock for services	100,000	218,000
Stock discount expense	--	200,000
Interest expense from the issuance of common stock	425,150	-
Changes in assets and liabilities:		
(Increase) decrease in assets:		
Prepaid expenses	(35,000)	26,000
Other current assets	--	-
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	26,328	294,690
Accrued settlement obligation	711,854	-
	-----	-----
Net cash used for operating activities	(411,493)	(398,361)
	-----	-----
Cash flows used for investing activities - payments to acquire property and equipment	(7,186)	(5,711)
	-----	-----
Cash flows provided by (used for) financing activities:		
Due to related party	--	(44,140)
Due from related party	--	(4,160)
Proceeds from notes payable	105,000	-
Deferred offering cost	--	(100,000)
Proceeds from sale of preferred stock	250,000	-
Proceeds from issuance of common stock	--	560,000
	-----	-----
Net cash provided by financing activities	355,000	411,690
	-----	-----
Net increase in cash	(63,679)	7,619
Cash, beginning of period	112,186	25,000
	-----	-----
Cash, end of period	\$ 48,507	\$ 7,869

Edgar Filing: VOYAGER ENTERTAINMENT INTERNATIONAL INC - Form 10QSB

	=====	=====
Cash paid during the period for:		
Interest expense	\$ --	\$ --
	=====	=====
Income taxes	\$ --	\$ --
	=====	=====
Non cash financing activity:		
Common stock issued for services	\$ 100,000	\$ 418,000
	=====	=====
Common stock issued for financing costs (interest expense)	\$ 312,000	\$ --
	=====	=====
Common stock issued for Architectural Agreement	\$ --	\$ --
	=====	=====
Conversion of preferred stock to common stock	\$ --	\$ --
	=====	=====

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

6

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

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

NINE MONTHS ENDED SEPTEMBER 30, 2003 AND 2002

(1) Summary of Significant Accounting Policies:

Business Activity:

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.

Plan of Reorganization and 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.

Ventures entered into an agreement and Plan of Reorganization (the "Reorganization"), dated as of January 30, 2002 with Outland, whereby Ventures issued 15,000,000 shares of its common stock in exchange for 100% of Outland's

Edgar Filing: VOYAGER ENTERTAINMENT INTERNATIONAL INC - Form 10QSB

membership interest.

This transaction has been accounted for in the consolidated financial statements as a reverse acquisition. As a result of this transaction, the former members of Outland acquired or exercised control over a majority of the shares of the Company before and after the reorganization. Accordingly, the transaction has been treated for accounting purposes as a recapitalization of Outland. Therefore, these consolidated financial statements represent a continuation of Outland and not of Ventures.

The consolidated financial statements presented include the accounts of Outland from its inception (March 1, 1997) through the reorganization.

Dakota entered into an agreement and Plan of Merger (the "Agreement"), dated as of February 1, 2002, with Ventures and Dakota Subsidiary Corp. ("DSC"), an inactive Nevada corporation. The agreement became effective February 8, 2002, when Ventures (the accounting acquirer) completed a reverse triangular merger (the "Merger") between DSC and Dakota (the legal acquirer), whereby Dakota issued 3,660,000 shares of its Series A convertible preferred stock in exchange for 100% of Venture's outstanding common stock, of which, 1,500,000 Series A preferred shares (converted to 15,000,000 common shares) have been presented as issued since inception. Pursuant to the terms of the merger, Ventures merged with DSC wherein DSC ceased to exist and Ventures became a wholly owned subsidiary of Dakota.

Concurrent with the closing of the Merger:

- a) Dakota cancelled 47,000,000 shares (9,400,000 shares prior to 5 for 1 forward split) held by certain shareholders of Dakota in exchange for certain assets and liabilities of Dakota; and

7

- b) The Company issued 21,600,000 shares of its common stock for the conversion of 2,160,000 shares of the Series A convertible preferred stock issued (1,500,000 preferred shares converted into 15,000,000 common shares were presented as issued since inception and the remaining 660,000 preferred shares were issued for stock and services which converted into 6,600,000 shares of common stock).

As a result of the Merger, Venture's former shareholders obtained control of Dakota through their ownership interest in the Series A preferred stock held and converted.

In accounting for this transaction:

- i) Ventures are deemed to be the purchaser and surviving company for accounting purposes and the transaction was treated as a recapitalization. Accordingly, its net assets are included in the balance sheet at their historical book values; its financial position and results of operations have been presented for the periods preceding the Merger.

- ii) Control of the net assets and business of Dakota was acquired effective February 8, 2002, the effective date. This transaction has been accounted for as a purchase of the assets and liabilities of Dakota by Ventures at its net book value of \$0.

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. On June 11, 2003, the Company re-incorporated in the state of Nevada.

Edgar Filing: VOYAGER ENTERTAINMENT INTERNATIONAL INC - Form 10QSB

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, 2003. The financial statements should be read in conjunction with the audited financial statements included in the annual report of Voyager Entertainment International, Inc. on Form 10-KSB for the year ended December 31, 2002.

Going Concern

The Company's financial statements have been presented on the basis that the Company will continue as a going concern, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business. The Company has no established source of revenue, has a working capital deficit of \$1,716,777, and has an accumulated deficit of \$3,684,333 as of September 30, 2003. The Company has also incurred a net loss of \$1,641,381 and used cash for operating activities of \$411,493 for the nine months ended September 30, 2003, all of which raise substantial doubt about its ability to continue as a going concern.

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 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 is currently initiating their business plan and in the process raising additional capital.

Other Comprehensive Loss:

Other comprehensive loss consisted of net loss only and, accordingly, a Statement of Comprehensive Loss has not been presented.

Net Loss Per Share:

Net loss per share has been computed using the weighted average number of common shares outstanding during the nine months ended September 30, 2003 and 2002. Basic and diluted loss per share is the same as there are no common stock equivalent shares outstanding.

Recent Accounting Pronouncements:

During April 2003, the FASB issued SFAS 149 - "Amendment of Statement 133 on Derivative Instruments and Hedging

Activities", effective for contracts entered into or modified after June 30, 2003, except as stated below and for hedging relationships designated after June 30, 2003. In addition, except as stated below, all provisions of this Statement should be applied prospectively. The provisions of this Statement that relate to Statement 133 Implementation Issues that have been effective for fiscal quarters that began prior to June 15, 2003, should continue to be applied in accordance with their respective effective dates. In addition, paragraphs 7(a) and 23(a), which relate to forward purchases or sales of when-issued securities or other securities that do not yet exist, should be applied to both existing contracts

Edgar Filing: VOYAGER ENTERTAINMENT INTERNATIONAL INC - Form 10QSB

and new contracts entered into after June 30, 2003. The Company does not participate in such transactions, however, is evaluating the effect of this new pronouncement, if any, and will adopt FASB 149 within the prescribed time.

In May 2003, the FASB issued SFAS No. 150, "Accounting for Certain Financial Instruments with Characteristics of both Liabilities and Equity". This Statement establishes standards for how an issuer classifies and measures certain financial instruments with characteristics of both liabilities and equity. It requires that an issuer classify a financial instrument that is within its scope as a liability (or an asset in some circumstances). Many of those instruments were previously classified as equity. Some of the provisions of this Statement are consistent with the current definition of liabilities in FASB Concepts Statement No. 6, Elements of Financial Statements. The remaining provisions of this Statement are consistent with the Board's proposal to revise that definition to encompass certain obligations that a reporting entity can or must settle by issuing its own equity shares, depending on the nature of the relationship established between the holder and the issuer. While the Board still plans to revise that definition through an amendment to Concepts Statement 6, the Board decided to defer issuing that amendment until it has concluded its deliberations on the next phase of this project. That next phase will deal with certain compound financial instruments including puttable shares, convertible bonds, and dual-indexed financial instruments.

In November 2002, the Financial Accounting Standards Board ("FASB") issued Interpretation No. (FIN) 45, "Guarantor's Accounting and Disclosure requirements for Guarantees, Including Indirect Guarantees of Indebtedness of Others." Among other things, the Interpretation requires guarantors to recognize, at fair value, their obligations to stand ready to perform under certain guarantees. FIN 45 is effective for guarantees issued or modified on or after January 1, 2003. The adoption of this statement did not have a material impact to the Company's financial position or results of operations.

In January 2003, the FASB issued FIN 46, "Consolidation of Variable Interest Entities." FIN 46's consolidation criteria are based on analysis of risks and rewards, not control, and represent a significant and complex modification of previous accounting principles. FIN 46 represents an accounting change, not a change in the underlying economics of asset sales. The Company does not expect the adoption of this pronouncement to have a material impact to the Company's financial position or results of operations.

(2) Loans Payable:

Loans payable had no stated interest rate, were due on demand and unsecured. Interest of \$45,000 has been accrued at an estimated market interest rate of 8% and is included in accounts payable and accrued expenses. 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 \$1.46 million was asserted by the lender. During the three months ended March 31, 2003, the Company did not accrue any claimed amounts in excess of \$228,239 since management believed the claims were frivolous and they planned to vigorously defend. Due to additional resources needed by management to defend these claims and how it would distract management's efforts from moving forward with the business plan, a settlement agreement was consummated with the lender in August 2003 and accrued for at June 30, 2003. The Company has agreed to pay a settlement amount of \$711,854, including imputed interests without claiming any fault or wrong doing. The total obligation including this settlement as of September 30, 2003 is \$985,563. These amounts are payable only from proceeds of any project funding. The first half of this balance is payable at the closing of the first round of project funding and the remaining balance is due at the closing of any subsequent project funding.

(3) Note Payable:

Edgar Filing: VOYAGER ENTERTAINMENT INTERNATIONAL INC - Form 10QSB

On November 19, 2002, the Company entered into a line of credit financing agreement in the amount 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 (300,000 shares were issued and accounted for in 2002 and 1,200,000 common shares were issued and accounted for in June 2003) of its common shares as of June 30, 2003. The notes payable under this line of credit was due on April 15, 2003, secured by all assets and bears interest at 12% per annum (effective rate of 90%). This line of credit has expired. Interest of approximately

9

\$51,000 has been accrued and is included in accounts payable and accrued expenses in the accompanying financial statements. In addition, the Company also issued 350,000 shares of common shares as finder's fees in 2002. Upon the receipt of additional funds, the Company was required to issue up to 1,400,000 shares of its common stock. During the quarter ended June 30, 2003, the Company issued 1,400,000 shares of common stock under this agreement. The fair market value of the common stock shares issued in the quarter ended June 30, 2003 totaled \$312,000 all of which has been accounted for as interest expense. For consideration given in 2002 valued at \$163,150, \$50,000 was expensed as interest expense and the unamortized balance of \$113,150 was netted against the face amount of the debt as of December 31, 2002. During the nine months ended September 30, 2003, \$113,150 was expensed as interest expense.

(4) Stockholders' Deficit:

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. Series B has a par value of \$0.001, each share of Series B preferred share maybe converted at the request of the holder into 2 shares of common stock, has preferential liquidation privileges above Series A and common stock holders and has an anti-dilution clause in the event of a reverse split. Each Series B preferred share has 2 votes per share. The Company recognized a beneficial conversion feature of \$45,000 accounted for as a preferred stock dividend during the quarter.

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. Series B has a par value of \$0.001, each share of Series B preferred share maybe converted at the request of the holder into 2 shares of common stock, has preferential liquidation privileges above Series A and common stock holders and has an anti-dilution clause in the event of a reverse split. Each Series B preferred share has 2 votes per share. The Company recognized a beneficial conversion feature of \$55,000 accounted for as a preferred stock dividend during the quarter.

In September 2003, the Company also issued 625,000 shares of restricted common stock to two individuals for consulting services rendered. These shares were valued at the fair market value of \$0.16 per share or total consideration of \$100,000 and was recognized during the three months ended September 30, 2003.

In September 2003, the Company sold 769,222 shares of par value \$.001 common stock for total cash consideration of \$100,000 to one investor. The common 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.

Edgar Filing: VOYAGER ENTERTAINMENT INTERNATIONAL INC - Form 10QSB

(6) Stock Option Plan:

The Company's shareholders approved the 2002 Stock Option Plan on April 2, 2002 at the Company's annual meeting. The plan authorizes the Company to issue 5,000,000 shares of common stock for issuance upon exercise of options.

The plan is intended to encourage directors, officers, employees and consultants of the Company to acquire ownership of Common Stock. Officers (including officers who are members of the Board of Directors), directors (other than members of the Stock Option Committee (the "Committee") to be established to administer the Stock Option Plan) and other employees and consultants of the Company and its subsidiaries (if established) will be eligible to receive options under the planned Stock Option Plan. The Committee will administer the Stock Option Plan and will determine those persons to whom options will be granted, the number of options to be granted, the provisions applicable to each grant and the time periods during which the options may be exercised. No options may be granted more than ten years after the date of the adoption of the Stock Option Plan.

Unless the Committee, in its discretion, determines otherwise, non-qualified stock options will be granted with an option price equal to the fair market value of the shares of Common Stock to which the non-qualified stock option relates on the date of grant. In no event may the option price with respect to an incentive stock option granted under the Stock Option Plan be less than the fair market value of such Common Stock to which the incentive stock option relates on the date the incentive stock option is granted.

Each option granted under the Stock Option Plan will be exercisable for a term of not more than ten years after the date of grant. Certain other restrictions will apply in connection with this Plan when some awards may be exercised. In the event of a change of control (as defined in the Stock Option Plan), the date on which all options outstanding under the Stock Option Plan may first be exercised will be accelerated. Generally, all options terminate 90 days after a change of control. As of September 30, 2003, no options have been issued under this plan.

(7) Commitments and Contingencies:

10

During January 2002, the Company entered into a month-to-month office lease totaling \$2,500 per month.

On August 16, 2002, the Company entered into an agreement with Residential Resources, Inc. ("RRI") via MCI acting as an agent, whereby RRI will sell/hypothecate the assets of Voyager to act as collateral for a bond issuance, which will raise up to \$100 million. Voyager paid an initial due diligence fee of \$30,000 (paid to RRI) and upon completion of the due diligence, RRI issued a securitization commitment on September 10, 2002. Pursuant to the agreement, Voyager paid an additional fee of \$70,000 to RRI upon receipt of the securitization commitment. Total fees incurred for this transaction amounted to \$424,000, of which, \$10,000 remains unpaid and is included in accounts payable and accrued expenses as of September 30, 2003. All amounts incurred in relation to RRI have been expensed in accompanying statement of operations.

On June 18, 2003, the Company signed a joint venture Memorandum of Understanding with Bennett Realty Group where Bennett Realty will supply up to 15 acres of land located in Euless, Texas, also known as the Dallas Fort Worth Metroplex. The land is located adjacent to the Dallas Fort Worth Airport. A Voyager Wheel will be part of a 200 acre master planned community that will feature a lake, housing and retail. Voyager Dallas will be the featured attraction geared to

draw guests to the community.

Contingent Liability

During the year ended December 31, 2002, an officer of the Company who lacked appropriate authority offered approximately 16.4 million options to investors at an exercise price of \$0.001. There were no written agreements and Board approval was required for such transactions, and hence, the officer did not have the authority to grant the options. These options were contingently issuable upon the successful completion of debt financing of amounts ranging from \$100 million to \$300 million, unrelated to the above. The Company and its Board of Directors have denied any liability for the issuance of these options, plans to vigorously defend its position and accordingly, no amount has been accrued for this contingency in the accompanying consolidated financial statements. These disputed options expired in August 2003.

11

ITEM 2. MANAGEMENT'S DISCUSSION AND PLAN OF OPERATIONS

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

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

With the exception of historical matters, the matters discussed herein are forward-looking statements that involve risks and uncertainties. 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.

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.

Overview

Edgar Filing: VOYAGER ENTERTAINMENT INTERNATIONAL INC - Form 10QSB

Voyager Entertainment International, Inc., formerly named Dakota Imaging, Inc., was incorporated in North Dakota on January 31, 1991. Effective February 8, 2002, the Company completed a reverse triangular merger between Dakota Subsidiary Corp. ("DSC"), a wholly owned subsidiary of the Company, and Voyager Ventures, Inc., a Nevada corporation ("Ventures"), whereby, the Company issued 3,660,000 shares of its Series A preferred stock in exchange for 100% of Ventures outstanding common stock. Pursuant to the terms of the merger, Ventures merged with DSC, wherein DSC ceased to exist and Ventures became a wholly owned subsidiary of the Company.

On April 2, 2002, the Company held its annual stockholders meeting and the stockholders voted on and approved changing the Company's name from Dakota Imaging, Inc. to Voyager Entertainment International, Inc. On June 11, 2003, Voyager Entertainment International, Inc. re-incorporated in the state of Nevada.

Voyager has yet to generate revenues from any source and there is a substantial going concern issue as to whether Voyager will ever be able to commercialize its technology and generate sufficient, if any, revenues to satisfy its working capital requirements. Since inception, Voyager has been dependent on the sale of its equity securities and loans from affiliates to satisfy its working capital requirements. Voyager continues to have a working capital deficiency that raises substantial concern regarding its ability to continue as a going concern.

Business of the Company

The Company's current business plan is to build three of the world's largest observation wheels, one in Las Vegas, Nevada, one in Dallas, Texas and the other in Shanghai, China.

Las Vegas "Voyager" Wheel

Outland Development, a wholly-owned subsidiary of the Company, for the past 5 years has extensively planned and/or evaluated the available locations at both the North and South ends of the Las Vegas Strip. The location both from the physical connection to be developed and future development properties on the north end of the strip.

"VOYAGER" is intended to be designed as a visual ICON and experience overlooking the "Las Vegas Strip". With 30

12

vehicles called Sky Cruiser's, the vertical revolving vehicle will overlook the Las Vegas Strip as it revolves higher than a 60- story building at 600 (+/-) feet. One slow rotation in a vehicle will last 27 minutes and each vehicle will travel at 0.652 MPH or .9567 feet per second. The vehicle will be controlled and enhanced by the on-board SS Navigator part entertainer, and part steward, an individual also skilled in life-safety and security.

Site Location

The Company is currently in the process of negotiating a long- term lease for a site located in Las Vegas, Nevada. The design of Voyager will be integrated within the proposed site. The site plan will detail Voyager's plans for the Wheel, including multiple restaurants and retail. As of September 30, 2003, no definitive agreement has been consummated.

Edgar Filing: VOYAGER ENTERTAINMENT INTERNATIONAL INC - Form 10QSB

On August 16, 2002, the Company entered into an agreement with Residential Resources, Inc. ("RRI"), whereby RRI will sell/hypothecate the assets of Voyager to act as collateral for a bond issuance, which will raise up to \$100 million. Voyager paid an initial due diligence fee of \$30,000 and upon completion of the due diligence, RRI issued a securitization commitment on September 10, 2002. Pursuant to the agreement, Voyager paid an additional fee of \$70,000 upon receipt of the securitization commitment. As of this date Residential resources has not provided any funding.

Organization

The project will be owned by the parent company, however, will be designed, developed, built and operated by Voyager Entertainment Holdings, Inc. ("VEHI"), a wholly owned subsidiary of the Company. VEHI will manage the project. All covenants, restrictions and protocol will be detailed in its operating agreement.

As the management company, VEHI will be responsible for the design, development, construction, and operation of VOYAGER, and 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 VOYAGER.

VOYAGER is fundamentally an amusement ride attraction, and its operational and maintenance requirements are very similar to those found in the theme park industry. In addition, Las Vegas is a unique marketplace, and the visitor when placed in the environment is also unique. The ability to understand the visitor, and successfully attract customers to VOYAGER will come as a result of clearly understanding the marketing strategies of the gaming industry. Outland Management intends to employ highly skilled individuals from the theme park industry and combine their specialized skills with those from the gaming industry.

The initial management team at VEHI is anticipated to consist of: Richard Hannigan, as President/CEO; Tracy Jones, as COO; Mimi Hannigan, as Secretary/Treasurer; Michael Shaunessy, as CFO; and Sig Rogich, as Director of Public Relations & Communications.

Voyager Dallas

Voyager signed a Memorandum of Understanding with Bennett Realty Group where Bennett Realty will supply up to 15 acres of land located in Euless, Texas also known as the Dallas Fort Worth Metroplex. The land is located adjacent to the DFW Airport. Voyager will be part of 200 acre master planned community that will feature a lake, housing and retail. Voyager Dallas will be the featured attraction geared to draw guest to the community. As of the date of this report, no formal agreement has been consummated.

Shanghai, China "Star of Shanghai"

Anticipated to be located on the western bank (Puxi) of the Huangpu River, the Bund, is the chosen location for a master planned development with the Star of Shanghai as the dominant feature. Star of Shanghai is to be designed 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.

Edgar Filing: VOYAGER ENTERTAINMENT INTERNATIONAL INC - Form 10QSB

Voyager will require substantial additional funds to fulfill its business plan and successfully develop its two projects. Voyager 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.

13

Currently, the Company is primarily focusing on the projects in Las Vegas, Nevada and Dallas, Texas. The Company continues to receive and evaluate opportunities throughout Asia as well as Shanghai, China.

Plan of Operations

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.

As of September 30, 2003, the Company had only Officers and Directors. 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.

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.

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.

We anticipate incurring operating losses over the next twelve months. Our lack

Edgar Filing: VOYAGER ENTERTAINMENT INTERNATIONAL INC - Form 10QSB

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 September 30, 2003, the Company had current assets of \$52,775 and current liabilities of \$1,769,552, resulting in working capital deficit of \$1,716,777.

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, 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

14

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.

These accounting policies are described at relevant sections in this discussion and in the notes to the consolidated financial statements included in our Form 10-K report filed in April 2003.

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 project, the

Edgar Filing: VOYAGER ENTERTAINMENT INTERNATIONAL INC - Form 10QSB

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 auditors' report filed with our Annual Report on Form 10-KSB for the year ended December 31, 2002 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 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.

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.

ITEM 3. CONTROLS AND PROCEDURES

As of September 30, 2003, an evaluation was performed under the supervision and with the participation of the Company's management, including the Chief Executive Officer and the Chief Accounting Officer, of the effectiveness of the design and operation of the Company's disclosure controls and procedures. Based on that evaluation, the Company's management, including the Chief Executive Officer and the Chief Accounting Officer, concluded that the Company's disclosure controls and procedures were effective as of September 30, 2003. There have been no significant changes in the Company's internal controls or in other factors that could significantly affect internal controls at September 30, 2003.

15

PART II - OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

As of the period ending June 30, 2003 the Company had been in dispute with a creditor concerning the amount owed to the creditor. The Company is pleased to announce that as of the period ending September 30, 2003, the amount of the dispute of \$1,464,826 was settled for an additional \$711,854 between the creditor and the Company to the satisfaction of both parties.

The Company is unaware of any other legal proceedings.

ITEM 2. CHANGES IN SECURITIES

In July 2003, in connection with the Reincorporation of the Company into the State of Nevada, the Company filed a Certificate of Designation of its Series A Convertible Preferred Stock with the Nevada Secretary of State. Under Section 78.195 of the Nevada Revised Statutes, a certificate of designation signed and filed pursuant to this section must become effective before the issuance of any shares of the class or series. In order to complete the Reincorporation by exchanging the outstanding North Dakota Series A Convertible Preferred Stock

Edgar Filing: VOYAGER ENTERTAINMENT INTERNATIONAL INC - Form 10QSB

with Nevada Series A Convertible Preferred Stock pursuant to terms of the Plan of Merger, the Company filed its Designation in the State of Nevada containing identical terms as designated in North Dakota.

In July 2003, the Company created a new series of preferred stock designated as Series B Convertible Preferred stock. Of the 50,000,000 shares of preferred stock authorized to be issued by the Company, 1,500,000 are designated Series A Convertible Preferred Stock and 10,000,000 are designated Series B Convertible Preferred Stock. The face value of the Series B Convertible Preferred Stock is \$0.10. Each one share of Series B Convertible Preferred is convertible at any time into two (2) shares of common stock. Each share of Series B Preferred Stock is entitled to two (2) votes per share on matters properly brought before the common stockholders of the Company.

In July, 2003, the Company commenced its offering of up to 10,000,000 Shares of Series B Convertible Preferred Stock at the purchase price of \$0.10 per share. The Series B Preferred Shares are being 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. Investment in the Series B Preferred Shares is limited to "accredited" investors within the meaning of Rule 501(a) of Regulation D. In June 2003, the Company sold 1,000,000 of the Series B Preferred Shares for the purchase price of \$100,000 to one investor who represented that he was acquiring the Series B Preferred Shares and the common shares issuable upon conversion for investment purposes only and not with a view to distribute. He further represented that he (a) has such knowledge and experience in financial and business matters and is capable of evaluating the merits and risks of the investment, (b) is able to bear the complete loss of the investment, (c) has 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) is an "accredited investor" as such term is defined in Rule 501(a) of Regulation D.

On August 12, 2003, the Company sold 500,000 of the Series B Preferred Shares for the purchase price of \$50,000 to one investor who represented that he was acquiring the Series B Preferred Shares and the common shares issuable upon conversion for investment purposes only and not with a view to distribute. He further represented that he (a) has such knowledge and experience in financial and business matters and is capable of evaluating the merits and risks of the investment, (b) is able to bear the complete loss of the investment, (c) has 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) is an "accredited investor" as such term is defined in Rule 501(a) of Regulation D.

In October 2003, the Company also issued 625,000 shares of restricted common stock to two individuals for consulting services. 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 recipient 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.

In September, 2003, the Company sold 769,222 shares of par value \$.001 common stock to an individual. The common 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. Investment in the common stock is

Edgar Filing: VOYAGER ENTERTAINMENT INTERNATIONAL INC - Form 10QSB

limited to "accredited" investors within the meaning of Rule 501(a) of Regulation D. On September 5, 2003, the Company sold 769,222 shares of common for the purchase price of \$100,000 to one investor who represented that he was acquiring the common shares for investment purposes only and not with a view to distribute. He further represented that he (a) has such knowledge and experience in financial and business matters and is capable of evaluating the merits and risks of the investment, (b) is able to bear the complete loss of the investment, (c) has 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) is an "accredited investor" as such term is defined in Rule 501(a) of Regulation D.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None

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

The information required by this Item 4 is incorporated by reference to the Company's definitive Information Statement as amended filed with the Securities and Exchange Commission on May 6, 2003, which was mailed to shareholders of record at April 23, 2003.

As set forth in the Information Statement, the Company received written consents in lieu of Annual Meeting from shareholders representing more than 50% of the total voting shares of the Company, approving the following actions:

1. The removal of Veldon Simpson as a director of the Company.
2. The election of Richard L. Hannigan, Sr., Myong Hannigan and Tracy Jones to the board of directors to serve until the next annual meeting of shareholders or until their successors are elected and qualified.
3. Ratification of the appointment of officers:

Richard L. Hannigan, Sr.	CEO and President
Myong Hannigan	Secretary/Treasurer
Tracy Jones	COO

4. The reincorporation of the Company in the State of Nevada.
5. Increasing the authorized capital stock of the Company as a result of the reincorporation. The Company's North Dakota Articles of Incorporation, as currently in effect, authorizes the Company to issue up to 100,000,000 shares of common stock, \$0.001 par value, and 25,000,000 shares of preferred stock, \$0.001 par value. The Board of Directors and Majority Shareholders approved an increase in the number of authorized shares of both the common and preferred stock of the Company to be effected as a result of the reincorporation. Upon completion of the reincorporation in the State of Nevada, the Company will be authorized to issue 200,000,000 shares of common stock, \$0.001 par value, and 50,000,000 shares of preferred stock, \$0.001 par value per share.
6. Ratification of the selection of Stonefield Josephson, Inc., as independent public accountants of the Company for the 2003 fiscal year.

The reincorporation became effective in the States of North Dakota and Nevada on June 23, 2003, the date the Certificate of Merger was issued by the Secretary of

Edgar Filing: VOYAGER ENTERTAINMENT INTERNATIONAL INC - Form 10QSB

State of North Dakota.

17

ITEM 5. OTHER INFORMATION

Financial Advisor

In July 2003, the Company engaged Ladenburg Thalmann & Co. Inc. as its Exclusive Financial Advisor, for all of the Voyager Projects. Ladenburg Thalmann will advise and assist the Company in connection with structuring and negotiating one or more private placement offerings in order to fund construction of the Voyager Project. The proceeds will be used for possible land acquisition, and finalizing the engineering, architectural design and construction.

Fugal Loan and Security Agreement, as amended

On November 15, 2002, we entered into a Loan and Security Agreement with Dan Fugal, a non-affiliate of the Company, whereby Mr. Fugal is to provide us with a credit facility in the form of a secured line of credit not to exceed \$2.5 million. As of the date of the filing of this report, Mr. Fugal has provided the Company with \$705,000.

On February 15, 2003, we executed Amendment No. 1 to the Loan and Security Agreement to amend the term date from February 15, 2003 to April 15, 2003. We believe that Mr. Fugal will continue to extend the date on the Loan Security Agreement. While Mr. Fugal has relayed to the Company that he does not plan to activate his option against the Company, there can be no guarantee that this will occur.

On April 25, 2003, Mr. Fugal and the Company mutually agreed to amend the November 15, 2002 agreement as follows:

Originally, Mr. Fugal was to provide an amount not to exceed \$2.5 million when the Company obtained a credit enhancement. In an effort for the Company to reduce the liability owed to Mr. Fugal the agreement has been amended to reflect that the Company will draw down tranches of funds in order to fund operations until financing has been acquired. The Company may request additional funds as needed from time to time.

The initial date of repayment has been extended from April 15, 2003 to July 31, 2003. As a result of the Company drawing down tranches of funds all shares required to be issued under the terms and conditions of the agreement along with the terms and conditions of the finder fee agreements are required to be issued at this time.

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

Number	Description
-----	-----
3.1*	Nevada Articles of Incorporation
3.2*	Amended and Restated Bylaws
3.3*	Plan and Agreement of Merger of Voyager Entertainment International, Inc. (North Dakota) into Voyager Entertainment

Edgar Filing: VOYAGER ENTERTAINMENT INTERNATIONAL INC - Form 10QSB

International, Inc. (Nevada)

- 3.4* Nevada Articles of Merger
- 3.5* North Dakota Certificate of Merger
- 4.1* Certificate of Designation of Series A Convertible Preferred Stock
- 4.2* Certificate of Designation of Series B Convertible Preferred Stock
- 10.1 Loan and Security Agreement (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on November 22, 2002)

18

- 10.2 Amendment No. 1 to Loan and Security Agreement (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 (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)

* Filed herewith.

(b) Reports on Form 8-K

None

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)

By: /s/ Richard L. Hannigan, Sr.

Richard L. Hannigan, Sr.
President, Chief Executive and Accounting Officer

Date: November 14, 2003

19

CERTIFICATION

Edgar Filing: VOYAGER ENTERTAINMENT INTERNATIONAL INC - Form 10QSB

I, Richard L. Hannigan, Sr., certify that:

1. I have reviewed this Quarterly Report for the period ended September 30, 2003 of Voyager Entertainment International, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the small business issuer as of, and for, the periods presented in this report;

4. I am responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the small business issuer and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the small business issuer, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the small business issuer's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the small business issuer's internal control over financial reporting that occurred during the small business issuer's most recent fiscal quarter (the small business issuer's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the small business issuer's internal control over financial reporting; and

5. I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the small business issuer's auditors and the audit committee of the small business issuer's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the small business issuer's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the small business issuer's internal control over financial reporting.

Date: November 14, 2003

/s/ Richard L. Hannigan, Sr.

Chief Executive and Accounting Officer

20

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

I, Richard L. Hannigan, Sr., Chief Executive and Accounting Officer of Voyager Entertainment International, Inc. (the "Company"), certify to the best of my knowledge, pursuant to 18 U.S.C. Section 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) the Company's Quarterly Report on Form 10-QSB for the quarterly period ended September 30, 2003, as filed with the Securities and Exchange Commission on the date hereof (the "Report") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: November 14, 2003

By: /s/ Richard L. Hannigan, Sr.

Chief Executive and Accounting Officer

21