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VOYAGER ENTERTAINMENT INTERNATIONAL INC
Form 10KSB
April 15, 2008

U. S. SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-KSB

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

For the fiscal year ended: December 31, 2007

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

For the transition period from _____ to _____

Commission file number: 00-333151

VOYAGER ENTERTAINMENT INTERNATIONAL, INC.
(Name of small business issuer in its charter)

Nevada

45-0420093

(State or other jurisdiction of
incorporation or organization)

(I.R.S. Employer
Identification No.)

4483 West Reno Avenue, Las Vegas, Nevada

89119

(Address of principal executive offices)

(Zip code)

Issuer's Telephone Number: (702) 221-8070

Securities registered under Section 12(b) of the Act: None

Securities registered under Section 12(g) of the Act: Common Stock,
\$.001 par value

Check whether the issuer is not required to file reports pursuant to Section 13
or 15(d) of the Exchange Act.

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

Check if there is no disclosure of delinquent filers in response to Item 405 of
Regulation S-B is not contained in this form, and no disclosure will be
contained, to the best of registrant's knowledge, in definitive proxy or
information statements incorporated by reference in Part III of this Form 10-KSB
or any amendment to this Form 10-KSB.

Indicate by check mark whether the registrant is a shell company (as defined by
rule 12b-2 of the Exchange Act). Yes No

State issuer's revenues for its most recent fiscal year: \$0.00

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State the aggregate market value of the voting and non-voting common equity held by non-affiliates computed by reference to the price at which the common equity was sold, or the average bid and asked price of such common equity, as of a specified date within the past 60 days. As of April 7, 2008, the aggregate market value of shares held by non-affiliates (based on the close price on that date of \$0.032) was approximately \$3,882,428.

State the number of shares outstanding of each of the issuer's classes of common equity, as of the last practicable date: 120,577,287 shares of common stock and 1,000,000 shares of Preferred Series B stock as confirmed by the Company's transfer agent on April 7, 2008.

Transitional Small Business Disclosure Format (check one): Yes No

VOYAGER ENTERTAINMENT INTERNATIONAL, INC.
(A DEVELOPMENT STAGE COMPANY)
FOR THE FISCAL YEAR ENDED
December 31, 2007

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STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This Form 10-KSB contains forward-looking statements within the meaning of the federal securities laws. These forward- looking statements are necessarily based on certain assumptions and are subject to significant risks and uncertainties.

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These forward-looking statements are based on management's expectations as of the date hereof, and the Company does not undertake any responsibility to update any of these statements in the future. Actual future performance and results could differ from that contained in or suggested by these forward-looking statements as a result of factors set forth in this Form 10-KSB (including those sections hereof incorporated by reference from other filings with the Securities and Exchange Commission), in particular as set forth in the "Plan of Operation" under Item 6.

In this filing references to "Company," "we," "our," and/or "us," refers to Voyager Entertainment International, Inc. and, unless the context indicates otherwise, its consolidated subsidiaries.

PART I

ITEM 1. DESCRIPTION OF BUSINESS

HISTORY

Voyager Entertainment International, Inc. (the "Company"), a North Dakota corporation formerly known as Dakota Imaging, Inc., was formed on January 31, 1991. The Company is in the entertainment development business with plans to develop the world's tallest Observation Wheel in the Las Vegas strip area. During April 2002, the Company changed its name from Dakota Imaging, Inc. to Voyager Entertainment International, Inc. and adopted a new fiscal year. The Company's wholly owned subsidiaries include Voyager Ventures, Inc. ("Ventures"), a Nevada corporation, Outland Development, LLC ("Outland"), a Nevada Limited Liability Corporation, and Voyager Entertainment Holdings, Inc. ("Holdings"), a Nevada corporation. Voyager Ventures, Inc. has been a dormant company and was discontinued as of December 31, 2007. All organizational costs have been paid by the parent.

By written consent dated April 23, 2003, a majority of the Company's stockholders elected to reincorporate the Company in the State of Nevada, (pursuant to a reincorporation merger between the Company and its then wholly-owned subsidiary, Voyager Entertainment International, Inc. Nevada formed for the purpose of the reincorporation merger, and which constituent company survived the reincorporation merger). The reincorporation became effective on June 23, 2003. In connection with the reincorporation, the Company increased its authorized common stock, \$0.001 par value, from 100,000,000 shares to 200,000,000 shares and its authorized Preferred Stock, \$0.001 par value, from 25,000,000 shares to 50,000,000 shares.

On April 10, 2006, Voyager entered into a Unit Purchase (Buy-Sell) Agreement ("Agreement") to acquire all the outstanding units of Western Architectural Services, LLC ("Western") in exchange for a total of 5,000,000 shares of Voyager's common stock ("Shares"). On September 11, 2006, Voyager believed it had fully completed the necessary due diligence pursuant to the Agreement and consequently delivered the Shares consideration as required for the final closing. Upon further evaluation of Voyager's due diligence of Western pursuant to Section 2.02 of the Agreement, it has been determined that the existing limited liability company ("LLC") operating agreement of Western would need to be modified in order for Voyager to continue the existing operations of Western.

On March 30 2007, Voyager and Western were not able to come to acceptable terms with regards to the needed changes to the LLC operating agreement and therefore cancelled the Agreement since the transaction did not meet all the requirements of Section 2.02 of the Agreement and was deemed as if the acquisition transaction was never closed.

OUR BUSINESS

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Our current business plan is to build multiple observation Ferris wheels ("Observation Wheels"). 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. An observation wheel could be constructed by a competitor before Voyager's 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.

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L.V. Voyager Project

For the past 7 years, through its subsidiaries, the Company has extensively 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 the L.V. Voyager Project.

The L.V. Voyager Project is intended to be designed as a visual icon and experience overlooking the "Las Vegas Strip". With 30 vehicles called Orbiters, the L.V. Voyager Project is intended to be a revolving Ferris 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 an on-board Navigator, who will be part entertainer and part steward, and who will also be skilled in life-safety and security. Due to lack of adequate financing, the Company has not been able to successfully launch these projects.

The L.V. Voyager Project will 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 will manage the project pursuant to a performance-based contract between the Company and VEHI (and an as-yet unidentified partner of the Company). All covenants, restrictions and protocols will be detailed in the performance-based contract.

As the management company, VEHI will be responsible for the design, development, construction, and operation of the L.V. Voyager Project, and will 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 L.V. Voyager Project is fundamentally an entertainment attraction, and it's operational and maintenance requirements are very similar to those found in the theme park industry. In addition, Las Vegas is a unique marketplace, and each visitor, when placed in the environment, is also unique. The ability to understand each visitor, and successfully attract customers to the L.V. Voyager Project will come as a result of clearly understanding the marketing strategies of the gaming industry. VEHI intends to employ highly skilled individuals from the theme park industry and combine their specialized skills with those from the gaming industry.

Other "Observation Wheels"

On March 17, 2005, the Company signed a joint venture agreement with Allied

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Investment House, Inc. to build a 600ft Observation Wheel in the United Arab Emirates ("UAE"). According to the Agreement, Allied Investment House, Inc. will provide 100% of the financing of an Observation Wheel in the UAE.

The current focus is to find a suitable location. Due to the continuing dynamic changes to the economic environment in the UAE, the Company may take advantage of any financing arrangements with other prospective partners which may be more favorable than the arrangement with Allied.

As of the date of this filing, an adequate site for the Observation Wheel has not been determined. At this time there have been no funds raised for this project.

MARKET OVERVIEW

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 we will thus be forced to rely on additional debt and/or equity financing. Management believes it can identify sources and obtain adequate amounts of such financing. We intend to enter into a cooperative arrangement with distributors or vendors, whereby we will receive marketing and sales benefits from the professional staff of such distributors or vendors. To date, we have not established any such arrangements. In the event we are unsuccessful in generating equity capital, the Company will be unable to continue with product development and/or marketing. The lack of equity capital may in turn cause the Company to become insolvent.

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 that is better financed. If this occurs it would make it very difficult for the Company to have a successful project within the same city.

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There have been 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 acquiring a proper location. At this time there have been no other companies successful at obtaining locations on or off the Las Vegas Strip.

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

RAW MATERIALS AND SUPPLIES

Currently, the Company is a development stage corporation. Until production planning for the Observation Wheel begins, we have no raw materials or principal suppliers.

DEPENDENCE ON MAJOR CUSTOMERS

The Company is not currently dependent on one or a few major customers.

PATENTS, TRADEMARKS, LICENSES

Currently there are no patents, trademarks or copyrights filed on behalf of the

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Company protecting the current design of the Observation Wheel.

GOVERNMENT APPROVAL

We currently do not have a site for the Observation Wheel. However, when a proper site is obtained, the Company will be required to obtain proper permitting and government approvals unless that site is currently approved for the construction of an Observation Wheel. There can be no guarantees that the Company will be successful in securing a suitable site or the appropriate approvals needed.

EFFECT OF EXISTING OR PROBABLY GOVERNMENTAL REGULATIONS

The Company's common stock is registered pursuant to Section 12(g) of the Securities Exchange Act of 1934 ("1934 Act"). As a result of such registration, the Company is subject to Regulation 14A of the "1934 Act," which regulates proxy solicitations. Section 14(a) requires all companies with securities registered pursuant to Section 12(g) thereof to comply with the rules and regulations of the Commission regarding proxy solicitations, as outlined in Regulation 14A. Matters submitted to stockholders of the Company at a special or annual meeting thereof or pursuant to a written consent will require the Company to provide its stockholders with the information outlined in Schedules 14A or 14C of Regulation 14; preliminary copies of this information must be submitted to the Commission at least 10 days prior to the date that definitive copies of this information are forwarded to stockholders.

Aside from required compliance with federal and state securities laws, regulations and rules, and federal, state and local tax laws, regulations and rules, the Company is not aware of any other governmental regulations now in existence or that may arise in the future that would have an effect on the business of the Company.

RESEARCH AND DEVELOPMENT

We are not the traditional Company that has the standard research and development expenses. As a result, most of our research and development expenses consist of presentation materials and architectural designs. Upon funding of the project the initial expense will be engineering and architectural.

COST AND EFFECTS OF COMPLIANCE WITH ENVIRONMENTAL LAWS

The Company is not currently required to comply with any environmental laws.

EMPLOYEES

As of December 31, 2007, we only had Officers and Directors. We are dependent upon Richard Hannigan, President, CEO and a Director of the Company; Tracy Jones, COO and Director, and Myong Hannigan, Secretary/Treasurer and a Director. We do not have any employees at this time and do not anticipate the need to hire any employees until such time as we have been sufficiently capitalized.

Our future success also depends on our ability to attract and retain other qualified personnel, for which competition is intense. The loss of Mr. Hannigan, Mr. Jones or our inability to attract and retain other qualified employees could have a material adverse effect on us.

RISK FACTORS

Operations

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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.

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.

Stock

We must comply with penny stock regulations which could affect the liquidity and price of our stock.

The Securities and Exchange Commission ("SEC") has adopted rules that regulate broker-dealer practices in connection with transactions in "penny stocks." Penny stocks generally are equity securities with a price of less than \$5.00, other than securities registered on certain national securities exchanges or quoted on the Financial Industry Regulatory Authority ("FINRA"), provided that current price and volume information with respect to transactions in such securities is provided by the exchange or system. Prior to a transaction in a penny stock, a broker-dealer is required to: Deliver a standardized risk disclosure document prepared by the SEC; Provide the customer with current bid and offers quotations for the penny stock; Explain the compensation of the broker-dealer and its salesperson in the transaction; Provide monthly account statements showing the market value of each penny stock held in the customer's account; Make a special written determination that the penny stock is a suitable investment for the purchaser and Provide a written agreement to the transaction. These requirements may have the effect of reducing the level of trading activity in the secondary market for our stock. Because our shares are subject to the penny stock rules, you may find it more difficult to sell your shares.

We may in the future issue additional shares of our common stock which would reduce investors' percentage ownership and may dilute our share value.

Our articles of incorporation authorize the issuance of 200,000,000 shares of common stock. As of April 7, 2008, we have 120,572,287 shares of our common stock issued and outstanding. We are also authorized to issue 50,000,000 shares of Series A Preferred Stock at par value \$.001 with no face value, convertible to common stock at 10 to 1 and 10,000,000 shares of Preferred B Stock face value of \$.10 convertible to Common Stock at 2 to 1 of which there are 1,000,000 shares of our Series B Preferred Stock outstanding. The future issuance of all or part of our remaining authorized common stock, Preferred Stock or any combination of either, may result in substantial dilution in the percentage of our common stock held by our then existing shareholders. We may value any common stock issued in the future on an arbitrary basis. The issuance of common stock

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for future services or acquisitions or other corporate actions will have the effect of diluting the value of the shares held by our investors, and might have an adverse effect on any trading market for our common stock.

We are a development stage Company 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 reorganization in 2002, 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 level of our competition and our ability to attract and maintain key management and employees.

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Our auditors' report 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 have 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. Without funding for one of our projects the Company would have to rely primarily on raising capital through investors. There can be no guarantee that we are capable of continuing to raise additional capital.

There is a limited current public market for our common stock.

Although our common stock is listed on FINRA, 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.

Operating in Foreign Countries

Currently we have a signed definitive agreement to build a Voyager Project in the UAE. Operating in a foreign country provides additional risks such as, permitting and licensing can be more difficult to obtain, obtaining personnel for the daily operations could present significant challenges, and if the local government were to become unstable our results could be severely affected.

Acts of Terrorism

Because the Voyager Project will depend upon tourism, if there is a terrorist attack in the city or country where the project will be located, the anticipated results could be dramatically affected.

Sarbanes-Oxley Act

We are required to comply with the provisions of Section 404 of the Sarbanes-Oxley Act of 2002, which require us to maintain an ongoing evaluation and integration of the internal controls of our business. We were required to document and test our internal controls and certify that we are responsible for

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maintaining an adequate system of internal control procedures for the year ended December 31, 2007. In subsequent years, our independent registered public accounting firm will be required to opine on those internal controls and management's assessment of those controls. In the process, we may identify areas requiring improvement, and we may have to design enhanced processes and controls to address issues identified through this review.

We cannot be certain that we will be able to successfully complete the procedures, certification and attestation requirements of Section 404 or that our auditors will not have to report a material weakness in connection with the presentation of our financial statements. If we fail to comply with the requirements of Section 404 or if our auditor's report such material weakness, the accuracy and timeliness of the filing of our annual report may be materially adversely affected and could cause investors to lose confidence in our reported financial information, which could have a negative effect on the trading price of our common stock. In addition, a material weakness in the effectiveness of our internal controls over financial reporting could result in an increased chance of fraud and the loss of customers, reduce our ability to obtain financing and require additional expenditures to comply with these requirements, each of which could have a material adverse effect on our business, results of operations and financial condition.

Further, we believe that the out-of-pocket costs, the diversion of management's attention from running the day-to-day operations and operational changes caused by the need to comply with the requirements of Section 404 of the Sarbanes-Oxley Act could be significant. If the time and costs associated with such compliance exceed our current expectations, our results of operations could be adversely affected.

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. Management intends to initiate their business plan and will continue to seek out joint venture partners, attempt to locate the appropriate location for the L.V. Project as well as other projects and continually seek funding opportunities.

Management intends to use borrowings and security sales to mitigate the effects of its cash position. However, no assurance can be given that debt or equity financing, if and when required, will be available. The consolidated financial statements do not include any adjustments relating to the recoverability and classification of recorded assets and classification of liabilities that might be necessary should the Company be unable to continue existence.

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REPORTS TO SECURITY HOLDERS

The Company is required to file annual reports on Form 10-KSB and quarterly reports on Form 10-QSB with the Securities and Exchange Commission ("SEC") on a regular basis, and will be required to disclose certain events in a timely manner, (e.g. changes in corporate control; acquisitions or dispositions of a significant amount of assets other than in the ordinary course of business; and bankruptcy) in a Current Report on Form 8-K.

The public may read and copy any materials filed by the Company with the SEC at the SEC's Public Reference Room at 150 Fifth Street, N.W., Washington, D.C. 20549. The public may obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330. The SEC maintains an

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Internet site that contains reports, proxy and information statements, and other information regarding issuers that file electronically with the SEC at <http://www.sec.gov>.

ITEM 2. DESCRIPTION OF PROPERTY

We currently lease 2,100 square feet of office space in Las Vegas, Nevada from Synthetic Systems, LLC, of which our President is the owner. We lease the office space at cost with no mark up for \$3,035 per month on a month-to-month basis. We believe that the property leased from Synthetic Systems, LLC, is in reasonably good condition and is suitable for our current and anticipated needs for the near future.

ITEM 3. LEGAL PROCEEDINGS

None.

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

None.

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PART II

ITEM 5. MARKET FOR COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND SMALL BUSINESS ISSUER PURCHASES OF EQUITY SECURITIES

MARKET INFORMATION

Our common stock is traded in the over-the-counter securities market through the Financial Industry Regulatory Authority ("FINRA"), under the symbol "VEII". The following table sets forth the trading history of the Common Stock for each quarter of fiscal years ended December 31, 2007 and 2006, as reported by smallcapcenter.com. The quotations reflect inter-dealer prices, without retail mark-up, markdown or commission, and may not represent actual transactions.

	High	Low

2007		

First Quarter	0.35	0.03
Second Quarter	0.18	0.09
Third Quarter	0.26	0.10
Fourth Quarter	0.16	0.05
2006		

First Quarter	0.24	0.09
Second Quarter	0.21	0.1
Third Quarter	0.16	0.08
Fourth Quarter	0.11	0.04

HOLDERS OF COMMON STOCK

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As of April 7, 2008, we had approximately 89 stockholders of record (not including shares held by brokers or in street name), of the 120,577,287 shares of common stock outstanding. The closing bid stock price on April 7, 2008 was \$0.05.

DIVIDENDS

We have never declared or paid dividends on our common stock. We intend to follow a policy of retaining earnings, if any, to finance the growth of the business and do not anticipate paying any cash dividends in the foreseeable future. The declaration and payment of future dividends on the common stock will be at the sole discretion of the Board of Directors and will depend on our profitability and financial condition, capital requirements, statutory and contractual restrictions, future prospects and other factors deemed relevant by the Board.

RECENT SALES OF UNREGISTERED SECURITIES AND USE OF PROCEEDS

In October 2007, the Company sold 100,000 shares of common stock for \$10,000 or \$0.10.

In November 2007, the Company issued 500,000 shares of common stock for services rendered. These shares were valued at the fair value on the date of grant for total compensation of \$50,000 or \$0.10.

In December 2007, the Company sold 1,450,000 shares of common stock for \$60,000 or \$0.04.

In December 2007, the Company issued 200,000 shares of common stock for services rendered. These shares were valued at the fair value on based on an agreed upon contract for total compensation of \$20,000 or \$0.10.

In December 2007, the Company issued 105,775 shares of common stock for interest which was for the accrued interest at September 30, 2007 for \$14,809 relating to our Diversified Lending Group, Inc. note.

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ITEM 6. MANagements' DISCUSSION AND ANALYSIS AND PLAN OF OPERATION

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with our consolidated financial statements and related notes included elsewhere in this report. References in this section to "Voyager Entertainment International, Inc.," the "Company," "we," "us," and "our" refer to Voyager Entertainment International, Inc. and our direct and indirect subsidiaries on a consolidated basis unless the context indicates otherwise.

This annual report contains forward looking statements relating to our Company's future economic performance, plans and objectives of management for future operations, projections of revenue mix and other financial items that are based on the beliefs of, as well as assumptions made by and information currently known to, our management. The words "expects, intends, believes, anticipates, may, could, should" and similar expressions and variations thereof are intended to identify forward-looking statements. The cautionary statements set forth in this section are intended to emphasize that actual results may differ materially from those contained in any forward looking statement.

This annual report does not include an attestation report of the Company's

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registered accounting firm regarding internal control over financial reporting. Management's report was not subject to attestation by the Company's registered public accounting firm pursuant to temporary rules of the Securities and Exchange Commission.

Our Management, Discussion and Analysis ("MD&A") is provided as a supplement to our audited financial statements to help provide an understanding of our financial condition, changes in financial condition and results of operations. The MD&A section is organized as follows:

- o Executive Summary, Overview and Development of our Business. These sections provide a general description of the Company's business, as well as recent developments that we believe are important in understanding our results of operations as well as anticipating future trends in our operations.
- o Critical Accounting Policies. This section provides an analysis of the significant estimates and judgments that affect the reported amounts of assets, liabilities, revenues, expenses, and the related disclosure of contingent assets and liabilities.
- o Results of Operations. This section provides an analysis of our results of operations for the year ended December 31, 2007 compared to the year ended December 31, 2006. A brief description of certain aspects, transactions and events is provided, including related-party transactions that impact the comparability of the results being analyzed.
- o Liquidity and Capital Resources. This section provides an analysis of our financial condition and cash flows as of and for the year ended December 31, 2007.

EXECUTIVE SUMMARY

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, DSC merged with and into Ventures and ceased to exist, and Ventures became a wholly-owned subsidiary of the Company.

On April 2, 2002, we amended our Certificate of Incorporation to change our name from Dakota Imaging, Inc. to Voyager Entertainment International, Inc.

In June 2003, the Company reincorporated in the State of Nevada. 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 State of North Dakota.

Voyager Ventures, Inc. has been a dormant company since 2002 and was discontinued as of December 31, 2007.

Plan of Operations

During the next 12 months, we are continuing our efforts on the development of the Observation Wheel in Las Vegas, Nevada; however, actual production will not commence until we have sufficient capital for construction and marketing. As of the year ending December 31, 2007, the Company did not have enough cash on hand to continue operations through the next year. 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

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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.

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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.

We are not the traditional Company that has the standard research and development expenses. As a result, most of our research and development expenses consist of presentation materials and architectural designs. Upon funding of the project the initial expense will be engineering and architectural.

Our primary costs consist mainly of professional and consulting, legal and accounting fees along with those fees paid to related parties, rent expenses and printing expenses. As the project is being developed we are incurring additional architectural and travel related fees. If this project is successful there will be a significant increase in expenses for all aspects of the construction process to include an additional office set up, additional employees and continual travel.

We plan to focus primarily on the development of the Observation Wheel in Las Vegas over the next 12 months. Other than presentation materials, if a suitable site is acquired and selected, the primary focus will be on completing engineering and starting the construction of an Observation Wheel.

We will face considerable risk in each of our business plan steps, such as difficulty of hiring competent personnel within our budget and a shortfall of funding due to our inability to raise capital in the equity securities market. If no funding is received during the next twelve months, we will be forced to rely on existing cash in the bank. As stated above, our current cash reserves are not sufficient to fund operations for the next twelve months.

We have no operating history, no significant current operations, minimum cash on hand, and no profit. Because of these factors, our auditors have issued an audit opinion for us which includes a statement describing doubts about our ability to continue as a going concern status. This means there is substantial doubt about our ability to continue as a going concern. While we believe we have made good faith estimates of our ability to secure additional capital in the future to reach our goals, there is no guarantee that we will receive sufficient funding to implement any future business plan steps. In the event that we do not receive additional financing, we will not be able to continue our operations.

The timing of most of our capital expenditures is discretionary. Currently there are no material long-term commitments associated with our capital expenditure plans. Consequently, we have a significant degree of flexibility to adjust the level of such expenditures as circumstances warrant. The level of our capital expenditures will vary in future periods depending on market conditions and other related economic factors.

CRITICAL ACCOUNTING POLICIES

The methods, estimates and judgments we use in applying our accounting policies have a significant impact on the results we report in our financial statements, which we discuss under the heading "Results of Operations" following this section of our MD&A. Some of our accounting policies require us to make

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difficult and subjective judgments, often as a result of the need to make estimates of matters that are inherently uncertain. Our most critical accounting estimates include the accounting for stock based compensation.

Stock Based Compensation

On January 1, 2006, we adopted the fair value recognition provisions of SFAS No. 123(R), "Accounting for Stock-Based Compensation", to account for compensation costs under our stock option plans. We previously utilized the intrinsic value method under Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees" (as amended).

We use the fair value method for equity instruments granted to employees and non-employees and will use the Black Scholes model for measuring the fair value of options, if issued. The stock based fair value compensation is determined as of the date of the grant or the date at which the performance of the services is completed (measurement date) and is recognized over the vesting periods.

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RESULTS OF OPERATIONS

Years Ended December 31, 2007 and December 31, 2006.

	December 31, 2007	December 31, 2006	\$ Change
Revenue	\$ -	\$ -	\$ -
General and administrative expenses	2,015,286	1,578,779	436,507
Operating loss	\$ (2,015,286)	\$ (1,578,779)	\$ (436,507)

Revenues

We did not have any revenues for the fiscal years ending December 31, 2007 and 2006. There was no change in revenues from the year ending 2007 versus 2006 because we are still in the development stage and revenues will not be generated until operations of an Observation Wheel begin.

Blue Prints/Projects Costs

Blue Prints/Project Costs for the year ended December 31, 2007 were \$25,638 which is \$20,481 less than the \$46,119 of project costs incurred for the year ended December 31, 2006. Project costs are the expenses related to the materials used to attract investors. These expenses consisted primarily of presentation and development materials provided to prospective funding sources. The decrease in 2007 was due to an increase in investors and a decrease in the need to print additional promotion materials. Our total project costs since inception are \$163,936.

Operating Expenses

We had operating expenses of \$2,015,286 for the year ended December 31, 2007 versus operating expenses of \$1,578,779 for the year ended December 31, 2006 which primarily consisted of office rental expenses, legal and accounting fees and professional expenses. There was an increase in our operating expenses for the year ending December 31, 2007 of \$436,507. The increase in operating expenses for the year ending December 31, 2007 was primarily due the canceled business combination with Western Architectural Services, LLC ("Western") where we expensed a one time charge of \$375,000 as an acquisition nullification fee

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that was paid with 3,750,000 shares of common stock. We did not incur any settlement expenses in 2007. If the Company receives funding for the L.V. Project, we expect these fees to increase substantially, including support for employees that will be required.

Professional and Consulting Fees

We paid professional and consulting fees of \$1,430,364 for the year ending December 31, 2007 versus \$1,377,970 for the year ending December 31, 2006 that attributed to an increase of \$52,394 or 3.8%.

Our primary expense is the issuance of common stock to consultants for services. In 2007 we issued shares for services of \$532,000 versus \$286,500 in 2006. In 2007 we issued more shares to consultants for services than in 2006 as a result of insufficient funds for payment of services. Consulting services rendered during the year ending December 31, 2007, consisted primarily of real estate acquisition and budgeting services related to the Observation Wheel. We also incurred fees relating to the compliance of the Sarbanes-Oxley Act of 2002.

Additionally, we have expensed professional fees to Synthetic Systems totaling \$420,000. There is currently an accrued unpaid balance of \$1,250,000 consisting of both professional fees and bonuses. Synthetic Systems is jointly controlled by our Chief Executive Officer and Secretary. The charge from Synthetic Systems in 2007 equaled the 2006 charge, \$420,000 in each year.

Settlement and Nullification Fee Expense

In 2007, in association with the canceled business combination with Western we expensed a one time charge of \$375,000 as an acquisition nullification fee that was paid with 3,750,000 shares of common stock. We did not incur any settlement expenses in 2007

Interest Expense

Our interest expense for the year ending December 31, 2007 was \$545,647 versus \$309,056 for the year ending December 31, 2006, resulting in an increase in interest expense of \$236,591. The increase was attributable to a full twelve months of interest being paid on the Diversified Lending note of \$1,250,000 bearing an interest rate of 14% per annum. Additionally, the note contained an anti-dilution provision. The stock issued in accordance with the agreement was accounted for as interest expense of \$49,820 for the year ending December 31, 2007. Amortized loan costs of \$303,750 contributed to the increase in interest expense for the year ending December 31, 2007.

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LIQUIDITY AND CAPITAL RESOURCES

Years Ended December 31, 2007 and December 31, 2006.

	December 31, 2007	December 31, 2006	\$ Change
Cash	\$ 42,076	\$ 76,241	\$ (34,165)
Accounts payable and accrued expenses	\$ 2,377,504	\$ 1,667,660	\$ 709,844
Cash proceeds from the sale of common stock	\$ 390,000	\$ 50,000	\$ 340,000

We have financed our operations during the year primarily through the use of cash on hand, issuance of stock for services, issuance of stock for cash, and aging of our payables. As of December 31, 2007, we had total current liabilities

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of \$5,235,744 compared to \$4,400,899 as of December 31, 2006. The increase in total current liabilities is primarily due to an increase in Accounts Payable of approximately \$25,000, Due to Related Parties \$625,000, and Accrued Expenses of approximately \$59,000. Additionally, we received \$125,000 in related party loans. These items increased as our lack of cash has resulted in longer aging of payables and need for additional cash infusion.

Cash decreased 45% as of December 31, 2007 due to the payment of some of our payables throughout 2007.

We issued common stock of \$390,000 for cash as of December 31, 2007, which has allowed us to continue our efforts.

We had \$42,076 cash on hand as of December 31, 2007 compared to \$76,241 as of December 31, 2006. We will continue to need additional cash during the following twelve months and these needs will coincide with the cash demands resulting from our general operations and implementing our business plan. There is no assurance we will be able to obtain additional capital as required, or obtain the capital on acceptable terms and conditions.

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 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.

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OFF BALANCE SHEET ARRANGEMENTS

The Company does not have any off-balance sheet arrangements and does not participate in non-exchange traded contracts requiring fair value accounting treatment.

NOTE PAYABLE

On November 15, 2002, we entered into a loan and security agreement with Mr. Dan Fugal, an unaffiliated individual, whereby Mr. Fugal was to provide us with a credit facility in the form of a secured line of credit not to exceed \$2.5 million.

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On February 15, 2003, we executed an amendment to the Loan and Security Agreement to amend the term date from February 15, 2003 to April 15, 2003. As of the year ending December 31, 2005, Mr. Fugal has loaned \$605,000 to the Company. The loan and security agreement with Mr. Fugal has expired and requires the Company to repay \$605,000 to Mr. Fugal as well as a one time interest payment of \$605,000. Any agreements or amendments for Mr. Fugal to provide additional funds have been canceled, and the Company is obligated to repay a total of \$1,210,000. As a requirement of the Agreement, the Company is obligated to repay Mr. Fugal when an adequate amount of funding is received. At this time, unless funding is received, it is likely that the Company will be unable to repay the debt. 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 would give Mr. Fugal the right to institute foreclosure proceedings toward the Company. Mr. Fugal could institute foreclosure proceedings at any time if he believes that he will not be repaid. As of this date 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. This credit facility is deemed closed and will not increase.

Diversified Lending

On September 5, 2006, the Company entered into a note payable with Diversified Lending Group, Inc. for \$1,250,000. The Company is a joint tenant with Western in this debt which bears interest of 14% and is due within one year from the date of the note. As of December 31, 2007, Western paid directly to Diversified Lending Group, Inc. six months of interest for the original loan. We have accounted for this as both interest income and interest expense of \$87,500. As stated in the agreement, the Company could extend the Maturity Date of the loan one time for a period of six months, which the Company exercised for a fee of 3% of the loan amount or \$37,500 (Western Architecture paid to the Company \$18,750 as their part of the loan extension). As of March 31, 2008, management is negotiating with the note holder to extend the terms of the note.

As consideration for the loan, the Company was required to pay \$50,000 and issue 4,000,000 shares of its common stock valued at \$400,000, both of which have been completed. Also, to collateralize the loan, the Company was required to issue 7,500,000 shares of its common stock. The promissory note also holds an anti-dilution clause where the Company is required to issue additional shares of its common stock to the debt holder so their 4% ownership is not diluted. As of December 31, 2007 and 2006, respectively, our loan fees paid with common stock have been fully expensed and our loan collateral paid with common stock was \$750,000 at both period end dates.

At December 31, 2006, we accrued an additional \$6,260 of interest relating to the year end dilution calculation which resulted in us issuing an additional

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89,438 shares in the first quarter of 2007. At December 31, 2007, we accrued an additional \$6,125 of interest relating to the year end dilution calculation. As a result, 94,231 additional shares will be issued upon the publication of the financial statements.

As the loan collateral, loan fees and anti-dilution components of the agreement (as described above) are dominated in Company's common stock, the Company maintains the full risk of loss and we have recorded the full debt component on our balance sheet.

From the proceeds of the debt facility we issued \$500,000 to Western and recorded an Advance - Related Party on our balance sheet. Our Chief Operating Officer is also the President of Western Architectural Services, LLC.

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ITEM 7. FINANCIAL STATEMENTS

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

CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2007
DECEMBER 31, 2006

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders
Voyager Entertainment International, Inc. and Subsidiaries
Las Vegas, Nevada

We have audited the accompanying consolidated balance sheets of Voyager Entertainment International, Inc. and subsidiaries as of December 31, 2007 and December 31, 2006, and the related consolidated statements of operations,

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stockholders' deficit, and cash flows for the years then ended and from Inception (March 1, 1997) to December 31, 2007. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, based on our audits, the financial statements referred to above present fairly, in all material respects, the financial position of Voyager Entertainment International, Inc. and subsidiaries as of December 31, 2007 and 2006, and the results of its operations and cash flows for the years then ended from Inception (March 1, 1997) to December 31, 2007 in conformity with accounting principles generally accepted in the United States.

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 1 to the financial statements, the Company has suffered losses from operations and current liabilities exceed current assets, all of which raise substantial doubt about its ability to continue as a going concern. Management's plans in regards to these matters are also described in Note 1. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

/s/ De Joya Griffith & Company, LLC
Henderson, Nevada

April 7, 2008

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

CONSOLIDATED BALANCE SHEETS

	December 31, 2007	De
	-----	-----
ASSETS		
CURRENT ASSETS		
Cash	\$ 42,076	\$
Prepays	1,793	
Deferred financing costs	50,000	
Advances - related party	500,000	
Loan origination costs, net of amortization of \$33,750 and \$16,250, respectively	-	

Total current assets	593,870	

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FIXED ASSETS, net of accumulated depreciation of \$36,211 and \$26,505, respectively	10,636
---	--------

Total assets	\$ 604,505
--------------	------------

LIABILITIES AND STOCKHOLDERS' DEFICIT

CURRENT LIABILITIES

Accounts payable and accrued expenses	\$ 1,127,508
Accrued expenses - related party	1,250,000
Note payable	1,855,000
Due to related parties	125,000
Loans and settlement payable	878,239

Total current liabilities	5,235,747
---------------------------	-----------

Total liabilities	5,235,747
-------------------	-----------

COMMITMENTS & CONTINGENCIES

STOCKHOLDERS' DEFICIT

Preferred stock: \$.001 par value; authorized 50,000,000 shares	
Series A - 1,500,000 designated, none outstanding	-
Series B - 10,000,000 designated, 1,000,000 outstanding	1,000
Common stock: \$.001 par value; authorized 200,000,000 shares;	
issued and outstanding:123,577,287 and 113,842,905 respectively	123,577
Additional paid-in capital	12,991,376
Deferred construction costs paid with common stock	(182,813)
Loan collateral paid with common stock	(750,000)
Receivable for return of stock related to canceled acquisition	(375,000)
Loan fees paid with common stock, net of accretion of \$270,000 and \$130,000, respectively	-
Accumulated deficit during the development stage	(16,439,382)

Total stockholders' deficit	(4,631,242)
-----------------------------	-------------

Total liabilities and stockholders' deficit	\$ 604,505
--	------------

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

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

CONSOLIDATED STATEMENTS OF OPERATIONS

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	December 31, 2007	December 31, 2006	From inception March 1, 1997 December 31,
	-----	-----	-----
Revenues	\$ -	\$ -	\$ -
Operating Expenses:			
Professional and consulting fees	1,430,364	1,377,970	12,090
Project costs	25,638	46,119	163
Depreciation	9,706	10,143	36
Settlement and nullification expense	375,000	-	1,025
Other expense	174,578	144,547	1,030
	-----	-----	-----
	2,015,286	1,578,779	14,345
Operating loss	(2,015,286)	(1,578,779)	(14,345)
Other income (expense):			
Interest income	87,636	1,141	88
Interest expense	(545,647)	(309,056)	(2,182)
	-----	-----	-----
	(458,011)	(307,915)	(2,094)
Net Loss	(2,473,297)	(1,886,694)	(16,439)
Preferred stock dividends	-	-	(130)
	-----	-----	-----
Net loss allocable to common stockholders	\$ (2,473,297)	\$ (1,886,694)	\$ (16,569)
	=====	=====	=====
Net loss per common share - basic and diluted	\$ (0.02)	\$ (0.02)	
	=====	=====	
Weighted average number of common shares outstanding	117,768,874	89,541,635	
	=====	=====	

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

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

CONSOLIDATED STATEMENT OF STOCKHOLDERS' DEFICIT
FROM INCEPTION (MARCH 1, 1997) TO DECEMBER 31, 2007

Preferred Stock Series A		Preferred Stock Series B		Common stock	
-----	-----	-----	-----	-----	-----
Shares	Amount	Shares	Amount	Shares	Amount
-----	-----	-----	-----	-----	-----

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Balance at inception - March 1, 2000 (as restated for reorganization)	--	\$ --	--	\$ --	15,000,000	\$15,000
Net loss for the year ended December 31, 2001	--	--	--	--	--	--
Balance at December 31, 2001	--	--	--	--	15,000,000	15,000
Issuance of stock for cash and services (pre-merger)	2,160,000	2,160	--	--	--	--
Conversion of preferred stock to common stock	(660,000)	(660)	--	--	6,600,000	6,600
Acquisition of net assets of Dakota	--	--	--	--	11,615,000	11,615
Issuance of common stock for cash - February 15, 2002	--	--	--	--	800,000	800
Issuance of common stock for services - April 2002	--	--	--	--	200,000	200
Issuance of common stock for Architectural agreement - May 2002	--	--	--	--	2,812,500	2,813
Issuance of common stock for cash - June 2002	--	--	--	--	50,000	50
Issuance of common stock for Architectural agreement - October 2002	--	--	--	--	600,000	600
Issuance of common stock for financing costs - November 2002	--	--	--	--	650,000	650
Issuance of stock for services - October 2002	--	--	--	--	325,000	325
Net loss for the year ended December 31, 2002	--	--	--	--	--	--
Balance at December 31, 2002	1,500,000	1,500	--	--	38,652,500	38,653
Issuance of common stock for financing costs - June 2003	--	--	--	--	2,600,000	2,600
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	--	--	--	--	769,222	769
BCF associated with preferred stock	--	--	--	--	--	--
Amortization of beneficial conversion feature in a manner similar to preferred stock dividends	--	--	--	--	--	--
Issuance of common stock for services						

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August 2003	--	--	--	--	--
Issuance of common stock for cash September 2003	--	--	--	--	--
BCF associated with preferred stock	--	--	--	--	--
Amortization of beneficial conversion feature in a manner similar to preferred stock dividends	--	--	--	--	--
Issuance of common stock for services September 2003	--	--	--	--	--

F-5 (continued)

	Preferred Stock Series A		Preferred Stock Series B		Common stock	
	Shares	Amount	Shares	Amount	Shares	Amount
Issuance of common stock for cash December 2003	--	--	--	--	2,307,692	2,308
Issuance of common stock for cash - December 2003	--	--	--	--	1,538,461	1,538
Issuance of common stock for cash - December 2003	--	--	--	--	1,538,461	1,538
Issuance of common stock for cash - December 2003	--	--	--	--	192,308	192
Issuance of common stock for cash - December 2003	--	--	--	--	384,616	385
Issuance of preferred stock for service RP - December 2003	--	--(2,500,000)	(2,500)		--	--
Issuance of common stock for services - December 2003	--	--	--	--	1,163,000	1,163
Net loss for the year ended 12/31/03	--	--	--	--	--	--
Balance at December 31, 2003	1,500,000	\$ 1,500	4,000,000	\$4,000	49,771,260	\$49,771 \$ 2
Issuance of common stock for cash January 2004	--	--	--	--	192,307	192
Issuance of common stock for cash February 2004	--	--	--	--	384,614	385
Issuance of common stock for cash February 2004	--	--	--	--	250,000	250

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Issuance of common stock for cash February 2004	--	--	--	--	500,000	500
Issuance of common stock for services February 2004	--	--	--	--	425,000	425
Issuance of common stock for services February 2004	--	--	--	--	150,000	150
Issuance of common stock for services February 2004	--	--	--	--	150,000	150
Conversion of preferred stock to common stock March 2004	(500,000)	(500)	--	--	5,000,000	5,000
Conversion of preferred stock to common stock March 2004	(500,000)	(500)	--	--	5,000,000	5,000
Issuance of common stock for cash March 2004	--	--	--	--	384,614	385
Issuance of common stock for services June 2004	--	--	--	--	650,000	650
Issuance of common stock for cash September 2004	--	--	--	--	333,333	333
Issuance of common stock for cash October 2004	--	--	--	--	1,000,000	1,000
Issuance of common stock for services October 2004	--	--	--	--	500,000	500
Net loss for the year ended December 31, 2004	--	--	--	--	--	--
Balance at December 31, 2004	500,000	\$ 500	4,000,000	\$4,000	64,691,128	\$64,691
Issuance of common stock for services January 2005	--	--	--	--	500,000	500
Issuance of common stock for cash February 2005	--	--	--	--	500,000	500

F-6

	Acquisition Deposit	Loan collateral	Loan Fee	Stock Payable	Deficit accumulated during the development stage	st
	-----	-----	-----	-----	-----	-----
Issuance of common stock for cash December 2003	--	--	--	--	--	--

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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
Issuance of common stock for services - December 2003	--	--	--	--	(5,943,895)	(5,
Net loss for the year ended 12/31/03	--	--	--	--	--	--
Balance at December 31, 2003	\$ --	\$ --	--	\$ --	\$ (7,886,847)	(1,
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	--	--	--	--	--	--
Conversion of preferred stock to common stock March 2004	--	--	--	--	--	--
Issuance of common stock for cash March 2004	--	--	--	--	--	--
Issuance of common stock for services June 2004	--	--	--	--	--	--
Issuance of common stock for cash September 2004	--	--	--	--	--	--
Issuance of common stock for cash October 2004	--	--	--	--	--	--
Issuance of common stock for services						

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October 2004	--	--	--	--	--
Net loss for the year ended December 31, 2004	--	--	--	--	(2,455,886) (2)
Balance at December 31, 2004	\$ --	\$ --	\$ --	\$ --	\$ (10,342,731) (2)
Issuance of common stock for services January 2005	--	--	--	--	--
Issuance of common stock for cash February 2005	--	--	--	--	--

F-6 (continued)

	Preferred Stock Series A		Preferred Stock Series B		Common stock	
	Shares	Amount	Shares	Amount	Shares	Amount
Issuance of common stock for services March 2005	--	--	--	--	500,000	500
Issuance of common stock for cash March 2005	--	--	--	--	375,000	375
Issuance of common stock for cash June 2005	--	--	--	--	666,667	667
Issuance of common stock for cash June 2005	--	--	--	--	2,000,000	2000
Issuance of common stock for cash July 2005	--	--	--	--	200,000	200
Issuance of common stock for cash July 2005	--	--	--	--	666,667	667
Issuance of common stock for cash July 2005	--	--	--	--	166,666	166
Conversion of preferred stock to common Stock August 2005	--	-- (2,500,000)	(2,500)	(2,500)	5,000,000	5,000
Issuance of common stock for cash September 2005	--	--	--	--	100,000	100
Issuance of common stock for cash September 2005	--	--	--	--	500,000	500
Issuance of common stock for cash November 2005	--	--	--	--	333,333	333

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Issuance of common stock for cash November 2005	--	--	--	--	800,000	800
Issuance of common stock for cash November 2005	--	--	--	--	666,667	667
Issuance of common stock for cash December 2005	--	--	--	--	166,667	167
Net loss for the year ended December 31, 2005	--	--	--	--	--	--
Balance at December 31, 2005	500,000	\$ 500	1,500,000	\$1,500	\$77,832,795	\$77,833 \$ 2
Issuance of common stock for cash February 2006	--	--	--	--	166,667	167
Conversion of preferred series B stock To common stock April 2006	--	--	(500,000)	(500)	1,000,000	1,000
Issuance of common stock for Services April 2006	--	--	--	--	950,000	950
Issuance of common stock for Acquisition Deposit April 2006	--	--	--	--	3,000,000	3,000
Issuance of common Stock for services May 2006	--	--	--	--	100,000	100
Issuance of common stock for services June 2006	--	--	--	--	250,000	250
Conversion of Preferred Series A To common Stock July 2006	(500,000)	(500)	--	--	5,000,000	5,000
Issuance of common stock for loan August 2006	--	--	--	--	4,000,000	4,000
Issuance of common Stock for collateral August 2006	--	--	--	--	7,500,000	7,500
Issuance of common stock for services November 2006	--	--	--	--	9,812,500	9,813
Issuance of common stock as deposit For acquisition November 2006	--	--	--	--	2,000,000	2,000

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Acquisition Deposit	Loan collateral	Loan Fee	Stock Payable	Deficit accumulated during the development stage
-----	-----	-----	-----	-----

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Issuance of common stock for services March 2005	--	--	--	--	--
Issuance of common stock for cash March 2005	--	--	--	--	--
Issuance of common stock for cash June 2005	--	--	--	--	--
Issuance of common stock for cash June 2005	--	--	--	--	--
Issuance of common stock for cash July 2005	--	--	--	--	--
Issuance of common stock for cash July 2005	--	--	--	--	--
Issuance of common stock for cash July 2005	--	--	--	--	--
Conversion of preferred stock to common Stock August 2005	--	--	--	--	--
Issuance of common stock for cash September 2005	--	--	--	--	--
Issuance of common stock for cash September 2005	--	--	--	--	--
Issuance of common stock for cash November 2005	--	--	--	--	--
Issuance of common stock for cash November 2005	--	--	--	--	--
Issuance of common stock for cash November 2005	--	--	--	--	--
Issuance of common stock for cash December 2005	--	--	--	--	--
Net loss for the year ended December 31, 2005	--	--	--	--	(1,736,658)
	-----	-----	-----	-----	-----
Balance at December 31, 2005	\$ --	\$ --	-- \$ --	--	\$ (12,079,389)
	=====	=====	=====	=====	=====
Issuance of common stock for cash February 2006	--	--	--	--	--
Conversion of preferred series B stock To common stock April 2006	--	--	--	--	--
Issuance of common stock for Services April 2006	--	--	--	--	--
Issuance of common stock for Acquisition Deposit April 2006	(450,000)	--	--	--	--
Issuance of common Stock for services May 2006	--	--	--	--	--

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Issuance of common stock for services June 2006	--	--	--	--	--
Conversion of Preferred Series A To common Stock July 2006	--	--	--	--	--
Issuance of common stock for loan August 2006	--	--	(400,000)	--	--
Issuance of common Stock for collateral August 2006	--	(750,000)	--	--	--
Issuance of common stock for services November 2006	--	--	--	--	--
Issuance of common stock as deposit For acquisition November 2006	(300,000)	--	--	--	--

F-7 (continued)

	Preferred Stock Series A		Preferred Stock Series B		Common stock		
	Shares	Amount	Shares	Amount	Shares	Amount	
Issuance of common stock for additional Debt interest December 2006	--	--	--	--	464,278	464	
Issuance of common stock for cash December 2006	--	--	--	--	166,667	167	
Issuance of common stock for services December 2006	--	--	--	--	1,600,000	1,600	
Fair market adjustment to stock for Deferred Construction Costs, December 2006	--	--	--	--	--	--	(18)
Accretion of loan costs to interest expense December 2006	--	--	--	--	--	--	
Net loss as of December 31, 2006	--	--	--	--	--	--	
Balance at December 31, 2006	--	--	1,000,000	\$1,000	113,842,905	\$113,843	\$ 1
Issuance of common stock for services March 2007	--	--	--	--	1,000,000	1,000	
Expense of Acquisition Deposit as Nullification Fee March 2007	--	--	--	--	--	--	
Issuance of common stock for services April 2007	--	--	--	--	500,000	500	

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Issuance of common stock for services May 2007	--	--	--	--	1,100,000	1,100	
Issuance of common stock for interest April 2007	--	--	--	--	89,438	89	
Issuance of common stock for Cash July 2007	--	--	--	--	2,000,000	2,000	
Issuance of common stock for interest July 2007	--	--	--	--	39,800	40	
Issuance of common stock for services August 2007	--	--	--	--	1,300,000	1,300	
Issuance of common stock for cash August 2007	--	--	--	--	1,200,000	1,200	
Issuance of common stock for interest August 2007	--	--	--	--	149,369	149	
Issuance of common stock for cash October 2007	--	--	--	--	100,000	100	
Issuance of common stock for services November 2007	--	--	--	--	500,000	500	
Issuance of common stock for cash December 2007	--	--	--	--	1,450,000	1,450	
Issuance of common stock for services December 2007	--	--	--	--	200,000	200	
Issuance of common stock for interest December 2007	--	--	--	--	105,775	106	
Fair market adjustment to stock for Deferred Construction Costs, December 2007	--	--	--	--	--	--	
Accretion of loan costs to interest expense December 2007	--	--	--	--	--	--	
Net loss as of December 31, 2007	--	--	--	--	--	--	
Balance at December 31, 2007	--	\$ --	1,000,000	\$1,000	123,577,287	\$123,577	\$12

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	Acquisition Deposit	Loan collateral	Loan Fee	Stock Payable	Deficit accumulated during the development stage
Issuance of common stock for additional Debt interest December 2006	--	--	--	--	--

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Issuance of common stock for cash December 2006	--	--	--	--	
Issuance of common stock for services December 2006	--	--	--	--	
Fair market adjustment to stock for Deferred Construction Costs, December 2006	--	--	--	--	
Accretion of loan costs to interest expense December 2006	--	--	130,000	--	
Net loss as of December 31, 2006	--	--	--	--	(1,886,
	-----	-----	-----	-----	-----
Balance at December 31, 2006	\$ (750,000)	\$ (750,000)	\$ (270,000)	\$ --	\$ (13,966,
	=====	=====	=====	=====	=====
Issuance of common stock for services March 2007	--	--	--	--	
Expense of Acquisition Deposit as Nullification Fee March 2007	375,000	--	--	--	
Issuance of common stock for services April 2007	--	--	--	--	
Issuance of common stock for services May 2007	--	--	--	--	
Issuance of common stock for interest April 2007	--	--	--	--	
Issuance of common stock for Cash July 2007	--	--	--	--	
Issuance of common stock for interest July 2007	--	--	--	--	
Issuance of common stock for services August 2007	--	--	--	--	
Issuance of common stock for cash August 2007	--	--	--	--	
Issuance of common stock for interest August 2007	--	--	--	--	
Issuance of common stock for cash October 2007	--	--	--	--	
Issuance of common stock for services November 2007	--	--	--	--	
Issuance of common stock for cash December 2007	--	--	--	--	
Issuance of common stock for services December 2007	--	--	--	--	
Issuance of common stock for interest December 2007	--	--	--	--	
Fair market adjustment to stock for					

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Deferred Construction Costs, December 2007	--	--	--	--	
Accretion of loan costs to interest expense December 2007	--	--	270,000	--	
Net loss as of December 31, 2007	--	--	--	--	(2,473)
Balance at December 31, 2007	\$ (375,000)	\$ (750,000)	\$ --	\$ --	\$ (16,439)

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

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

CONSOLIDATED STATEMENTS OF CASH FLOWS

	December 31, 2007	December 31, 2006
	-----	-----
Cash Flows from Operating Activities:		
Net Loss	\$ (2,473,297)	\$ (1,886,694)
Adjustments to reconcile net loss to net cash used by operating activities:		
Depreciation	9,706	10,143
Issuance of common stock for services	532,000	286,500
Issuance of common stock nullification fee	375,000	-
Issuance of common stock for accrued bonus	-	750,000
Interest expense from the issuance of common stock	49,820	34,118
Accretion of debt issuance costs	303,750	146,250
Changes in assets and liabilities:		
Prepaid expenses	(1,793)	-
Accounts payable and accrued expenses	84,844	47,876
Accrued expenses - related party	625,000	(160,000)
Accrued settlement obligation	-	-
	-----	-----
Net cash used in operating activities	(494,970)	(771,807)
Cash flows used in Investing Activities:		
Payments to acquire fixed assets	(4,195)	(10,504)
Proceeds from note receivable	-	(500,000)
	-----	-----
Net cash used in investing activities	(4,195)	(510,504)
Cash flows provided by Financing Activities:		
Proceeds from notes payable, short term debt	145,000	1,250,000
Payment on notes payable, short term debt	(20,000)	-
Proceeds from the sale of preferred stock	-	-
Proceeds from the sale of common stock	390,000	50,000
Payments for loan fees	-	(50,000)

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Payments for deferred financing costs	(50,000)	-
Net cash provided by financing activities	465,000	1,250,000
Net (decrease) increase in cash	(34,165)	(32,311)
Cash, beginning of year	76,241	108,552
	-----	-----
Cash, end of year	\$ 42,076	\$ 76,241
	=====	=====
Cash paid for:		
Interest	\$ 32,997	\$ 60,000
Income Taxes	\$ -	\$ -
Supplemental schedule of non-cash Investing and Financing Activities:		
Common stock issued for financing costs	\$ -	\$ 400,000
Common stock issued for loan collateral	\$ -	\$ 750,000
Deferred construction costs, adjusted to fair value	\$ (14,063)	\$ (18,107,260)
Conversion of preferred shares	\$ -	\$ 1,000
Common stock issued as acquisition deposit	\$ -	\$ 750,000

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

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VOYAGER ENTERTAINMENT INTERNATIONAL, INC. AND SUBSIDIARIES NOTES TO CONSOLIDATED FINANCIAL STATEMENTS December 31, 2007

NOTE 1. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PRESENTATION AND ORGANIZATION

Voyager Entertainment International, Inc. (the "Company"), a Delaware corporation formerly known as Dakota Imaging, Inc., was organized on January 31, 1991. The Company is in the entertainment development business with plans to develop the world's tallest Observation Wheel on the Las Vegas strip area. The financial statements reflect from the period of inception of Outland Development in 1997. During April 2002, the Company changed its name from Dakota Imaging, Inc. to Voyager Entertainment International, Inc. and adopted a new fiscal year of December 31. On June 11, 2003, the Company became a Nevada Corporation.

As used in these Notes to the Consolidated Financial Statements, the terms the "Company", "we", "us", "our" and similar terms refer to Voyager Entertainment International, Inc. and, unless the context indicates otherwise, its consolidated subsidiaries. The Company's wholly owned subsidiaries include Voyager Ventures, Inc. ("Ventures"), a Nevada corporation, Outland Development, LLC ("Outland"), a Nevada Limited Liability Corporation, and Voyager Entertainment Holdings, Inc. ("Holdings"), a Nevada corporation. Voyager Ventures, Inc. has been a dormant company and was discontinued as of December 31, 2007. All organizational costs have been paid by the parent.

The Company is currently a development stage company reporting under the provisions of Statement of Financial Accounting Standard ("FASB") No. 7, "Accounting and Reporting for Development Stage Enterprises."

The consolidated financial statements include the accounts of the Company and its subsidiaries. All significant intercompany transactions and accounts have

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been eliminated in consolidation.

This annual report does not include an attestation report of the Company's registered accounting firm regarding internal control over financial reporting. Management's report was not subject to attestation by the Company's registered public accounting firm pursuant to temporary rules of the Securities and Exchange Commission.

GOING CONCERN

The accompanying financial statements have been prepared in conformity with generally accepted accounting principles, which contemplate continuation of the Company as a going concern. However, the Company has not begun generating revenue, is considered a development stage company, has experienced recurring net operating losses, had a net loss of \$2,473,297 and \$1,886,694 for the years ended December 31, 2007 and 2006, and a working capital deficiency of \$4,641,877 at December 31, 2007. These factors raise substantial doubt about the Company's ability to continue as a going concern. The Company will need to raise a substantial amount of capital in order to continue its business plan. Management intends to initiate their business plan and will continue to seek out joint venture partners, attempt to locate the appropriate location for the L.V. Project, as well as other projects, and continually seek funding opportunities. These financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts, or amounts and classification of liabilities that might result from this uncertainty.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash

For the Statements of Cash Flows, all highly liquid investments with maturity of three months or less are considered to be cash equivalents. There were no cash equivalents as of December 31, 2007 or December 31, 2006.

Concentrations

The Company maintains cash balances at a financial institution in Nevada. Accounts at this institution are insured by the Federal Deposit Insurance Corporation ("FDIC") up to \$100,000. From time to time the Company's cash balance may exceed the FDIC limits. At December 31, 2007 and December 31, 2006, the Company did not have any accounts in excess of \$100,000.

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Due to the uniqueness of the Observation Wheel, we may encounter concentrations with certain vendors who specialize in this type of construction. As of December 31, 2007 and 2006, construction activities had not started.

Fixed Assets

Furniture, fixtures and equipment are stated at cost less accumulated depreciation and amortization. Depreciation and amortization are provided for in

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amounts sufficient to relate the cost of depreciable assets to operations over their estimated service lives, principally on a straight-line basis. Estimated service lives of property and equipment is 3 years.

Income Taxes

Income taxes are provided for using the liability method of accounting in accordance with SFAS No. 109 "Accounting for Income Taxes," and clarified by FIN 48, "Accounting for Uncertainty in Income Taxes--an interpretation of FASB Statement No. 109." A deferred tax asset or liability is recorded for all temporary differences between financial and tax reporting. Temporary differences are the differences between the reported amounts of assets and liabilities and their tax basis. Deferred tax assets are reduced by a valuation allowance when, in the opinion of management, it is more likely than not that some portion or all of the deferred tax assets will not be realized. Deferred tax assets and liabilities are adjusted for the effect of changes in tax laws and rates on the date of enactment.

Stock Based Compensation

On January 1, 2006, we adopted the fair value recognition provisions of SFAS No. 123(R), "Accounting for Stock-Based Compensation", to account for compensation costs under our stock option plans. We previously utilized the intrinsic value method under Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees" (as amended).

We use the fair value method for equity instruments granted to employees and non-employees and will use the Black Scholes model for measuring the fair value of options, if issued. The stock based fair value compensation is determined as of the date of the grant or the date at which the performance of the services is completed (measurement date) and is recognized over the vesting periods.

Net Loss Per Common Share

Net loss per share is calculated in accordance with SFAS No. 128, "Earnings Per Share". The weighted-average number of common shares outstanding during each period is used to compute basic loss per share. Diluted loss per share is computed using the weighted averaged number of shares and dilutive potential common shares outstanding. Potentially dilutive common shares consist of employee stock options, warrants, and restricted stock, and are excluded from the diluted earnings per share computation in periods where the Company has incurred a net loss.

Fair Value

The carrying amounts reflected in the consolidated balance sheets for cash, accounts payable and accrued expenses approximate the respective fair values due to the short maturities of these items. The Company does not hold any investments that are available-for-sale.

Advertising and Marketing Costs

Advertising and marketing costs are charged to operations as incurred. Advertising and marketing costs for the years ended December 31, 2007 and 2006 were \$0 and \$6,029, respectively.

Reclassification

Certain reclassifications, which have no effect on net income (loss), have been made in the prior period financial statements to conform to the current presentation. Specifically, we have presented accrued interest relating to the debt on our balance sheet in accrued expenses.

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NEW ACCOUNTING PRONOUNCEMENTS

In September 2006, the FASB issued SFAS No. 157, "Fair Value Measurements" ("SFAS 157"). SFAS 157 provides guidance for using fair value to measure assets and liabilities. SFAS 157 addresses the requests from investors for expanded disclosure about the extent to which companies measure assets and liabilities at fair value, the information used to measure fair value and the effect of fair value measurements on earnings. SFAS 157 applies whenever other standards require (or permit) assets or liabilities to be measured at fair value, and does not expand the use of fair value in any new circumstances. SFAS 157 is effective for financial statements issued for fiscal years beginning after November 15, 2007 and will be adopted by the Company in the first quarter of fiscal year 2008. We do not expect that the adoption of SFAS 157 will have a material impact on our financial condition or results of operations.

In September 2006, the FASB issued SFAS No. 158, "Statement of Financial Accounting Standards" ("SFAS 158") which amends SFAS No. 87, 88, 106, and 132(R). Post application of SFAS 158, an employer should continue to apply the

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provisions in Statements 87, 88, and 106 in measuring plan assets and benefit obligations as of the date of its statement of financial position and in determining the amount of net periodic benefit cost. SFAS 158 requires amounts to be recognized as the funded status of a benefit plan, that is, the difference between plan assets at fair value and the benefit obligation. SFAS 158 further requires recognition of gains/losses and prior service costs or credits not recognized pursuant to SFAS No. 87 or SFAS No. 106. Additionally, the measurement date is to be the date of the employer's fiscal year-end. Lastly, SFAS 158 requires disclosure in the financial statements effects from delayed recognition of gains/losses, prior service costs or credits, and transition assets or obligations. SFAS No. 158 is effective for years ending after December 15, 2006 for employers with publicly traded equity securities and as of the end of the fiscal year ended after June 15, 2007 for employers without publicly traded equity securities. We do not expect that the adoption of SFAS 158 will have a material impact on our financial condition or results of operations.

In February 2007, the FASB issued SFAS No. 159, "The Fair Value Option for Financial Assets and Financial Liabilities, including an amendment of FASB Statement No. 115" ("SFAS 159"). SFAS 159 permits companies to choose to measure many financial instruments and certain other items at fair value that are not currently required to be measured at fair value and establishes presentation and disclosure requirements designed to facilitate comparisons between companies that choose different measurement attributes for similar types of assets and liabilities. The provisions of SFAS 159 become effective as of the beginning of our 2009 fiscal year. We do not expect that the adoption of SFAS 159 will have a material impact on our financial condition or results of operations.

In December 2007, the FASB issued SFAS No. 160, "Noncontrolling Interests in Consolidated Financial Statements--an amendment of ARB No. 51" ("SFAS 160"). SFAS 160 requires companies with noncontrolling interests to disclose such interests clearly as a portion of equity but separate from the parent's equity. The noncontrolling interest's portion of net income must also be clearly presented on the Income Statement. SFAS 160 is effective for financial statements issued for fiscal years beginning after December 15, 2008 and will be adopted by the Company in the first quarter of fiscal year 2009. We do not expect that the adoption of SFAS 160 will have a material impact on our financial condition or results of operation.

In December 2007, the FASB issued SFAS No. 141 (R), "Business Combinations

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(revised 2007)" ("SFAS 141 (R)"). SFAS 141 (R) applies the acquisition method of accounting for business combinations established in SFAS 141 to all acquisitions where the acquirer gains a controlling interest, regardless of whether consideration was exchanged. Consistent with SFAS 141, SFAS 141 (R) requires the acquirer to fair value the assets and liabilities of the acquiree and record goodwill on bargain purchases, with main difference the application to all acquisitions where control is achieved. SFAS 141 (R) is effective for financial statements issued for fiscal years beginning after December 15, 2008 and will be adopted by the Company in the first quarter of fiscal year 2009. We do not expect that the adoption of SFAS 141 will have a material impact on our financial condition or results of operation.

In March 2008, the FASB issued SFAS No. 161, "Disclosures about Derivative Instruments and Hedging Activities", an amendment of SFAS No. 133. SFAS 161 applies to all derivative instruments and nonderivative instruments that are designated and qualify as hedging instruments pursuant to paragraphs 37 and 42 of SFAS 133 and related hedged items accounted for under SFAS 133. SFAS 161 requires entities to provide greater transparency through additional disclosures about how and why an entity uses derivative instruments, how derivative instruments and related hedged items are accounted for under SFAS 133 and its related interpretations, and how derivative instruments and related hedged items affect an entity's financial position, results of operations, and cash flows. SFAS 161 is effective as of the beginning of an entity's first fiscal year that begins after November 15, 2008. We do not expect that the adoption of SFAS 161 will have a material impact on our financial condition or results of operation.

NOTE 2. ADVANCES - RELATED PARTY

In 2006, the Company entered into a note with Diversified Lending, see Note 6. From the proceeds of the debt facility we issued \$500,000 to Western Architectural Services, LLC ("Western") and recorded an Advance - Related Party on our balance sheet. Our Chief Operating Officer is also the President of Western.

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NOTE 3. FIXED ASSETS

Fixed assets and accumulated depreciation consists of the following:

	December 31, 2007	December 31, 2006
Computer equipment	\$ 46,847	\$ 42,652
Accumulated depreciation	(36,211)	(26,505)
	\$ 10,636	\$ 16,147

NOTE 4. ACCRUED EXPENSES

Accrued expenses consist of the following:

	December 31, 2007	December 31, 2006
Accounts Payable	\$ 125,535	\$ 100,000
Accrued Interest	1,001,970	942,660
	\$ 1,127,505	\$ 1,042,660

=====

NOTE 5. LOAN AND SETTLEMENT PAYABLE

Loans payable have no stated interest rate, are due on demand and unsecured. Interest has been accrued at an estimated market interest rate of 8%, is included in accrued expenses, and totaled \$390,845 as of December 31, 2007 and \$319,413 as of December 31, 2006.

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 Company's 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 December 31, 2007, the total obligation included loans of \$228,239 in principal and the settlement obligation of \$650,000, plus total accrued interest of \$390,845 amounting to an aggregate of \$1,269,084. One half of this amount, or \$634,542 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, neither of which have occurred as of December 31, 2007. Since the loan payable does not have a maturity date, the entire balance has been presented as a current liability. The debt holder is a shareholder in our Company and owns approximately 7.4 million shares of our common stock.

NOTE 6. NOTES PAYABLE

Line of Credit

On November 19, 2002, the Company entered into a line of credit financing agreement which entitled the Company to borrow from a creditor 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 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 was 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 in accrued expenses in the accompanying consolidated financial statements.

As of December 31, 2007 and 2006, the total obligation including loans of \$605,000, and accrued interest of \$605,000, amounted to \$1,210,000. The debt holder 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 the debt. As collateral for the Loan and Security Agreement the debt holder filed a UCC-1 against the assets and intellectual property of the

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Company giving the debt holder the right to institute foreclosure proceedings against the Company. Foreclosure proceedings could be instituted at any time if the debt holder believes that he will not be repaid. As of the date of these financial statements the debt holder has not indicated any intentions to institute foreclosure proceedings.

Diversified Lending

On September 5, 2006, the Company entered into a note payable with Diversified Lending Group, Inc. for \$1,250,000. The Company is a joint tenant with Western in this debt which bears interest of 14% and is due within one year from the date of the note. As of December 31, 2007, Western paid directly to Diversified Lending Group, Inc. six months of interest for the original loan. We have accounted for this as both interest income and interest expense of \$87,500. As stated in the agreement, the Company could extend the Maturity Date of the loan one time for a period of six months, which the Company exercised for a fee of 3% of the loan amount or \$37,500 (Western Architecture paid to the Company \$18,750 as their part of the loan extension). As of March 31, 2008, management is negotiating with the note holder to extend the terms of the note.

As consideration for the loan, the Company was required to pay \$50,000 and issue 4,000,000 shares of its common stock valued at \$400,000, both of which have been completed. Also, to collateralize the loan, the Company was required to issue 7,500,000 shares of its common stock. The promissory note also holds an anti-dilution clause where the Company is required to issue additional shares of its common stock to the debt holder so their 4% ownership is not diluted. As of December 31, 2007 and 2006, respectively, our loan fees paid with common stock have been fully expensed and our loan collateral paid with common stock was \$750,000 at both period end dates.

At December 31, 2006, we accrued an additional \$6,260 of interest relating to the year end dilution calculation which resulted in us issuing an additional 89,438 shares in the first quarter of 2007. At December 31, 2007, we accrued an additional \$6,125 of interest relating to the year end dilution calculation. As a result, 94,231 additional shares will be issued upon the publication of the financial statements.

As the loan collateral, loan fees and anti-dilution components of the agreement (as described above) are dominated in Company's common stock, the Company maintains the full risk of loss and we have recorded the full debt component on our balance sheet.

From the proceeds of the debt facility we issued \$500,000 to Western and recorded an Advance - Related Party on our balance sheet.

Year Ended December 31,

2008	\$	1,250,000
Thereafter		-

Total	\$	1,250,000
		=====

NOTE 7. RELATED PARTY TRANSACTIONS AND ACQUISITION

Related Party Transactions

During February 2004, the Company paid \$300,000 in cash to Western, an entity owned by the Company's Chief Operating Officer and director of the Company pursuant to a Contractor Agreement between Western and the Company to design and

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build a car for the Voyager project and conduct a feasibility study. As site locations have been modified for the project, the feasibility study has been modified by Western under this contract.

As of December 31, 2007, the Company had accrued expenses to related parties of \$1,250,000. During the years ended December 31, 2007 and 2006, the Company awarded a bonus of \$380,000 payable to Synthetic Systems, LLC, an entity jointly owned by its Chief Executive Officer and Secretary. At December 31, 2007, accrued expenses - related party consists of the \$760,000 unpaid bonus balance, which includes the bonuses disclosed above plus \$490,000 in unpaid consulting fees to Synthetic Systems discussed below..

During the years ended December 31, 2007 and 2006, the Company paid consulting fees of approximately \$35,000 per month to Synthetic Systems, LLC, for a total of \$420,000 in each year. Synthetic Systems is jointly owned by our Chief Executive Officer and Secretary. The Company also paid to Synthetic Systems LLC, office rent expenses of \$35,957 and \$34,694 and furniture and equipment lease of \$13,800 or \$1,150 per month as of December 31, 2007 and 2006, respectively.

On May 30, 2002, the Company executed a Contractor Agreement with Western where Western will provide to the Company certain architectural services for the L.V. Project in exchange for which the Company issued 2,812,500 shares of restricted common stock to Western. Although he was not an affiliate of the Company upon execution of the Contractor Agreement, Western's Chief Executive Officer is currently our Chief Operating Officer, a director and significant stockholder of the Company. We have accounted for these shares as Deferred Construction Costs in these financial statements.

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Western plans to sell the amount of common stock at the time, before, and during the contract to purchase supplies and pay subcontractors. At the time the contract was issued the shares of the Company were trading at \$6.50 per share. The current stock price of the Company has a trading range of \$0.05 to \$0.15. If at the time Western performs the services contracted and the share price is below \$6.50 per share, the Company will be required to issue new shares to Western in order for the contract to be fulfilled. Western's Chief Executive Officer, Tracy Jones, is currently an affiliate of the Company which will also limit the amount of shares that can be sold based on the trading volume and shares outstanding in accordance with Rule 144 of the Securities Act of 1933. As of December 31, 2006, we have marked these shares to market in accordance with EITF No. 96-18 "Accounting for Equity Instruments That Are Issued to Other Than Employees for Acquiring, or in Conjunction with Selling, Goods or Services", Issue 3, using the year end closing price of our stock. The change in valuation is debited to additional-paid in capital due to the deferred construction cost nature of these shares. As of December 31, 2007 and 2006, respectively, the value of the deferred construction costs was \$182,813 and \$196,875, respectively.

In 2006, the Company entered into a note with Diversified Lending, see Note 6. From the proceeds of the debt facility we issued \$500,000 to Western and recorded an Advance - Related Party on our balance sheet.

In March 2007, we borrowed \$100,000 from Western. The amount is unsecured, carries no interest and is due upon demand.

In December 2007, we borrowed \$25,000 from Western. The amount is unsecured, carries no interest and is due upon demand.

Acquisition

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On April 10, 2006, Voyager entered into a Unit Purchase (Buy-Sell) Agreement ("Agreement") to acquire all the outstanding units of Western in exchange for a total of 5,000,000 shares of Voyager's common stock. On September 11, 2006, Voyager believed it had fully completed the necessary due diligence pursuant to the Agreement and consequently delivered the Shares consideration as required for the final closing. Upon further evaluation of Voyager's due diligence of Western pursuant to Section 2.02 of the Agreement, it has been determined that the existing limited liability company ("LLC") operating agreement of Western would need to be modified in order for Voyager to continue the existing operations of Western.

On March 30, 2007, Voyager and Western were not able to come to acceptable terms with regards to the needed changes to the LLC operating agreement and therefore canceled the Agreement since the transaction did not meet all the requirements of Section 2.02 of the Agreement and was deemed as if the acquisition transaction was never closed.

As a result, the acquisition was nullified effective March 30, 2007. As a result of the nullification of the acquisition transaction, 2,500,000 shares of common stock are to be returned to the Company for cancellation and returned to the treasury. The remaining 2,500,000 shares were accounted for as a fee for the nullification in our statement of operations as of December 31, 2007. The shares were valued at fair value of \$0.15 per shares for a total value of \$375,000.

In 2006, we issued a certificate for 2,000,000 shares and a separate certificate for 3,000,000 shares for the total 5,000,000 shares required under the agreement. On February 7, 2008, the share certificate for 3,000,000 shares was sent to the Company as part of the 2,500,000 shares required to be returned under the March 30, 2007 nullification agreement. We have accounted for the 500,000 excess shares as a common stock payable due to Western at March 31, 2008.

NOTE 8. COMMITMENTS AND CONTINGENCIES

The Company shares office space with Synthetic Systems as previously disclosed in Note 7. The lease is a month to month sublease. The Company has no other commitments.

NOTE 9. STOCKHOLDERS' EQUITY

The authorized common stock of the Company consists of 200,000,000 shares of common stock with par value of \$0.001, 50,000,000 shares of preferred stock. For our preferred stock we have designated two series: 1,500,000 shares of Series A Preferred Stock with a par value of \$0.001 and 10,000,000 shares of Series B Preferred Stock.

PREFERRED STOCK

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 conversion of Dakota Imaging Inc. and Voyager Entertainment International, Inc., 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.

In February 2002, upon the conversion of Dakota Imaging Inc. and Voyager Entertainment International, Inc., 2,160,000 shares of the Series A convertible preferred stock were immediately converted into 21,600,000 shares of common stock, resulting in a balance of 1,500,000 shares of convertible preferred stock designated.

On March 5, 2004, Richard Hannigan, the Company's CEO, converted 500,000 Series A Preferred shares into 5,000,000 shares of common stock of the Company.

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

In September 2006, 500,000 Series A Preferred shares were converted into 5,000,000 shares of common stock of the Company by a non-officer.

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 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, 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, 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.

In August 2005, the Company's CEO converted 1,000,000 Series B Preferred shares into 2,000,000 shares of common stock of the Company.

In August 2005, the Company's Secretary converted 1,000,000 Series B Preferred shares into 2,000,000 shares of common stock of the Company.

In August 2005, an entity controlled by an officer and director of the Company converted 500,000 Series B Preferred shares into 1,000,000 shares of common stock of the Company.

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In May 2006, an officer and director of the Company converted 500,000 Series B Preferred Shares into 1,000,000 shares of common stock of the Company.

Common Stock Issuances

On February 15, 2002, the Company sold 800,000 restricted shares of common stock at a price of \$0.50 per share for \$400,000, which represented the fair market value of the common stock on date of issuance.

On April 5, 2002, the Company issued 200,000 restricted shares of common stock in exchange for services performed totaling \$200,000. The fair market value of the common stock on the date of issuance totaled \$400,000. Therefore, the Company has recognized stock discount expense of \$200,000.

On May 30, 2002, the Company executed a Contractor Agreement with Western where Western will provide to be determined architectural services to the Company for its Las Vegas Observation Wheel Project. The Company issued

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2,812,500 shares of restricted common stock in consideration for Western's contract sum of \$18,141,533 classified as deferred construction costs. See Note 7 above.

During June 2002, the Company sold 50,000 restricted shares of common stock at a price of \$3.00 per share solely to accredited investors for cash consideration totaling \$150,000, which represents the fair market value of the common stock on date of issuance. Since the cash consideration received was from unrelated parties, it was determined to best represent the fair market value of the shares on the transaction date.

On October 28, 2002, the Company entered into a professional architectural services agreement with an architect firm in exchange for 600,000 shares of common stock. The Company's stock must be issued within 10 days of the agreement. In addition, the Company is responsible for reimbursement of expenses.

On November 19, 2002, the Company entered into a line of credit financing in the amount of \$1,000,000 in exchange for 650,000 shares of common stock. The fair market value of the trading common stock on the date of issuance totaled \$163,150.

On December 9, 2002, the Company entered into a consulting agreement in exchange for 325,000 shares of common stock. The fair market value of the trading common stock on the date of issuance totaled \$75,075.

In September 2003, the Company sold 769,222 shares of common stock for total cash consideration of \$100,000 to one investor, which represents the fair market value of the common stock on date of issuance. Since the cash consideration received was from unrelated parties, it was determined to best represent the fair market value of the shares on the transaction date. 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 there under.

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 trading fair market value of \$0.16 per share or total compensation cost of \$100,000.

In December 2003, an investor entered into an agreement to purchase 1,346,154

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additional shares of common stock for cash proceeds of \$175,000. These shares were purchase and issued as follows: In January 2004, \$25,000 was received from the sale of 192,307 shares of common stock pursuant to a purchase agreement from December 2003, In February 2004, \$50,000 was received from the sale of 384,614 shares of common stock pursuant to a purchase agreement from December 2003, In March 2004, \$100,000 was received from the sale of 769,228 shares of common stock pursuant to a purchase agreement from December 2003,

The common stock above 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 there under.

In February 2004, \$300,000 was received for 750,000 shares of common stock. 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 there under.

During February 2004, the Company also issued 725,000 shares of restricted common stock to three consultants for services rendered. These shares were valued at the fair market value ranging from \$0.75 to \$0.80 per share for total consideration of \$558,750.

On March 5, 2004, the Company's CEO converted 500,000 Series A Preferred shares into 5,000,000 shares of common stock of the Company.

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

On June 17, 2004, the Company initiated negotiations to potentially purchase a parcel of property in Las Vegas, Nevada At that time, the Company issued 500,000 shares of common stock as an incentive to the owner of that property which will not be recovered regardless of whether the Company completes the transaction. The shares were valued at the fair market value of \$0.49 per share for a total of \$245,000.

On June 30, 2004, the Company issued 150,000 shares of common stock to an individual for services rendered. These shares were valued at the fair market value of \$0.52 per share for total consideration of \$78,000.

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In September 2004, \$50,000 was received for 333,333 shares of common stock. 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 there under.

In October 2004, \$150,000 was received for 1,000,000 shares of common stock. 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 there under.

In October 2004, the Company issued 500,000 shares of common stock to an individual for services rendered. These shares were valued at the fair market value of \$0.11 per share for total consideration of \$55,000.

In January 2005, the Company issued 500,000 shares of common stock for consulting services 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 shares of common stock at \$0.20 per share.

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In March 2005, \$75,000 was received for 375,000 shares of common stock 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.

In June 2005, \$400,000 was received for 2,666,667 shares of common stock at \$0.15 per share.

In July 2005, \$125,000 was received for 833,333 shares of common stock at \$0.15 per share.

In July 2005, the Company issued 200,000 shares of common stock for consulting services rendered. These shares were valued at the fair value of \$0.35 per share for total compensation of \$70,000.

In August 2005, the Company's CEO converted 1,000,000 Series B Preferred shares into 2,000,000 shares of common stock of the Company.

In August 2005, the Company's Secretary converted 1,000,000 Series B Preferred shares into 2,000,000 shares of common stock of the Company.

In August 2005, an entity controlled by an officer and director of the Company converted 500,000 Series B Preferred shares into 1,000,000 shares of common stock of the Company.

In September 2005, the Company issued 600,000 shares of common stock for consulting services rendered. These shares were valued at the fair value of \$0.33 per share for total compensation of \$198,000.

In November 2005, \$25,000 was received for 166,667 shares of common stock at \$0.15 per share.

In December 2005, \$270,000 was received for 1,800,000 shares of common stock at \$0.15 per share.

In February 2006, \$25,000 was received for 166,667 shares of common stock at \$0.15 per share.

In April 2006, the Company issued 3,000,000 shares of common stock in anticipation of the Western merger, see Note 7. These shares were valued at fair value of \$0.15 per share or \$450,000.

In April 2006, the Company issued 950,000 shares of common stock for consulting services rendered. These shares were valued at the fair value on the date of grant of \$0.15 per share for total compensation of \$142,500.

In May 2006, an officer and director of the Company converted 500,000 Series B Preferred Shares into 1,000,000 shares of common stock of the Company.

In May 2006, the Company issued 100,000 shares of common stock for consulting services rendered. These shares were valued at the fair value of \$0.16 per share on the date of grant for total compensation of \$16,000.

In June 2006, the Company issued 250,000 shares of common stock for consulting services rendered. These shares were valued at the fair value per share of \$0.14 per share on the date of grant for total compensation of \$35,000.

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In September 2006, 500,000 Series A Preferred shares were converted into 5,000,000 shares of common stock of the Company by a non-officer.

In August 2006, the Company issued 4,000,000 and 7,500,000 shares of common stock in association with loan origination costs and collateral for the loan, valued at fair value on the issuance date at \$0.10 per share for a total value of \$400,000 and \$750,000, respectively.

In November 2006, the Company issued 9,812,500 shares of common stock for consulting services rendered. These shares were valued at the fair value of \$0.08 per share on the date of grant for total compensation of \$750,000.

In November 2006, the Company issued 2,000,000 shares of common stock in anticipation of the Western merger, see Note 7. These shares were valued at fair value of \$0.15 per share for a total value of \$300,000.

In December 2006, the Company issued 464,278 shares of common stock due to the anti-dilution clause in our debt agreement, see Note 6 above. The shares were valued at the fair value of \$0.06 per share

In December 2006, \$25,000 was received for 166,667 shares of common stock at \$0.15 per share.

In December 2006, the Company issued 1,000,000 shares of common stock for consulting services rendered. 1,000,000 shares were valued at the fair value of \$.058 per share on the date of grant for total compensation of \$58,000 and 600,000 shares were valued at the fair value of \$0.06 per share for a total value of \$36,000.

In March 2007, the Company issued 1,000,000 shares of common stock for consulting services rendered. These shares were valued at the fair value on the date of grant for total compensation of \$98,000 or \$0.098.

In April 2007, the Company issued 500,000 shares of common stock for consulting services rendered. These shares were valued at the fair value on the date of grant for total compensation of \$60,000 or \$0.12.

In April 2007, the Company issued 89,438 shares of common stock for interest which was accrued at December 31, 2006 for \$6,260 or \$0.07 per share, relating to our Diversified Lending Group, Inc. note.

In May 2007, the Company issued 1,100,000 shares of common stock for consulting services rendered. These shares were valued at the fair value on the date of grant for total compensation of \$115,500 or \$0.105.

In July 2007, the Company issued 2,000,000 shares of common stock as a result of shares purchased through a private placement offering for \$200,000 or \$0.10.

In July 2007, the Company issued 39,800 shares of common stock for the accrued \$7,164 or \$0.18 per share in interest accrued at June 30, 2007 for charges relating to the Diversified Lending Group, Inc. note.

In August 2007, the Company issued 1,300,000 shares of common stock for consulting services rendered. These shares were valued at the fair value on the date of grant for total compensation of \$188,500 or \$0.145.

In August 2007, the Company issued 1,200,000 shares of common stock as a result of shares purchased through a private placement offering for \$120,000 or \$0.01.

In August 2007, the Company issued 149,369 shares of common stock for interest which was for the accrued interest at September 30, 2007 for \$21,587 or \$0.14

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per share relating to our Diversified Lending Group, Inc. note.

In October 2007, the Company issued 100,000 shares of common stock as a result of shares purchased through a private placement offering for \$10,000 or \$0.01.

In November 2007, the Company issued 500,000 shares of common stock for professional services rendered. These shares were valued at the fair value on the date of grant for total compensation of \$50,000 or \$0.10.

In December 2007, the Company issued 1,450,000 shares of common stock as a result of shares purchased through a private placement offering for \$60,000 or \$0.04.

In December 2007, the Company issued 200,000 shares of common stock for professional services rendered. These shares were valued at the fair value on the date of grant for total compensation of \$20,000 or \$0.10.

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In December 2007, the Company issued 105,775 shares of common stock for interest which was for the accrued interest at September 30, 2007 for \$14,809 or \$0.14 per share relating to our Diversified Lending Group, Inc. note.

Stock Option Plan

The Company's stockholders 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 December 31, 2007, no options have been issued under this plan.

NOTE 11. INCOME TAXES

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During the year ended December 31, 2007, the Company adopted Financial Accounting Standards Board (FASB) Interpretation No. 48, "Accounting for Uncertainty in Income Taxes" (FIN 48), which supplements SFAS No. 109, "Accounting for Income Taxes," by defining the confidence level that a tax position must meet in order to be recognized in the financial statements. The Interpretation requires that the tax effects of a position be recognized only if it is "more -likely- than-not" to be sustained based solely on its technical merits as of the reporting date. The more-likely-than-not threshold represents a positive assertion by management that a company is entitled to the economic benefits of a tax position. If a tax position is not considered more-likely-than-not to be sustained based solely on its technical merits no benefits of the tax position are to be recognized. Moreover, the more -likely-than-not threshold must continue to be met in each reporting period to support continued recognition of a benefit. With the adoption of FIN 48, companies are required to adjust their financial statements to reflect only those tax positions that are more-likely-than-not to be sustained. Any necessary adjustment would be recorded directly to retained earnings and reported as a change in accounting principle.

The components of the Company's deferred tax asset as of December 31, 2007 and 2006 are as follows:

	2007	2006
	-----	-----
Net operating loss carry forward	\$ 5,423,600	\$ 4,557,900
Valuation allowance	(5,423,600)	(4,557,900)
	-----	-----
Net deferred tax asset	\$ -	\$ -
	=====	=====

A reconciliation of income taxes computed at the statutory rate to the income tax amount recorded is as follows:

	2007	2006
	-----	-----
Tax at statutory rate	(35%)	(35%)
Change in valuation allowance	35%	35%
	-----	-----
Effective income tax rate	0%	0%
	=====	=====

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Upon adoption of FIN 48 as of January 1, 2007, the Company had no gross unrecognized tax benefits that, if recognized, would favorably affect the effective income tax rate in future periods. At December 31, 2007, the amount of gross unrecognized tax benefits before valuation allowances and the amount that would favorably affect the effective income tax rate in future periods after valuation allowances were \$0. These amounts consider the guidance in FIN 48-1, "Definition of Settlement in FASB Interpretation No. 48". The Company has not accrued any additional interest or penalties as a result of the adoption of FIN 48.

No tax benefit has been reported in connection with the net operating loss carry forwards in the consolidated financial statements as the Company believes it is more likely than not that the net operating loss carry forwards will expire unused. Accordingly, the potential tax benefits of the net operating loss carry forwards are offset by a valuation allowance of the same amount. Net operating

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loss carry forwards start to expire in 2021.

The Company files income tax returns in the United States federal jurisdiction. With a few exceptions, the Company is no longer subject to U.S. federal, state or non-U.S. income tax examination by tax authorities on tax returns filed before January 31, 2004. The Company will file its U.S. federal return for the year ended December 31, 2007 upon the issuance of this filing. These U.S. federal returns are considered open taxyears as of the date of these consolidated financial statements. No tax returns are currently under examination by any tax authorities.

NOTE 12. SUBSEQUENT EVENTS

On February 7, 2008, the share certificate for 3,000,000 shares was returned to the Company under the March 30, 2007 agreement for with the failed Western acquisition. We have accounted for the 500,000 excess shares as a common stock payable due to Western at March 31, 2008.

Our note with Diversified Lending became due as of March 31, 2008. Although management has ongoing negotiations to extend the terms of the agreement, technically per the agreement we are in default.

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ITEM 8. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

ITEM 8A. CONTROLS AND PROCEDURES

The management of Voyager Entertainment International, Inc. is responsible for establishing and maintaining adequate internal control over financial reporting. Internal control over financial reporting is defined in Rule 13a-15(f) or 15d-15(f) promulgated under the Securities Exchange Act of 1934 as a process designed by, or under the supervision of, the company's principal executive and principal financial officers and effected by the company's board of directors, management and other personnel, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with accounting principles generally accepted in the United States of America and includes those policies and procedures that:

- Pertain to the maintenance of records that in reasonable detail accurately and fairly reflect the transactions and dispositions of the assets of the company;
- Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with accounting principles generally accepted in the United States of America and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and
- Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the company's assets that could have a material effect on the financial statements.

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Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate. All internal control systems, no matter how well designed, have inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation. Because of the inherent limitations of internal control, there is a risk that material misstatements may not be prevented or detected on a timely basis by internal control over financial reporting. However, these inherent limitations are known features of the financial reporting process. Therefore, it is possible to design into the process safeguards to reduce, though not eliminate, this risk.

Management assessed the effectiveness of the Company's internal control over financial reporting as of December 31, 2007. In making this assessment, management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission in Internal Control-Integrated Framework.

Based on its assessment, management concluded that, as of December 31, 2007, the Company's internal control over financial reporting is effective based on those criteria.

ITEM 8B. OTHER INFORMATION

None.

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PART III

ITEM 9. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

The following table sets forth the names and positions of our executive officers and directors. Directors will be elected at our annual meeting of stockholders and serve for one year or until their successors are duly elected and qualified. Officers are elected by the Board and their terms of office are, except to the extent governed by employment contract, at the discretion of the Board.

Name	Age	Positions and Offices Held
Richard Hannigan	59	President, CEO and Director
Tracy Jones	56	Chief Operating Officer and Director
Myong Hannigan	61	Secretary, Treasurer and Director

Duties, Responsibilities and Experience

Richard L. Hannigan, Sr., has been the Company's President and Chief Executive Officer and a Director since February 8, 2002. Mr. Hannigan also serves as the President, Chief Executive Officer and a Director of Voyager Entertainment Holdings, Inc., our wholly-owned subsidiary ("VEHI"). Mr. Hannigan has been President of a design and construction company, Synthetic Systems, Inc., since 1991. This Company specializes in custom designs for interior and exterior casino construction. Under Mr. Hannigan's control, Synthetic Systems, Inc. has been involved in several casino projects in Las Vegas, including the Luxor Hotel Casino, its interior themed areas and exterior main entry Sphinx. Prior to forming Synthetic Systems, Inc., Mr. Hannigan owned and operated two consulting and construction companies from 1983-1991. These companies, Architectural

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Services, Inc. and Architectural Systems, Inc., respectively, have been responsible for construction projects located in Las Vegas, Palm Springs, Los Angeles and Salt Lake City. Mr. Hannigan has also consulted for exterior glazing and exotic fenestrations on commercial as well as casino companies in Las Vegas.

Tracy Jones, has been the Company's Chief Operating Officer and became a Board member, on May 26, 2003. Mr. Jones also serves as the Chief Operating Officer of VEHI, our wholly-owned subsidiary. Mr. Jones formed Western Architectural Services, LLC ("Western") in 1982, as an architectural design and fabrication company. Over the past 20 years Mr. Jones has been instrumental in the development of "themed" environments for the Hotel/Casino, Restaurant, and Theme Park industry. At Western, Mr. Jones has revolutionized the use of digitized computer enhancement for the replication of historical features.

Mr. Jones created methods that reduced the time to produce large-scale projects such as the Statue of Liberty at the New York - New York Hotel and Casino in Las Vegas. Previously, this project would have taken almost 1-1/2 years to recreate. However, with methods developed at Western, this project was fabricated in just over 6 months.

Mr. Jones has a history of producing the most difficult projects on time, and on budget. With his position at the Company, Mr. Jones can take this same approach to developing the Observation Wheels. Mr. Jones brings his expertise of manufacturing to this world class project. Mr. Jones will focus on product development, quality control, safety, state and federal regulations, freight issues, and on-time production and overall construction review.

Myong Hannigan has served as Secretary of the Company, and a Board member, since April 4, 2004. Ms. Hannigan also serves as the Secretary and Treasurer of VEHI, our wholly-owned subsidiary. Ms. Hannigan attended college at Seoul University in Seoul, South Korea for general studies and business management. Ms. Hannigan has been a managing partner of a design and construction company, Synthetic Systems, Inc., since 1991. This Company specializes in custom design for interior and exterior casino construction. Prior to Synthetic Systems, Inc., Ms. Hannigan was a managing partner for Architectural Services, Inc. and Architectural Systems, Inc., from 1983-1991. This company specialized in design and installation of custom glass and glazing systems. Prior to Architectural Services, Inc. and Architectural Systems, Ms. Hannigan owned and managed Antiqua Stain Glass Company in Honolulu, Hawaii from 1979-1981, which was relocated from Bloomington, Illinois (1976-1979). This company specialized in design, manufacturing, installation and retail/wholesale products.

SIGNIFICANT EMPLOYEES

None.

FAMILY RELATIONSHIPS

Ms. Hannigan is the wife of Richard Hannigan, President, Chief Executive Officer and Director of the Company.

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INVOLVEMENT IN CERTAIN LEGAL PROCEEDINGS

During the past five years, no present director, executive officer or person nominated to become a director or an executive officer of the Company:

1. had a petition under the federal bankruptcy laws or any state insolvency law filed by or against, or a receiver, fiscal agent or similar officer appointed by a court for the business or property of such person, or any partnership in which he was a general partner at or

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within two years before the time of such filing, or any corporation or business association of which he was an executive officer at or within two years before the time of such filing;

2. was convicted in a criminal proceeding or subject to a pending criminal proceeding (excluding traffic violations and other minor offenses);
3. was subject to any order, judgment or decree, not subsequently reversed, suspended or vacated, of any court of competent jurisdiction, permanently or temporarily enjoining him from or otherwise limiting his involvement in any of the following activities:
 - (i) Acting as a futures commission merchant, introducing broker, commodity trading advisor, commodity pool operator, floor broker, leverage transaction merchant, any other person regulated by the Commodity Futures Trading Commission, or an associated person of any of the foregoing, or as an investment adviser, underwriter, broker or dealer in securities, or as an affiliated person, director or employee of any investment company, bank, savings and loan association or insurance company, or engaging in or continuing any conduct or practice in connection with such activity;
 - (ii) Engaging in any type of business practice; or
 - (iii) Engaging in any activity in connection with the purchase or sale of any security or commodity or in connection with any violation of federal or state securities laws or federal commodities laws; or
4. was the subject of any order, judgment or decree, not subsequently reversed, suspended or vacated, of a federal or state authority barring, suspending or otherwise limiting for more than 60 days the right of such person to engage in any activity described in paragraph (3) (i), above, or to be associated with persons engaged in any such activity; or
5. was found by a court of competent jurisdiction (in a civil action), the Securities and Exchange Commission or the Commodity Futures Trading Commission to have violated a federal or state securities or commodities law, and for which the judgment has not been reversed, suspended or vacated.

AUDIT COMMITTEE AND FINANCIAL EXPERT

The Board of Directors does not have a separate Audit Committee; rather the Board as a whole performs all functions of an Audit Committee. The Board currently does not have an "audit committee financial expert" as defined by the Securities and Exchange Commission Regulation S-B, Item 401(c)(2). The Board believes that, given the developmental stage of the Company, the Company is not currently in a position to attract the services of a Board member who does qualify as a financial expert. However, the Board will continue its search for an individual who would qualify as a financial expert.

COMMITTEES OF THE BOARD OF DIRECTORS

Currently, the Company's Board of Directors does not have any standing audit, nominating or compensation committees, or committees performing similar functions. Richard Hannigan, President, oversees the compensation of our executive officers.

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SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Section 16(a) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), requires our executive officers and directors, and persons who beneficially own more than ten percent of our common stock, to file initial reports of ownership and reports of changes in ownership with the SEC. Executive officers, directors and greater than ten percent beneficial owners are required by SEC regulations to furnish us with copies of all Section 16(a) forms they file. Based upon a review of the copies of such forms furnished to us, and written representations from our executive officers and directors, our belief is that during and prior to the year ended 2007, all reports were filed timely as required.

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CODE OF ETHICS

The Company has not adopted a code of ethics primarily because there are only three officers and directors who have focused mainly on acquiring a suitable site location and financing for the project. The Company plans to adopt a code of ethics as soon as practicable.

ITEM 10. EXECUTIVE COMPENSATION

The following table sets forth the compensation for the fiscal period(s) for the past three years for our Executive Officers who served in those positions, and the remaining two executive officers of the Company who were serving as executive officers as of December 31, 2007.

SUMMARY COMPENSATION TABLE

Name and Principal Position	Year	Annual Compensation			Awards		Long Te
		Salary (\$)	Bonus (\$)	Other Annual Compensation (\$)	Restricted Stock Award(s) (\$)	Securit Underly Option SARs	
Richard Hannigan President/CEO/Director	2007	-	190,000	210,000	-	-	-
Tracy Jones COO/Director	2007	-	-	-	-	-	-
Myong Hannigan Secretary	2007	-	190,000	210,000	-	-	-
Richard Hannigan President/CEO/Director	2006	-	190,000	210,000	-	-	-
Tracy Jones COO/Director	2006	-	-	-	-	-	-
Myong Hannigan Secretary	2006	-	190,000	210,000	-	-	-

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Richard Hannigan President/CEO/Director	2005	-	190,000	210,000	-
Tracy Jones COO/Director	2005	-	-	-	-
Myong Hannigan Secretary	2005	-	190,000	210,000	-

(1) 2006-2007 Bonus: The Company awarded a cash bonus of \$380,000 payable to Synthetic Systems, Inc. for each respective year. The 2005 bonus was retired by the issuance of common stock. Synthetic Systems, Inc. is jointly owned equally by Richard L. Hannigan Sr., our President/CEO, and Myong Hannigan, our Secretary. The total bonus of \$760,000 will be issued to Synthetic Systems at the appropriate time when the Company deems it practicable. However, the Company has the option of retiring the accrued bonuses by issuing shares of our common stock.

(2) 2005-2007: Other Annual Compensation includes (i) \$420,000 in professional consulting fees paid by the Company to Synthetic Systems, Inc., an entity owned by Richard and Myong Hannigan (Mr. Hannigan \$210,000 and Ms. Hannigan \$210,000).

(3) Myong Hannigan is the wife of Richard Hannigan, Sr.

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COMPENSATION PURSUANT TO PLANS

None.

PENSION TABLE

None.

OTHER COMPENSATION

None.

COMPENSATION OF DIRECTORS

None.

TERMINATION OF EMPLOYMENT

There are no compensatory plans or arrangements, including payments to be received from the Company, with respect to any person named in Cash Consideration set out above which would in any way result in payments to any such person because of his resignation, retirement, or other termination of such person's employment with the Company or its subsidiaries, or any change in control of the Company, or a change in the person's responsibilities following a change in control of the Company.

ITEM 11. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

EQUITY COMPENSATION PLAN INFORMATION

Plan Category	Number of securities to	Weighted-average	Number of secur
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	be issued upon exercise of outstanding options, warrants and rights	exercise price of outstanding options, warrants and rights	available for f under equity co (excluding secu column (a))
	(a)	(b)	(c)
Equity compensation plans approved by security holders	-	-	
Equity compensation plans not approved by security holders	-	-	
Total	-	-	

(1) On April 2, 2002, the Company's stockholders approved the 2002 Stock Option Plan, authorizing the issuance of up to 5,000,000 shares of common stock under the Plan.

There were no stock options issued to any employee or consultants for the year ending December 31, 2007 and there have not been any options issued since inception. The Board of Directors determines on an individual basis as to whether the Company should issue stock for services. There are no current plans to issue additional stock for services. However, as the Company conducts business there may be situations from time to time where the Company may elect to issue stock for services.

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The following table sets forth information as of December 31, 2007 with respect to the beneficial ownership of the Company's common stock, Series A Convertible Preferred Stock and Series B Convertible Preferred Stock by (i) each person who, to the knowledge of the Company, beneficially owned or had the right to acquire more than 5% of the outstanding common stock, Series A Convertible Preferred Stock and Series B Convertible Preferred Stock, (ii) each director and executive officer of the Company and (iii) all executive officers and directors of the Company as a group.

(1)	(2)	(3)
Title of Class	Name and Address of Beneficial Owner	Amount and Nature of Beneficial Ow
Common Stock	Gregg Giuffria (4) 8761 Rainbow Ridge Dr Las Vegas, NV 89117	10,000,0

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	Don and Nancy Tyner (4) 9807 Highridge Las Vegas, NV 89134	7,450,6
	Richard Hannigan (5) President, CEO 4483 West Reno Avenue Las Vegas, NV 89118	34,947,5
	Myong Hannigan (5) Secretary 4483 West Reno Avenue Las Vegas, NV 89118	24,197,5
	Tracy Jones (6) COO/Director 4483 West Reno Avenue Las Vegas, NV 89118	6,217,5
	All Directors & Officers as a Group	65,362,5
Series A Preferred stock	Richard Hannigan President, CEO	
	Myong Hannigan Secretary	
	Tracy Jones COO/Director	
	All Directors & Officers as a Group	
Series B Preferred Stock	Dan and Jill Fugal (3) 1216 N 600 W Pleasant Grove, UT 84062	1,000,0
	Richard Hannigan President, CEO	
	Myong Hannigan Secretary	
	Tracy Jones COO/Director	
	All Directors & Officers as a Group 8)	

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(1) Pursuant to the rules of the Securities and Exchange Commission, shares shown as "beneficially" owned include those shares over which the individual has voting power, including power to vote, or direct the voting of, such security, and/or investment power, including the power to dispose or direct the disposition of such security, and includes all shares the individual has the right to acquire beneficial ownership of within 60 days, including, but not limited to, any right to acquire shares (a) through the exercise of any options, warrants, or other right, (b) through conversion of a security, (c) pursuant to the power to revoke a trust, discretionary account or similar arrangement, and (d) pursuant to the automatic termination of a trust, discretionary account or similar arrangement. This information is not necessarily indicative of

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beneficial ownership for any other purpose. The directors and executive officers of the Company have sole voting and investment power over the shares of the Company's common stock, Series A Convertible Preferred Stock and Series B Convertible Preferred Stock held in their names, except as noted in the following footnotes.

(2) Calculations are based on 120,572,287 shares of common stock, and 1,000,000 shares of Series B Convertible Preferred Stock, as applicable, outstanding as of April 7, 2008. Each outstanding share of Series B Convertible Preferred Stock is immediately convertible into 2 shares of common stock.

(3) Mr. and Mrs. Fugal jointly own 2,653,837 shares of common stock and 1,000,000 shares of Series B Convertible Preferred Stock which are immediately convertible into 2,000,000 shares of common stock. Mr. Fugal currently holds all of the 1,000,000 shares of Series B Preferred Stock outstanding.

(4) Includes all shares beneficially owned as reported on most recent Form 4.

(5) Richard Hannigan and Myong Hannigan are husband and wife, Richard Hannigan directly owns 12,135,000 shares of common stock and has voting power over an additional 10,750,000 shares. Myong Hannigan is the direct owner of 12,062,500 shares of common stock.

(6) Mr. Jones is the direct owner of 3,070,000 shares of common stock and 335,000 shares of common stock owned by the Tracy Jones Charitable Remainder Trust. In addition, Mr. Jones (i) is the sole owner of Western Architectural LLC and deemed to beneficially own the 2,812,500 shares of common stock owned by Western.

(7) Currently Mr. Dan Fugal is the only owner of the Series B Preferred stock. Mr. Fugal is neither an officer nor director of the Company.

(8) Includes all shares beneficially owned as reported by the Company's transfer agent Nevada Agency and Trust Company.

ITEM 12. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

Synthetic Systems

We have numerous related party transactions with Synthetic Systems, Inc. ("Synthetic"). Synthetic is a company owned jointly by Richard L. Hannigan, Sr., our President and CEO and Myong Hannigan, Secretary, Mr. Hannigan's spouse. We are obligated to pay to Synthetic \$35,000 per month for management and consulting fees.

During 2007 and 2006, bonuses were awarded to Synthetic in the amount of \$380,000. In November 2006, the Company issued shares of our common stock in order to retire the accrued salary and bonuses from prior years. At December 31, 2007, bonuses for 2007 and 2006 remained unpaid.

We also currently lease 2,100 square feet of office space on a month-to-month basis from Synthetic for \$3,035 per month and paid as of December 31, 2007 an aggregate of \$35,957.

In addition, the Company leases office furniture and equipment from Synthetic at a monthly rental rate of \$1,150. During 2007 and 2006, the Company paid an aggregate of \$13,800 or \$1,150 per month to Synthetic for the lease of this office furniture and equipment.

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As of December 31, 2007, our accounts payable due to related parties was \$1,250,000 as compared to \$625,000 at December 31, 2006. For the year ending December 31, 2007, the Company had paid a total of \$188,800 to Synthetic Systems for professional and consulting fees and the lease of furniture and equipment. The unpaid balance consists of unpaid bonuses in 2007 and 2006 of \$760,000 and unpaid consulting and professional fees of \$490,000.

Western Architectural

On May 30, 2002, the Company executed a Contractor Agreement with Western Architectural Services, LLC ("Western") where Western will provide to the Company certain architectural services for the L.V. Project in exchange for which the Company issued 2,812,500 shares of restricted common stock to Western. Although he was not an affiliate of the Company upon execution of the Contractor Agreement, Western's Chief Executive Officer is currently our Chief Operating Officer, a director and significant stockholder of the Company. We have accounted for these shares as Deferred Construction Costs in these financial statements.

Western plans to sell the amount of common stock at the time before and during the contract to purchase supplies and pay subcontractors. At the time the contract was issued the shares of the Company were trading at \$6.50 per share. The current stock price of the Company has a trading range of \$0.05 to \$0.15. If at the time Western performs the services contracted and the share price is below \$6.50 per share, the Company will be required to issue new shares to Western in order for the contract to be fulfilled. Western's Chief Executive Officer is currently an affiliate of the Company which will also limit the amount of shares that can be sold based on the trading volume and shares outstanding in accordance with Rule 144 of the Securities Act of 1933. As of December 31, 2007, we have marked these shares to market at the year end closing price of our stock. The change in valuation was debited to additional -paid in capital due to the deferred construction cost nature of these shares. As of December 31, 2007 and 2006, respectively, the value of the deferred construction costs was \$182,813 and \$196,875, respectively.

During February 2004, the Company paid \$300,000 in cash to Western, an entity owned by the Company's Chief Operating Officer and director of the Company pursuant to a Contractor Agreement between Western and the Company to design and build a car for the Voyager project and conduct a feasibility study. As site locations have been modified for the project, the feasibility study has been modified by Western under this contract.

Preferred Stock

On March 4, 2004, Richard L. Hannigan Sr., our President and CEO, converted a total of 500,000 shares of Series A Convertible Preferred Stock held by Mr. Hannigan into 5,000,000 shares of our common stock.

During the fiscal year ended December 31, 2004, the Company issued shares of its Series B Convertible Preferred Stock, valued at approximately \$0.94 per share based upon the fair value of the underlying common stock into which such Series B Convertible Preferred Stock is convertible on a 2 for 1 basis, to the following executive officers and directors of the Company, as compensation for services provided by such individuals as executive officers.

Richard Hannigan	1,000,000 shares
Tracy Jones	500,000 shares
Myong Hannigan	1,000,000 shares

On August 17, 2005, Richard L. Hannigan Sr., our President and CEO, converted a total of 1,000,000 shares of Series B Convertible Preferred Stock held by Mr. Hannigan into 2,000,000 shares of our common stock.

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On August 17, 2005, Myong Hannigan, our Secretary converted a total of 1,000,000 shares of Series B Convertible Preferred Stock held by Mr. Hannigan into 2,000,000 shares of our common stock.

On August 17, 2005, Varna Group LC, which Tracy Jones our COO/Director is a minority owner, converted a total of 500,000 shares of Series B Convertible Preferred Stock held by Varna Group LC into 1,000,000 shares of our common stock. The stock is now held directly by Mr. Jones.

Acquisition

On April 10, 2006, Voyager entered into a Unit Purchase (Buy-Sell) Agreement ("Agreement") to acquire all the outstanding units of Western in exchange for a total of 5,000,000 shares of Voyager's common stock ("Shares"). On September 11, 2006, Voyager believed it had fully completed the necessary due diligence pursuant to the Agreement and consequently delivered the Shares consideration as required for the final closing. Upon further evaluation of Voyager's due diligence of Western pursuant to Section 2.02 of the Agreement, it has been determined that the existing limited liability company ("LLC") operating agreement of Western would need to be modified in order for Voyager to continue the existing operations of Western.

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On March 30, 2007, Voyager and Western were not able to come to acceptable terms with regards to the needed changes to the LLC operating agreement and therefore canceled the Agreement since the transaction did not meet all the requirements of Section 2.02 of the Agreement and was deemed as if the acquisition transaction was never closed.

As a result, the acquisition was nullified effective March 30, 2007. As a result of the nullification of the acquisition transaction, 2,500,000 shares of common stock are to be returned to the Company for cancellation and returned to the treasury. The remaining 2,500,000 shares were accounted for as a fee for the nullification in our statement of operations as of December 31, 2007. The shares were valued at fair value of \$0.15 per shares for a total value of \$375,000.

In 2006, we issued a certificate for 2,000,000 shares and a separate certificate for 3,000,000 shares for the total 5,000,000 shares required under the agreement. On February 7, 2008, the share certificate for 3,000,000 shares was sent to the Company as part of the 2,500,000 shares required to be returned under the March 30, 2007 nullification agreement. We have accounted for the 500,000 excess shares as a common stock payable due to Western at March 31, 2008.

Other

In 2006, the Company entered into a note with Diversified Lending, see Note 6. From the proceeds of the debt facility we issued \$500,000 to Western and recorded an Advance - Related Party on our balance sheet. Our Chief Operating Officer is also the President of Western.

In March 2007, we borrowed \$100,000 from Western. The amount is unsecured, carries no interest and is due upon demand.

In December 2007, we borrowed \$25,000 from Western. The amount is unsecured, carries no interest and is due upon demand.

ITEM 13. 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).
2.4	Completion of Acquisition of Western Architectural Services LLC by the Company (incorporated by reference to exhibit 2.1 to the Company's Current Report on Form 8-K filed on September 12, 2006).
2.5	Completion of Disposition of Western Architectural Services LLC by the Company (incorporated by reference to exhibit 2.1 to the Company's Current Report on Form 8-K filed on March 30, 2007).
3.1	Nevada Articles of Incorporation (incorporated by reference to Exhibit .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 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

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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 10-QSB 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).

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- 10.6 Settlement and General Release Agreement (incorporated by reference as exhibit 10.6 as filed with the 10-QSB for the Quarter Ending September 30, 2004 and filed on November 23, 2004).
- 10.7 Secured Promissory Note between the Company and Diversified Lending Group, Inc. dated September 5, 2006 (incorporated by reference as exhibit 10.1 filed with the 8K filed on September 12, 2006)
- 10.8 Extension of repayment of Secured Promissory Note between the Company and Diversified Lending Group, Inc. dated September 5, 2006 (incorporated by reference as exhibit 10.3 filed with the 8k filed on November 6, 2007)
- 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 November 5, 2007, the Company filed with the SEC a Current Report pursuant to Item 2.03 and 9.01 of Form 8-K, "Creation of a Direct Financial Obligation or an Obligation Under an Off-Balance Sheet Arrangement of a Registrant."

ITEM 14. PRINCIPAL ACCOUNTING FEES AND SERVICES

Audit Fees

The aggregate fees billed for professional services rendered by our principal

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accountants for the audit of our financial statements, for the reviews of the financial statements included in our annual report on Form 10-KSB, and for other services normally provided in connection with statutory filings were \$46,000 and \$46,684, respectively, for the years ended December 31, 2007 and December 31, 2006.

Audit-Related Fees, Tax Fees and All Other Fees

No "audit-related fees," "tax fees" or "other fees," as those terms are defined by the Securities and Exchange Commission, were paid for the fiscal years ended December 31, 2007 and 2006.

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SIGNATURES

In accordance with Section 13 or 15(d) of the Exchange Act, the registrant has caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

VOYAGER ENTERTAINMENT INTERNATIONAL, INC.

By: /s/ Richard Hannigan

Richard Hannigan,
President/Director
Dated: April 15, 2008

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
April 15, 2008

By: /s/ Myong Hannigan

Myong Hannigan
Secretary/Treasurer/Director
April 15, 2008

By: /s/Tracy Jones

Tracy Jones
COO/Director
April 15, 2008

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