Sibling Entertainment Group Holdings, Inc.
Form 10-K
April 15, 2009

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

FORM 10-K

(Mark One)

x Annual report under Section 13 or 15(d) of the Securities Exchange Act of 1934 for the fiscal year ended December 31, 2008.

o Transition report under Section 13 or 15(d) of the Securities Exchange Act of 1934 for the transition period from ________ to ________ .

Commission file number: 000-28311

SIBLING ENTERTAINMENT GROUP HOLDINGS, INC.
(Exact name of small business issuer as specified in its charter)

Texas	76-027334
(State or other jurisdiction of incorporation or organization)	(IRS Employer Identification Number)

333 Hudson Street, Suite 901, New York, NY 10013
(Address of Principal Executive Office) (Postal Code)

(212) 414-9600
(Issuer’s telephone number, Including Area Code)

Securities registered under Section 12(g) of the Exchange Act:

Title of Each Class
Common Stock ($0.0001 Par Value)

Check whether the registrant: (1) filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the past 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes x No o

Check if there is no disclosure of delinquent filers in response to Item 405 of Regulation S-B 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-K or any amendment to this Form 10-K þ.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes x No o

The registrant's total revenues for the year ended December 31, 2008 were $ 0.

The aggregate market value of the registrant's common stock, (the only class of voting stock), held by non-affiliates was $522,963 based on the average of the closing bid and asked prices for the common stock on April 14, 2009. Shares of common stock held by an executive officer or director of the issuer and any person who beneficially owns 10% or more of the outstanding common stock have been excluded from this computation because such persons may be deemed to be affiliates. This determination of affiliate status is not a conclusive determination for other purposes.

On April14, 2009, the number of shares outstanding of the registrant's common stock, $0.0001 par value (the only class of voting stock), was 13,074,766.

SIBLING ENTERTAINMENT GROUP HOLDINGS, INC.

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PART I

ITEM 1. DESCRIPTION OF BUSINESS

General.

As used herein the terms "Company," "we," "our", and "us" refer to Sibling Entertainment Group Holdings, Inc., formerly Sona Development Corporation, a Texas corporation and its subsidiaries and predecessors. The Company was incorporated under the laws of the State of Texas on December 28, 1988, as "Houston Produce Corporation" and we changed our name on May 14, 2007 to "Sibling Entertainment Group Holdings, Inc." We have entered into an Agreement of Acquisition and Plan of Reorganization with Sibling Entertainment Group, Inc. ("Sibling"), at the time an unrelated party, to acquire Sibling's four wholly owned subsidiaries: Sibling Theatricals, Inc., Sibling Pictures, Inc., Sibling Music Corp., and Sibling Properties, Inc. and their subsidiaries including Dick Foster Productions, Inc., Adrenaline MMA, Inc., Hats Holdings, Inc. amongst others.

The closing of the transaction is contingent upon the effectiveness of a Form S-4 registration statement with the SEC. The Form S-4 was filed on August 14, 2007 by Sibling Holdings and an amended Form S-4 will be required before further review by the SEC. If the transaction closes, our business will be that of Sibling, including the financing, producing and managing live-stage theatrical operations, mixed martial arts events, music, independent feature films, and theatrical real estate.

Historical Background.

The Houston Produce Corporation was formed for the purpose of importing fruit and vegetables from Latin America for sale in the United States. The Company's plan to import fruit and vegetables was subsequently abandoned. On June 24, 1997, the Company changed its name to "Net Masters Consultants, Inc." as part of a plan to become a global Internet service provider. Plans to create an Internet business were discarded in October of 1999. On November 27, 2002, the Company changed its name to "Sona Development Corp." as part of a corporate restructuring designed to make the Company more attractive to prospective business opportunities. Management has since been searching for a suitable business opportunity to become part of the Company by acquisition or combination.

On May 20, 2004, and subsequently amended through November 14, 2005, we entered into a non-binding letter of intent with Idea One, Inc., ("Idea One"), a privately owned company involved in the development of alternative energy products through its 83% owned subsidiary, Advanced Technology Upgrading, Ltd. ("ATU"). ATU, which is located in Israel, has developed, tested and patented a rechargeable magnesium battery in conjunction with Bar Ilan Research and Development Company, Ltd., ("Birad"), based on technology acquired from Bar Ilan University. Idea One believes that the ATU magnesium battery exhibits many characteristics that are superior to existing battery systems, including a longer cycle, extended shelf life and higher energy density. The ATU battery is also environmentally friendly.

The letter of intent, as amended, anticipated that Idea One would be acquired by us in a reverse merger transaction pursuant to which the shareholders of Idea One will control the combined entity. The closing date for the reverse merger transaction, as contemplated in the letter of intent, as amended, was April 30, 2006.

Idea One was unable to satisfy certain conditions of the Letter of Intent which caused us to abandon our efforts to acquire Idea One on April 28, 2006. We reported our abandonment of the Letter of Intent in a Form 8-K filed with the Securities and Exchange Commission on May 1, 2006.

On June 28, 2006 we entered into Agreement of Acquisition and Plan of Reorganization (the "Agreement") with Sibling Entertainment Group, Inc. ("Sibling"), an unrelated party at the time. The Agreement provides for the acquisition of Sibling's subsidiaries. Sibling is an entertainment development and production company based in New York City.

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Pursuant to the Agreement, the respective companies will effect a share exchange by which we will issue shares of common stock and purchase warrants to Sibling in exchange for all of the issued and outstanding shares of Sibling's subsidiaries on the closing date.

The Agreement was amended on December 15, 2006. The amended Agreement increased the shares issued and warrants granted by us to 36,190,085 shares and 22,865,324 purchase warrants, the warrants have terms ranging from 3 to 5 years at exercise prices ranging from $0.275 per share to $1.00 per share. The share and warrant increases are related to a debt placement, employment agreements, the prospective acquisition of an entertainment production company, a shareholder relations agreement, a corporate services agreement, and broker agreements.

The closing date of the Agreement was initially extended to February 9, 2007, subject to each party obtaining shareholder approval.

On February 9, 2007, we held a special meeting of shareholders to approve an Agreement of Acquisition and Plan of Reorganization, as amended, to acquire the four wholly owned subsidiaries from Sibling Entertainment Group, Inc., to amend our articles of incorporation to effect a name change to "Sibling Entertainment Group Holdings, Inc." and to elect four directors to join the our current board of directors. On May 14, 2007, we changed our name to "Sibling Entertainment Group Holdings, Inc."

The shareholders approved the Agreement of Acquisition and Plan of Reorganization, approved the name change to Sibling Entertainment Group Holdings, Inc. and elected Mitchell Maxwell, Victoria Maxwell, James Cardwell and Richard Bernstein to our board of directors.

Subsequent to our February 9, 2007 shareholders meeting, the SEC has advised us that we are required to file a Form S-4 registration statement with the SEC and have such S-4 registration statement declared effective by the SEC to close our transaction with Sibling Entertainment Group, Inc. The Form S-4 was filed on August 14, 2007 by the Company and due the passage of time an amended Form S-4 must be filed prior to further review by the SEC, or a new Form S-4 if the original filing has been declared abandoned by the SEC.

Selection of a Business

Since we have no current business, and, in the event the anticipated merger with Sibling Entertainment Group, Inc. is not consummated, our plan of operation will be to seek one or more suitable business combinations or acquisitions to create value for our shareholders. Management has adopted a conservative policy of seeking opportunities that it considers to be of exceptional quality. Therefore, we may have to wait some time before consummating a suitable transaction. Management recognizes that the higher the standards it imposes upon us, the greater may be its competitive disadvantage when vying with other acquiring interests or entities.

The Company does not intend to restrict its consideration to any particular business or industry segment, though management intends to continue its focus on opportunities related to natural resources. Due to our lack of financial resources, the scope and number of suitable business ventures is limited. We are therefore most likely to participate in a single business venture. Accordingly, the Company will not be able to diversify and will be limited to one merger or acquisition. The lack of diversification will prevent us from offsetting losses from one business opportunity against profits from another.

The decision to participate in a specific business opportunity will be made upon management's analysis of the quality of the opportunity's management and personnel, the anticipated acceptability of products or marketing concepts, the merit of technological changes and numerous other factors which are difficult, if not impossible, to analyze through the application of any objective criteria. Further, it is anticipated that the historical operations of a specific venture may not necessarily be indicative of the potential for the future because of the necessity to substantially shift a marketing approach, expand operations, change product emphasis, change or substantially augment management, or make other changes. The Company will be partially dependent upon the management of any given business opportunity to identify such problems and to implement, or be primarily responsible for the implementation of required changes.

Since we may participate in a business opportunity with a newly organized business or with a business which is entering a new phase of growth, it should be emphasized that the Company may incur risk due to the failure of the target's management to have proven its abilities or effectiveness, or the failure to establish a market for the target's products or services, or the failure to realize profits.

The Company will not acquire or merge with any company for which audited financial statements cannot be obtained. Management anticipates that any opportunity in which we participate will present certain risks. Many of these risks cannot be adequately identified prior to selection of a specific opportunity. Our shareholders must therefore depend on the ability of management to identify and evaluate such risks. Further, in the case of some of the opportunities available to us, it may be anticipated that some of these opportunities are yet to develop as going concerns or that some of these opportunities are in the development stage in that some have not generated significant revenues from principal business activities prior to our participation.

Acquisition of Business

Implementation of a structure for any particular business acquisition may involve a merger, consolidation, reorganization, joint venture, franchise or licensing agreement with another corporation or entity. The Company may also purchase stock or assets of an existing business. On the completion of a transaction, it is possible that present management and shareholders of the Company would not remain in control of the Company. Further, our sole officer and director may, as part of the terms of any transaction, resign, to be replaced by new officers and directors without a vote of our shareholders.

We anticipate that any securities issued in any such reorganization would be issued in reliance on exemptions from registration under applicable federal and state securities laws. However, in certain circumstances, as a negotiated element of any transaction, the Company may agree to register securities either at the time a transaction is consummated, under certain conditions, or at a specified time thereafter. The issuance of substantial additional securities and their potential sale into any trading market may have a depressive effect on such market.

While the actual terms of a transaction to which the Company may be a party cannot be predicted, it may be expected that the parties to a business transaction will find it desirable to avoid the creation of a taxable event and thereby structure the acquisition in a so called "tax-free" reorganization under Section 368(a)(1) of the Internal Revenue Code of 1986, as amended (the "Code"). In order to obtain tax-free treatment under the Code, it may be necessary for the owners of the acquired business to own 80% or more of the voting stock of the surviving entity. In such event, our shareholders would retain less than 20% of the issued and outstanding shares of the surviving entity, which could result in significant dilution in the equity of such shareholders.

Our due diligence process will require that management meet personally with the personnel involved in any given transaction, visit and inspect material facilities, obtain independent analysis or verification of the information provided, check references for management and key persons, and take other reasonable investigative measures, to the extent of our limited financial resources and management expertise.

The manner in which we participate in an opportunity will depend on the nature of the opportunity, the respective needs and desires of the Company and other parties, the management of the opportunity, and our relative negotiating strengths. Negotiations that involve mergers or acquisitions will focus on the percentage of the Company that the target company shareholders would acquire in exchange for their shareholdings in the target company. Depending upon, among other things, the target company's assets and liabilities, our shareholders will in all likelihood hold a lesser percentage ownership interest in the Company following any merger or acquisition. The percentage ownership may be subject to significant reduction in the event the Company acquires a target company with substantial assets. Any merger or acquisition effected by the Company can be expected to have a significant dilutive effect on the percentage of shares held by our current shareholders.

Operation of Business After Acquisition

The Company's operation following its merger or acquisition of a business will be dependent on the nature of the business and the interest acquired. We are unable to determine at this time whether the Company will be in control of the business or whether present management will be in control of the Company following the acquisition. We may expect that any future business will present various challenges that cannot be predicted at the present time.

Government Regulation

The Company cannot anticipate the government regulations, if any, to which we may be subject until we have acquired an interest in a business. The use of assets to conduct a business that we may acquire could subject us to environmental, public health and safety, land use, trade, or other governmental regulations and state or local taxation. Our selection of a business in which to acquire an interest will include an effort to ascertain, to the extent of the limited resources of the Company, the effects of any government regulation on the prospective business of the Company. However, in certain circumstances, such as the acquisition of an interest in a new or start-up business activity, it may not be possible to predict with any degree of accuracy the impact of government regulation.

Competition

We will be involved in intense competition with other business entities, many of which will have a competitive edge over us by virtue of their stronger financial resources and prior experience in business. The Company can provide no assurance that we will be successful in obtaining a suitable business opportunity.

Marketability

As we currently are not involved in selling products or services, there can be no assurance that we will be successful in marketing any such products or services or whether a market will develop.

Patents, Trademarks, Licenses, Franchises, Concessions, Royalty Agreements and Labor Contracts

We currently have no patents, trademarks, licenses, franchises, concessions, royalty agreements or labor contracts.

Research and Development

We spent no amounts on research and development activities during each of the last two fiscal years.

Employees

The Company currently has no employees. Our executive officers devotes as much time to the affairs of the Company as they deems appropriate. Our management expects to use consultants, attorneys, and accountants as necessary, and does not anticipate a need to engage any full-time employees as long as business needs are being identified and evaluated. The need for employees and their availability will be addressed in connection with a decision concerning whether or not to acquire or participate in a specific business venture.

Risks Related to Our Business

Our future operating results are highly uncertain. Before deciding to invest in us or to maintain or increase your investment, you should carefully consider the risks described below, in addition to the other information contained in this annual report. If any of these risks actually occur, our business, financial condition or results of operations could be seriously harmed. In that event, the market price for our common stock could decline and you may lose all or part of your investment.

We have a history of significant operating losses and such losses may continue in the future.

Since our inception in 1988, our operations have resulted in a continuation of losses and an accumulated deficit which reached $4,349,497 at December 31, 2008. During fiscal 2008, we recorded a net loss of $403,829. The Company has never realized revenue from operations. We will continue to incur operating losses as we maintain our search for a suitable business opportunity and satisfy our ongoing disclosure requirements with the Securities and Exchange Commission (“Commission”). Our only expectation of future profitability is dependent upon our ability to acquire a revenue producing business opportunity, which acquisition can in no way be assured. Therefore, we may never be able to achieve profitability.

There can be no assurance that Company will acquire Sibling Entertainment Group, Inc.

We signed a letter of intent to merge with Sibling Entertainment Group, Inc. on June 28, 2006. Although the shareholders approved the Agreement of Acquisition and Plan of Reorganization, approved the name change to Sibling Entertainment Group, Inc. and elected Maxwell Mitchell, Victoria Mitchell, James Cardwell and Richard Bernstein to the Company's board of directors, the closing of the Agreement of Acquisition and Plan of Reorganization remains subject to the applicable registration requirements of the Securities Exchange Act of 1934, as amended, specifically, the filing and effectiveness of an S-4 registration statement. As a result, although we intend to close the acquisition of the Sibling Entertainment Group, Inc. subsidiaries as soon as is practicable, the acquisition may not occur or may take a significant period of time.

Sibling Entertainment Group, Inc. will not likely be profitable in the next twelve months and may never be profitable.

Sibling Entertainment Group, Inc. remains in the research and development stage with no significant revenues and will not likely be profitable within the next twelve months. Sibling Entertainment Group, Inc. results of operations will largely depend on them having adequate access to literary rights, plays, musicals, film scripts that are capable of being produced or acquired and successfully marketed. Such accessibility is dependent upon numerous factors, including its reputation and credibility in the creative community, the relationships they have in the entertainment industry and their financial and other resources. There can be no assurance that they will have adequate access to sources of programs or that their efforts in developing or acquiring new programs will be successful. If they are unable to successfully market new programs where we have funded development costs, they will be subject to realizing a loss on such projects. Therefore, the possibility of future profits by Sibling Entertainment Group, Inc. is purely speculative.

Our limited financial resources cast doubt on our ability to acquire a profitable business opportunity.

Our future operation is dependent upon the acquisition of a profitable business opportunity. If we do not merge with Sibling Entertainment Group, Inc., the prospect of another acquisition is doubtful due to the Company's limited financial resources. Since we have no current profitable business opportunity, the Company is not in a position to improve this financial condition through debt or equity offerings. Therefore, this limitation may act as a deterrent in future negotiations with prospective acquisition candidates. Should we be unable to acquire a profitable business opportunity the Company will, in all likelihood, be forced to cease operations.

The market for our stock is limited and our stock price may be volatile.

The market for our common stock has been limited due to low trading volume and the small number of brokerage firms acting as market makers. Because of the limitations of our market and volatility of the market price of our stock, investors may face difficulties in selling shares at attractive prices when they want to. The average daily trading volume for our stock has varied significantly from week to week and from month to month, and the trading volume often varies widely from day to day.

We may incur significant expenses as a result of being quoted on the Over the Counter Bulletin Board, which may negatively impact our financial performance.

We may incur significant legal, accounting and other expenses as a result of being listed on the Over the Counter Bulletin Board. The Sarbanes-Oxley Act of 2002, as well as related rules implemented by the Commission, have required changes in corporate governance practices of public companies. We expect that compliance with these laws, rules and regulations, including compliance with Section 404 of the Sarbanes-Oxley Act of 2002 as discussed in the following risk factor, may substantially increase our expenses, including our legal and accounting costs, and make some activities more time-consuming and costly. As a result, there may be a substantial increase in legal, accounting and certain other expenses in the future, which would negatively impact our financial performance and could have a material adverse effect on our results of operations and financial condition.

Our internal controls over financial reporting may not be considered effective, which could result in a loss of investor confidence in our financial reports and in turn have an adverse effect on our stock price.

Pursuant to Section 404 of the Sarbanes-Oxley Act of 2002, beginning with our annual report for the year ending December 31, 2007, we were required to furnish a report by our management on our internal controls over financial reporting. Such report will contain, among other matters, an assessment of the effectiveness of our internal controls over financial reporting as of the end of the year, including a statement as to whether or not our internal controls over financial reporting are effective. This assessment must include disclosure of any material weaknesses in our internal controls over financial reporting identified by management. If we are unable to assert that our internal controls are effective, investors could lose confidence in the accuracy and completeness of our financial reports, which in turn could cause our stock price to decline.

Reports to Security Holders

The Company is not required to deliver an annual report to security holders and will not voluntarily deliver a copy of the annual report to the security holders. Should we choose to create an annual report, it will contain audited financial statements. The Company files all of its required information with the Commission, including unaudited quarterly financial statements and year-end audited financial statements.

The public may read and copy any materials that we file with the Security and Exchange Commission (SEC) at the SEC's Public Reference Room at 450 Fifth Street, N.W., Washington, D.C. 20549. The public may obtain information on the operation of the Public Reference Room by calling 1-800-SEC-0330. The statements and forms we file with the Commission have been filed electronically and are available for viewing or copy on the Commission maintained Internet site that contains reports, proxy, and information statements, and other information regarding issuers that file electronically with the Commission. The Internet address for this site can be found at: www.sec.gov.

ITEM 2. DESCRIPTION OF PROPERTY

The Company does not own any real or personal property. We do not believe that we will need to obtain additional office space until such time as we have acquired certain subsidiaries of Sibling Entertainment Group, Inc. or some other business opportunity. Currently, all office space and corporate records are provided at the offices of Sibling Entertainment Group, Inc.

ITEM 3. LEGAL PROCEEDINGS

On December 29, 2008, Highlands Capital, Inc., a Colorado corporation, brought an action against Sibling Entertainment Group Holdings, Inc., Sibling Entertainment Group, Inc., Sibling Theatricals, Inc. and Mitchell Maxwell in the District Court, Denver County of Colorado, Case No. 2009CV537; Division: 1. The Company has engaged Evans & McFarland, LLC in Denver, CO to act as litigation counsel for this matter. The lawsuit involves issues related to Highlands Capital's consulting services agreement with one or more of the Defendants and Highland Capital's participation under the Company's Series AA debentures and other loans and investments with the other defendants. The Company obtained dismissal of several of the Plaintiff's claims, leaving only a breach of contract claim pending against the Company. The Company has since filed an answer and asserted various counterclaims against Highland Capital. The Company and the other defendants will vigorously defend against this action.

On April 13, 2009, the Company was notified by counsel that Agnieska Golabek and Slawomir Wrobel have brought an action against Sibling Entertainment Group Holdings, Inc., Theatricals, Inc., Richfield Sports, LLC, Worldwide MMA LLC, James Cardwell, Mitchell Maxwell and Richard Burnstein in their individual and corporate capacities in the District Court, Denver County of Colorado, Filing ID. 24570904 Division: 2. To the best of the Company's knowledge, the Complaint has not yet been served on any Defendants. The lawsuit involves a loan, investment, and/or acquisition of an interest in Sibling Theatricals, Inc.'s mixed martial arts venture. The plaintiffs in this action have no contractual or other relationship with the Company, and appear to have no grounds for bringing a legal action against the Company. If served, the Company will most likely seek an immediate dismissal of the action against it. The Company and other defendants are reviewing the complaint in more detail, and will vigorously defend against this action.

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

No matters were submitted to a vote of security holders during the fourth quarter of the period covered by this report.

PART II

ITEM 5. MARKET FOR COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

The Company's common stock is quoted on the Over the Counter Bulletin Board, a service maintained by the National Association of Securities Dealer, Inc., under the symbol, "SIBE". Trading in the common stock in the over-the-counter market has been limited and sporadic and the quotations set forth below are not necessarily indicative of actual market conditions. Further, these prices reflect inter-dealer prices without retail mark-up, mark-down, or commission, and may not necessarily reflect actual transactions.

YEAR	QUARTER ENDING	HIGH	LOW
2009	March 31	$ 0.05	$ 0.04
2008	December 31	$ 0.25	$ 0.04
	September 30	$ 0.27	$ 0.15
	June 30	$ 0.38	$ 0.16
	March 31	$ 0.52	$ 0.14
2007	December 31	$ 1.85	$ 0.56
	September 30	$ 0.55	$ 0.28
	June 30	$ 0.82	$ 0.38
	March 31	$ 0.90	$ 0.31

Record Holders

As of December 31, 2008, there were 52 shareholders of record (based on our transfer agent list) holding a total of 13,074,766 shares of common stock. The holders of the common stock are entitled to one vote for each share held of record on all matters submitted to a vote of stockholders. Holders of the common stock have no preemptive rights and no right to convert their common stock into any other securities. There are no redemption or sinking fund provisions applicable to the common stock.

Dividends

The Company has not declared any cash dividends since inception and does not anticipate paying any dividends in the foreseeable future. The payment of dividends is within the discretion of the board of directors and will depend on the Company's earnings, capital requirements, financial condition, and other relevant factors. There are no restrictions that currently limit the Company's ability to pay dividends on its common stock other than those generally imposed by applicable state law.

Recent Sales of Unregistered Securities

During the 4th quarter of 2008, there were no sales of unregistered securities.

ITEM 6. MANAGEMENT'S PLAN OF OPERATION

This Management’s Plan of Operation and Results of Operations and other parts of this report contain forward-looking statements that involve risks and uncertainties. Forward-looking statements can also be identified by words such as “anticipates,” “expects,” “believes,” “plans,” “predicts,” and similar terms. Forward-looking statements are not guarantees of future performance and our actual results may differ significantly from the results discussed in the forward-looking statements. Factors that might cause such differences include, but are not limited to, those discussed in the subsections entitled “Forward-Looking Statements and Factors That May Affect Future Results and Financial Condition” below and the subsection entitled “Risk Factors” above. The following discussion should be read in conjunction with our financial statements and notes thereto included in this report. All information presented herein is based on our fiscal year ended December 31, 2008.

Plan of Operation

The Company’s plan of operation for the coming year, as discussed above, is to close the definitive agreement with Sibling Entertainment Group Holdings, Inc., or, in the event that a definitive agreement is not closed, to identify and acquire an alternative business opportunity. The Company does not plan to limit its options to any particular industry, but will evaluate each alternative opportunity on its merits.

On February 9, 2007, we held a special meeting of shareholders to approve an Agreement of Acquisition and Plan of Reorganization, as amended, to acquire the following subsidiaries of Sibling:

- Sibling Theatricals Inc.
- Sibling Pictures, Inc. (including three subsidiaries)
- Sibling Music Corp.
- Sibling Properties, Inc.

In addition, the articles of incorporation were to be amended to change the name of the Company to “Sibling Entertainment Group Holdings, Inc.” and to elect four directors to join the current Board of Directors.

The shareholders approved the Agreement of Acquisition and Plan of Reorganization, approved the name change to Sibling Entertainment Group, Inc. and elected Mitchell Maxwell, Victoria Maxwell, James Cardwell and Richard Bernstein to our board of directors.

The closing of the Agreement of Acquisition and Plan of Reorganization remains subject to the applicable registration requirements of the Securities Exchange Act of 1934, as amended.

Subsequent to our February 9, 2007 shareholders meeting, the SEC has advised us that we are required to file a Form S-4 registration statement with the SEC and have such S-4 registration statement declared effective by the SEC to close our transaction with Sibling Entertainment Group, Inc. We filed the Form S-4 registration statement on August 13, 2007. The Form S-4 is still under review by the SEC and may be deemed abandoned after one year and a new Form S-4 may be required to be filed before further review by the SEC. Based on the requirement to file an S-4 registration statement, we may change the structure of the transaction with Sibling Entertainment Group, Inc.

On May 14, 2007, the Company changed its name to Sibling Entertainment Group Holdings, Inc.

Specifically, upon the closing of the Agreement, we plan to continue Sibling’s business as follows:

- Purchase and exploitation of literary rights as well as investments in the production of both film and live-stage events including the following:

- "WHITE NOISE - A Cautionary Tale" A theatrical musical developed and produced with Holly Way & Company and others through White Noise Productions Development LLC and White Noise Development LP to open in New Orleans with Le Petit Theatre Du Vieuz Carre during July 2009. After a limited run, it is the intention to transfer the production to a Broadway stage in New York City.

- The management of Adrenaline MMA Inc. ("Adrenaline") for the production and promotion of Mixed Martial Arts ("MMA") Events. Adrenaline Global headed by Monte Cox intends to produce several fighting events over the next several years.

- HATS! - A Musical for the Rest of Your Life" ("HATS!") is based upon the women and spirit of Red Hat Society, Inc. ("RHS"). The musical premiered in Denver, Colorado at the New Denver Civic Theatre on October 7, 2006 and ran through December 31, 2006 and subsequently had two productions.: Harrah's New Orleans Hotel & Casino (New Orleans) from January 25, 2007 to April 21, 2007; and the Royal George Theatre in Chicago, Illinois from April 20, 2007 to July 29, 2007.

- A exclusive license with Samuel French, Inc. to manage and license all future production of HATS!

- Optimize revenue by licensing the HATS! trademarks and by selling HATS! Cast Album through Sibling Music, Inc.

- Development of a new musical, subject to negotiations, with the world-renowned comedian and entertainer Jerry Lewis, based upon his book "DEAN & ME," a story of his life with Dean Martin.

- The continued distribution and selling of the HATS! cast album through retail, theatrical venue and internet outlets and the production of additional cast albums of other future productions.

- Strategic investments in third party theatrical productions.

- Development of an independent film production business by leveraging the acquisition of SPI and its subsidiaries Sibling Pictures Fund, LLC.

- Growing our management and consulting business with regional not-for-profit and professional theatre companies

- Ongoing consulting to the management of the Denver Civic Theatre, Inc. (a not-for-profit organization, "DCT") for which our officers and directors serve as members of its board of directors.

- Formation of alliances with companies that possess rights or agreements desired by us including an ongoing relationship with Sibling Entertainment, Inc.

Our plan to coordinate the efforts between film, theatre, real estate, management and music publishing follow the natural synergies that exist between the various industries and their components. It is sometimes more difficult to develop a new theatrical project without securing the venue, and owning sufficient theatres provides the ability for a production company combined with a theatre owner to assure a production access needed to advance a commercial project. It is planned that when we do have our own theatrical production to present in our own theaters, the production will be able to rent our venues creating a source of sustaining income.

As both a theatre owner/manager and presenter of original works, the long-term income derived from the licensing of literary rights may benefit us in two ways. Many literary works developed for the stage may also have potential as a feature film. Access and acquisition cost barriers may be reduced with a common producer of both film and theatre. As we continue to develop a management company for both real estate and theatrical productions, we will be able to secure additional revenue sources common to the industry.

Another natural synergy between the theatre and movie industries includes music publishing originated or released in association with a musical or a movie. We continue to seek partners and potential companies for acquisition within the recording and music publishing industry.

Our plan of operations is based on the assumptions that the Form S-4 will be declared effective by the SEC and that the Agreement of Acquisition and Plan of Reorganization with Sibling Entertainment Group, Inc. will close. There can be no guarantee that these events will actually occur.

Results of Operations

We do not expect to generate any significant revenues within the next twelve months of operation as we cannot anticipate when the Form S-4 will be declared effective and the Agreement will close. Further, in the event we do not acquire Sibling Entertainment Group, Inc., we will resume the process of identifying a favorable business opportunity, which opportunity if acquired, may or may not produce revenue. Therefore, due to these uncertainties, we do not expect any revenues until such time as a revenue producing acquisition is accomplished.

The Company's net loss decreased from the prior year by approximately $450,000. The decrease was primarily the result of the $2.5 million borrowing under debentures which resulted in interest expense of approximately $770,000 in 2007 which included approximately $590,000 in amortization of debt discounts. Interest expense and related costs decreased this year.

Capital Expenditures

The Company expended no amounts on capital expenditures for the period from December 28, 1988 (inception) to December 31, 2008.

Capital Resources and Liquidity

The Company is in the development stage and, since inception, has experienced significant changes in liquidity, capital resources and shareholders' equity. The Company had current assets of $1,604 and total assets of $2,859,909 as of December 31, 2008. These assets consist primarily of a note receivable currently in default and the related accrued interest from Sibling Theatricals, Inc. , a related party of $2,858,304. Stockholders deficit in the Company was $365,366 at December 31, 2008.

Over the term of a letter of intent regarding a possible acquisition the Company loaned Idea One, a private company involved in the development of battery cell technology, a total of $550,000 through a series of convertible promissory notes. These notes were written down to $1 as of December 31, 2005 as management determined they were not collectible and further, if the Idea One shares were received, it was not possible to determine their value. The definitive agreement anticipates a share exchange pursuant to which the Company will issue up to 36,190,085 shares of common stock for all the issued and outstanding shares of the Sibling subsidiaries on the closing date. The Company will further grant 22,865,324 share purchase warrants with terms ranging from 3 to 5 years at exercise prices ranging from $0.275 a share to $1.00 per share

As of April 30, 2006, the Company agreed to convert the outstanding balance, including accrued interest, of $595,642, at $0.40 per share, to 1,489,106 common shares of Idea One in full satisfaction of the loan receivable. The Idea One shares were received in the second quarter of 2006. As of December 31, 2006 and 2005, these shares are recorded at $1.

Our plan is to coordinate the efforts between film theatre, real estate, management and publishing following the natural synergies that exist between the various industries and their components. It is sometimes more difficult to develop a new theatrical project without securing the venue and owning sufficient theaters provide the ability for a production company, combined with a theatre owner, to assure a production the access needed to advance a commercial project. When we have our own theatrical production to present in our theatres, the production will be able to rent our venues creating a source of sustaining income.

Should the anticipated acquisition of Sibling Entertainment Group, Inc. be abandoned, the Company will most likely have to obtain loans from shareholders or pursue alternative private equity placements in order to maintain its continuous disclosure requirements until such time as an alternative acquisition or merger candidate is identified.

The Company's current assets are insufficient to conduct its plan of operation over the next twelve (12) months whether or not the acquisition of Sibling Entertainment Group, Inc. is completed. No assurances can be given that funding is available or would be available to the Company on acceptable terms. Our inability to obtain funding would have a material adverse affect on our plan of operation.

The Company has no current plans for the purchase or sale of any plant or equipment.

The Company has no current plans to make any changes in the number of employees.

Forward Looking Statements and Factors That May Affect Future Results and Financial Condition

The statements contained in sections titled “Plan of Operation” and “Description of Business”, with the exception of historical facts are forward looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, which reflect our current expectations and beliefs regarding our future results of operations, performance, and achievements. These statements are subject to risks and uncertainties and are based upon assumptions and beliefs that may or may not materialize. These forward looking statements include, but are not limited to, statements concerning:

- our anticipated financial performance and business plan;
- the sufficiency of existing capital resources;
- our ability to raise additional capital to fund cash requirements for future operations;
- uncertainties related to the Company’s future business prospects with Idea One;
- the ability of the Company to generate revenues to fund future operations;
- the volatility of the stock market and;
- general economic conditions.

We wish to caution readers that the Company’s operating results are subject to various risks and uncertainties that could cause our actual results to differ materially from those discussed or anticipated; including the factors set forth in the section entitled “Risk Factors” included elsewhere in this report. We also wish to advise readers not to place any undue reliance on the forward looking statements contained in this report, which reflect our beliefs and expectations only as of the date of this report. We assume no obligation to update or revise these forward looking statements to reflect new events or circumstances or any changes in our beliefs or expectations, other that is required by law.

Critical Accounting Policies

a) Use of Estimates

The preparation of financial statements in conformity with United States 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 revenue and expenses during the reporting period. Actual results could differ from those estimates.

(b) Income Taxes

The Company follows the liability method of accounting for income taxes. Under this method, deferred income tax assets and liabilities are recognized for the estimated tax consequences attributable to differences between the financial statement carrying values and their respective income tax basis (temporary differences). The effect on deferred income tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date.

(c) Financial Instruments

In accordance with the requirements of SFAS No. 107, "Disclosures about Fair Value of Financial Instruments," the Company has determined the estimated fair value of financial instruments using available market information and appropriate valuation methodologies. The carrying values of cash, promissory notes, accounts payable and amounts due to related parties approximate fair values due to the short-term maturity of the instruments.

Effect of Recent Accounting Pronouncements

In December 2007, the FASB issued SFAS No. 141 (revised 2007), Business Combinations (SFAS 141R). SFAS 141R establishes principles and requirements for how an acquirer recognizes and measures in its financial statements the identifiable assets acquired, the liabilities assumed, any noncontrolling interest in the acquiree and the goodwill acquired. SFAS 141R also establishes disclosure requirements to enable the evaluation of the nature and financial effects of the business combination. This statement is effective for us beginning January 1, 2009. The impact of the adoption of SFAS 141R on our consolidated financial position, results of operations will largely be dependent on the size and nature of the business combinations completed after the adoption of this statement.

In December 2007, the FASB issued SFAS No. 160, Noncontrolling Interests in Consolidated Financial Statements—an amendment of Accounting Research Bulletin No. 51 (SFAS 160). SFAS 160 establishes accounting and reporting standards for ownership interests in subsidiaries held by parties other than the parent, the amount of consolidated net income attributable to the parent and to the noncontrolling interest, changes in a parent's ownership interest, and the valuation of retained noncontrolling equity investments when a subsidiary is deconsolidated. SFAS 160 also establishes disclosure requirements that clearly identify and distinguish between the interests of the parent and the interests of the noncontrolling owners. This statement is effective for us beginning January 1, 2009. We do not expect the impact of the adoption of SFAS 160 to be material.

In February 2008, the FASB issued Financial Staff Position (FSP) SFAS 157-2, Effective Date of FASB Statement No. 157 (FSP 157-2), which delays the effective date of SFAS No. 157, Fair Value Measurement (SFAS 157), for all nonfinancial assets and nonfinancial liabilities, except those that are recognized or disclosed at fair value in the financial statements on a recurring basis (at least annually). SFAS 157 establishes a framework for measuring fair value and expands disclosures about fair value measurements. FSP 157-2 partially defers the effective date of SFAS 157 to fiscal years beginning after November 15, 2008, and interim periods within those fiscal years for items within the scope of this FSP. The adoption of SFAS 157 for all nonfinancial assets and nonfinancial liabilities is effective for us beginning January 1, 2009. We do not expect the impact of this adoption to be material.

In April 2008, the FASB issued FSP SFAS 142-3, Determination of the Useful Life of Intangible Assets (FSP 142-3). This guidance is intended to improve the consistency between the useful life of a recognized intangible asset under SFAS No. 142, Goodwill and Other Intangible Assets (SFAS 142), and the period of expected cash flows used to measure the fair value of the asset under SFAS 141R when the underlying arrangement includes renewal or extension of terms that would require substantial costs or result in a material modification to the asset upon renewal or extension. Companies estimating the useful life of a recognized intangible asset must now consider their historical experience in renewing or extending similar arrangements or, in the absence of historical experience, must consider assumptions that market participants would use about renewal or extension as adjusted for SFAS 142's entity-specific factors. FSP 142-3 is effective for us beginning January 1, 2009. We do not expect the impact of the adoption of FSP 142-3 to be material.

Going Concern

The financial statements have been prepared on the basis of a going concern which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business. The Company has not generated any revenues or completed development of any commercially acceptable products or services to date, has a working capital deficiency of $ 3,223,671 at December 31, 2008 and has incurred losses of $4,349,497 since inception, and further significant losses are expected to be incurred in the Company's development stage. The Company will depend almost exclusively on outside capital through the issuance of common shares, and advances from related parties to finance ongoing operating losses. The ability of the Company to continue as a going concern is dependent on raising additional capital and ultimately on generating future profitable operations. There can be no assurance that the Company will be able to raise the necessary funds when needed to finance its ongoing costs. These factors raise substantial doubt about the ability of the Company to continue as a going concern. The accompanying financial statements do not include any adjustments relative to the recoverability and classification of asset carrying amounts or the amount and classification of liabilities that might result from the outcome of this uncertainty.

ITEM 7. FINANCIAL STATEMENTS

SONA DEVELOPMENT CORP.
(A Development Stage Company)

FINANCIAL STATEMENTS

DECEMBER 31, 2008

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

ROSENBERG RICH BAKER BERMAN & COMPANY
Report of Independent Registered Public Accounting Firm

To the Board of Directors and Stockholders of
Sibling Entertainment Group Holdings, Inc. (a Development Stage Company)

We have audited the accompanying balance sheets of Sibling Entertainment Group Holdings, Inc. ("the Company") (a Development Stage Company) as of December 31, 2008 and 2007 and the related statements of operations, stockholders' equity (deficit), and cash flows for the years then ended, and for the period from inception (December 28, 1988) to December 31, 2008. 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 did not audit the financial statements of Sibling Entertainment Group Holdings, Inc. for the period from inception to December 31, 2006. Those statements were audited by other auditors whose report has been furnished to us and in our opinion, insofar as it relates to amounts for the period from inception to December 31, 2006, included in the cumulative totals, is based solely upon the report of the other auditors.

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 audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, 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, the financial statements referred to above present fairly, in all material respects, the financial position of Sibling Entertainment Group Holdings, Inc. as of December 31, 2008 and 2007 and the results of their operations and their cash flows for the years then ended, in conformity with U.S. generally accepted accounting principles.

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in the notes to the financial statements, the Company's significant operating losses and significant working capital deficiency raise substantial doubt about its ability to continue as a going concern. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

/S/ Rosenberg Rich Baker Berman & Company

Bridgewater, New Jersey
April 15. 2009

Sibling Entertainment Group Holdings, Inc.
(A Development Stage Company)
BALANCE SHEETS

		2008	2007
		$	$
ASSETS			
CURRENT ASSETS			
Cash	$	-	$ -
Escrow with attorney		1,000	1,000
Deposits		604	604
Total current assets		1,604	1,604
Receivable from related party		2,858,304	2,594,170
Investments		1	1
TOTAL ASSETS	$	2,859,909	$ 2,595,775
LIABILITIES AND STOCKHOLDERS' EQUITY(DEFICIT)			
CURRENT LIABILITIES			
Accounts payable and accrued liabilities	$	395,066	$ 105,889
Amounts due to related parties		275,209	194,233
Short-term Loans Payable, net of discount		2,555,000	2,257,190
Total current liabilities	$	3,225,275	$ 2,557,312
STOCKHOLDERS' EQUITY (DEFICIT)			
Capital Stock , $0.0001 par value; 100,000,000 shares authorized; 13,074,66 issued and outstanding	$	1,307	$1,307
Additional paid-in capital		3,982,824	3,982,824
Deficit accumulated during the development stage		(4,349,497)	(3,945,668)
Total stockholders' equity (deficit)	$	(365,366)	$ 38,463
TOTAL LIABILITIES AND STOCKHOLDERS EQUITY	$	2,859,909	$ 2,595,775

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

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SIBLING ENTERTAINMENT GROUP HOLDINGS, INC.
(A Development Stage Company)
STATEMENTS OF OPERATIONS

	December 31, 2008	December 31, 2007	Cumulative Amounts From December 28,1988 (inception to December 31, 2008
General and administrative costs	$ 96,186	$ 245,463	$ 2,939,879
Recovery of consulting fees	-	-	(45,000)
Gain (Loss) from operations	$ (96,186)	$ (245,463)	$ (2,894,879)
Non-operating income (expense)			
Interest income	$ 361,958	$ 166,297	$ 530,301
Interest expense	(669,601)	(771,272)	(1,440,873)
Gain on forgiveness of debt	-	-	8,000
Write down of promissory notes	-	-	(552,046)
Net loss	$ (403,829)	$ (850,438)	$ (4,349,407)
Loss per common share - basic and diluted	$ (0.03)	$ (0.07)	
Weighted average common shares - basic and diluted	13,074,066	12,977,859	

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

SIBLING ENTERTAINMENT GORUP HOLDINGS, INC.
(A Development Stage Company)

(A Development Stage Company)
STATEMENTS OF CASH FLOWS
December 28, 1988 (Inception) to December 31, 2008

	December 31,		Cumulative Amounts From December 28, 1988 (inception) to December 31,
Common stock issued for organization costs	2008	2007	2008
OPERATING ACTIVITIES	$	$	$
Net loss	(403,829)	(850,438)	(4,349,497)
Adjustments to reconcile net loss to net cash used in operating activities:	-	-	-
Common stock issued for consulting fees	-	-	853,400
Common stock issued for services	-	-	70,830
Common stock issued for finance costs	-	-	187,500
Beneficial conversion feature on convertible debt	-	208,157	208,157
Amortization of debt discount	297,810	380,590	679,400
Common stock issued for organization costs	-	-	33
Interest accretion on related party notes	(361,958)	(166,297)	(530,446)
Common stock issued for other services	-	-	79,903
Gain on forgiveness of debt	-	-	(8,000)
Write down of promissory notes	-	-	552,047
Changes in non-cash working capital items	-	-	-
Accounts payable and accrued liabilities	289,177	103,039	724,826
Advances and deposits	-	(604)	(604)
Accrued and unpaid amounts due to related parties	80,975	108,683	356,867
Net cash used in operating activities	(97,825)	(216,870)	(1,175,585)
Net cash used in investing activities:			
Promissory notes	-	-	(550,000)
Proceeds from repayment of related party interest	97,825	127,075	127,075
Advances to related party	-	(2,555,000)	(2,555,000)
Loan to Smart Card Technologies Co. Ltd.	-	-	(600,000)
Net cash used in investing activities	97,825	(2,427,925)	(3,476,850)

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SIBLING ENTERTAINMENT GROUP HOLDINGS, INC.
(A Development Stage Company)
STATEMENTS OF CASH FLOWS (continued)
December 28, 1988 (Inception) to December 31, 2008

	December 31,		Cumulative Amounts From December 28, 1988 (inception) to December 31,
Net cash provided by financing activities:	2007	2006	2008
Advances from related parties	-	89,450	656,568
Proceeds from loans/short term debt	-	2,555,000	3,235,000
Common stock issued for cash	-	-	760,867
Net cash provided by financing activities	-	2,644,450	4,652,435
NET INCREASE (DECREASE) IN CASH	(0)	(345)	(0)
CASH, BEGINNING OF PERIOD	(0)	345	(0)
	-	-	-
CASH, END OF PERIOD	(0)	(0)	(0)

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

SIBLING ENTERTAINMENT GROUP HOLDINGS, INC.
(A Developmental Stage Company)

STATEMENT OF STOCKHOLDERS' EQUITY
December 28, 1988 (Inception) to December 31, 2008

	Common Stock Shares	Common Stock Amount	Additional Paid-in Capital	Stock Subscriptions	Deficit Accumulated During the Development Stage	Total
		$	$	$	$	$
Balance at December 28, 1998 (date of inception)	-	-	-	-	-	-
Stock issued for organization costs	33,000	33,000	(32,967)	-	-	33
Net loss	-	-	-	-	(33)	(33)
Balances at December 31, 1988 to December 31, 1996	33,000	33,000	(32,967)	-	(33)	-
1,000 for 1 stock split	32,967,000	-	-	-	-	-
Cancelled 30,000,000 shares	(30,000,000)	(32,700)	32,700	-	-	-
Stock issued for cash at $5.00 per share	20,000	2	99,998	-	-	100,000
Net loss	-	-	-	-	(80,025)	(80,025)
Balance at December 31, 1997	3,020,000	302	99,731	-	(80,058)	19,975
Stock issued for services at $0.10 per share	95,000	10	9,490	-	-	9,500
Stock issued for cash at $0.14 per share	52,800	5	7,795	(2,722)	-	5,078
Net loss	-	-	-	-	(33,798)	(33,798)
Balance at December 31, 1998	3,167,800	317	117,016	(2,722)	(113,856)	755
Net loss	-	-	-	-	(66,662)	(66,662)
Balance at December 31, 1999	3,167,800	317	117,016	(2,722)	(180,518)	(65,907)
2 for 1 stock split	3,167,800	317	(317)	-	-	-
Stock issued for consulting fees at $2.00 per share	320,000	32	639,968	-	-	640,000
Stock issued to settle trade payables	20,540	2	41,078	-	-	41,080

at $2.00 per share						
Stock issued for services at $2.00 per share	11,960	2	23,918	-	-	23,920
Stock issued per preemptive rights	192	-	17	-	-	17
Stock subscriptions received	-	-	-	2,722	-	2,722
Net loss	-	-	-	-	(1,018,914)	(1,018,914)
Balance at December 31, 2000	6,688,292	670	821,680	-	(1,199,432)	(377,082)

SIBLING ENTERTAINMENT GROUP HOLDINGS, INC.
(A Development Stage Company)
STATEMENT OF STOCKHOLDERS' EQUITY (continued)
December 28, 1988 (Inception) to December 31, 2008

	Common Stock Shares	Common Stock Amount $	Additional Paid-in Capital $	Stock Subscriptions $	Deficit Accumulated During the Development Stage $	Total $
Stock issued for consulting fees and payables at $0.08 per share	687,500	68	54,932	-	-	55,000
Stock issued at $0.08 per share for rent payable	535,000	54	42,746	-	-	42,800
Net loss	-	-	-	-	(227,672)	(227,672)
Balance at December 31, 2001	7,910,792	792	919,358	-	(1,427,104)	(506,954)
1 for 10 reverse stock split	(7,119,708)	(713)	713	-	-	-
Stock subscribed for converted debts	-	-	-	641,953	-	641,953
Net loss	-	-	-	-	(180,733)	(180,733)
Balance at December 31, 2002	791,084	79	920,071	641,953	(1,607,837)	(45,734)
Stock issued for cash at $0.10 per share	280,000	28	27,972	-	-	28,000
Stock issued for converted debts	5,598,947	560	641,393	(641,953)	-	-
Stock issued for debt settlement at $0.20 per share	280,538	28	56,080	-	-	56,108
Stock issued for debt settlement at $0.20 per share	52,500	5	10,495	-	-	10,500
Stock issued for debt settlement at $0.10 per share	50,000	5	4,995	-	-	5,000
Net loss	-	-	-	-	(100,115)	(100,115)
Balance at December 31, 2003	7,053,069	705	1,661,006	-	(1,707,952)	(46,241)
Stock issued for debt settlement at $0.10 per share	735,782	73	73,505	-	-	73,578

Stock issued for debt settlement at $0.10 per share	50,000	5	4,995	-	-	5,000
Stock issued for services at $0.15 per share	65,000	6	9,744	-	-	9,750
Stock issued for debt settlement at $0.10 per share	86,000	9	8,591	-	-	8,600
Stock issued for debt settlement at $0.16 per share	277,314	28	44,717	-	-	44,745
Stock issued for cash at $0.35 per share	871,572	87	304,963	-	-	305,050
Subscriptions receivable	-	-	-	(35,000)	-	(35,000)
Net loss	-	-	-	-	(447,411)	(447,411)
Balance at December 31, 2004	9,138,737	913	2,107,521	(35,000)	(2,155,363)	(81,929)

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SIBLING ENTERTAINMENT GROUP HOLDINGS, INC.
(A Development Stage Company)
STATEMENT OF STOCKHOLDERS' EQUITY (continued)
December 28, 1988 (Inception) to December 31, 2008

	Common Stock Shares	Common Stock Amount $	Additional Paid-in Capital $	Stock Subscriptions $	Deficit Accumulated During the Development Stage $	Total $
Stock issued for cash at $0.35 per share	914,288	91	319,909	-	-	320,000
Stock issued for debt settlement at $0.10 per share	1,147,680	115	114,653	-	-	114,768
Stock issued for debt settlement at $0.50 per share	50,000	5	24,995	-	-	25,000
Subscriptions received	-	-	-	35,000	-	35,000
Net loss	-	-	-	-	(407,256)	(407,256)
Balance at December 31, 2005	11,250,705	1,124	2,567,078	-	(2,562,619)	5,583
Stock issued for finance costs at $0.35 per share (Note 7)	150,000	15	52,485	-	-	52,500
Stock issued for consulting fees at $0.36 per share	100,000	10	35,990	-	-	36,000
Stock issued for consulting fees at $0.40 per share	176,000	18	70,382	-	-	70,400
Stock issued for finance costs at $0.45 per share (Note 7)	300,000	30	134,970	-	-	135,000
Net loss	-	-	-	-	(532,610)	(532,610)
Balance at December 31, 2006	11,976,705	1,197	2,860,905	-	(3,095,229)	(233,127)
Beneficial conversion feature on convertible debt			208,157			208,157
Stock issued for conversion of debt	1,097,361	110	219,362			219,472
Debt forgiveness-related party debt			16,000			16,000
Warrants Issued with Loans Payable			678,400			678,400
Net Loss					(850,438)	(927,808)
	13,074,066	1,307	3,982,824		(3,945,668)	38,463

Balance at December 31. 2007						
Net Loss					(403,829)	(403,829)
Balance at December 31. 2008	13,074,066	1,307	3,982,824		(4,349,497)	(365,366)

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

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SIBLING ENTERTAINMENT GROUP HOLDINGS, INC.
(A Development Stage Company)
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008 and 2007

Note 1 - Nature of Operations and Basis of Presentation

(a) Organization

Sibling Entertainment Group Holdings, Inc., formerly Sona Development Corp. (the “Company”) was incorporated as Houston Produce Corporation under the laws of the State of Texas on December 28, 1988. The Company was organized primarily for the purpose of importing fruits and vegetables from Latin America On December 28, 2002, the Company changed its name to Sona Development Corp. The Company is currently pursuing a potential merger with Sibling Entertainment Group, Inc. ("Sibling"), an entertainment development and production company based in New York City, as described in Note 9. The Company is considered a development stage company in accordance with Statement of Financial Accounting Standards (SFAS) No. 7.

(b) Going Concern

The financial statements have been prepared on the basis of a going concern which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business. The Company has not generated any revenues or completed development of any commercially acceptable products or services to date and has incurred losses of $4,349,497 since inception, and further significant losses are expected to be incurred in the Company’s development stage. The Company will depend almost exclusively on outside capital through the issuance of common shares, debentures and other loans, and advances from related parties to finance ongoing operating losses. The ability of the Company to continue as a going concern is dependent on raising additional capital and ultimately on generating future profitable operations. There can be no assurance that the Company will be able to raise the necessary funds when needed to finance its ongoing costs. On June 1, 2009, the Company has $2,555,000 of principal due on the Series AA debentures including approximately $316,316 of accrued interest and as of December 31, 2008 and additional accrued interest of $159,688 the remainder of the term of the debentures. The collectability of outstanding notes receivable by related parties cannot be guaranteed. These factors raise substantial doubt about the ability of the Company to continue as a going concern. The accompanying financial statements do not include any adjustments relative to the recoverability and classification of asset carrying amounts or the amount and classification of liabilities that might result from the outcome of this uncertainty.

Note 2 - Summary of Significant Accounting Policies

(a) Use of Estimates

The preparation of financial statements in conformity with United States 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 revenue and expenses during the reporting period. Actual results could differ from those estimates.

(b) Income Taxes

The Company utilizes SFAS No. 109, “Accounting for Income Taxes” which requires the recognition of deferred tax assets and liabilities for the expected future tax consequences of events that have been included in the financial statements or tax returns. Under this method, deferred income taxes are recognized for the estimated tax consequences in future years of differences between the tax bases of assets and liabilities and their financial reporting amounts at each period end based on enacted tax laws and statutory tax rates applicable to the period in which the differences are expected to affect taxable income.

Note 2 - Summary of Significant Accounting Policies continued

(d) Financial Instruments

In accordance with the requirements of SFAS No. 107, “Disclosures about Fair Value of Financial Instruments,” the Company has determined the estimated fair value of financial instruments using available market information and appropriate valuation methodologies. The carrying values of cash, accounts payable and amounts due to related parties approximate fair values due to the short-term maturity of the instruments.

(e) Stock-Based Compensation

We account for stock-based compensation in accordance with SFAS No. 123R, Share-Based Payment (SFAS 123R). Under the provisions of SFAS 123R, stock-based compensation cost is estimated at the grant date based on the award’s fair value as calculated by the Black-Scholes-Merton (BSM) option-pricing model and is recognized as expense over the requisite service period. The BSM model requires various highly judgmental assumptions including volatility and expected option life. If any of the assumptions used in the BSM model change significantly, stock-based compensation expense may differ materially in the future from that recorded in the current period. In addition, we are required to estimate the expected forfeiture rate and only recognize expense for those shares expected to vest. We estimate the forfeiture rate based on historical experience. Further, to the extent our actual forfeiture rate is different from our estimate, stock-based compensation expense is adjusted accordingly.

The Company accounts for equity instruments issued in exchange for the receipt of goods or services from other than employees in accordance with SFAS No. 123 and the conclusions reached by the Emerging Issues Task Force (“EITF”) in Issue No. 96-18. Costs are measured at the estimated fair market value of the consideration received or the estimated fair value of the equity instruments issued, whichever is more reliably measurable. The value of equity instruments issued for consideration other than employee services is determined on the earliest of a performance commitment or completion of performance by the provider of goods or services as defined by EITF 96-18.

(f) Loss per Share

The Company computes loss per share in accordance with SFAS No. 128, “Earnings per Share” which requires presentation of both basic and diluted earnings per share on the face of the statement of operations. Basic loss per share is computed by dividing net loss available to common shareholders by the weighted average number of outstanding common shares during the period. Diluted loss per share gives effect to all dilutive potential common shares outstanding during the period including stock options and warrants, using the treasury method, and preferred stock, using the if-converted method. Dilutive loss per share excludes all potential common shares if their effect is anti-dilutive.

(g) Recent Accouting Pronouncements

In December 2007, the FASB issued SFAS No. 141 (revised 2007), Business Combinations (SFAS 141R). SFAS 141R establishes principles and requirements for how an acquirer recognizes and measures in its financial statements the identifiable assets acquired, the liabilities assumed, any noncontrolling interest in the acquiree and the goodwill acquired. SFAS 141R also establishes disclosure requirements to enable the evaluation of the nature and financial effects of the business combination. This statement is effective for us beginning January 1, 2009. The impact of the adoption of SFAS 141R on our consolidated financial position, results of operations will largely be dependent on the size and nature of the business combinations completed after the adoption of this statement.

In December 2007, the FASB issued SFAS No. 160, Noncontrolling Interests in Consolidated Financial Statements—an amendment of Accounting Research Bulletin No. 51 (SFAS 160). SFAS 160 establishes accounting and reporting standards for ownership interests in subsidiaries held by parties other than the parent, the amount of consolidated net income attributable to the parent and to the noncontrolling interest, changes in a parent's ownership interest, and the valuation of retained noncontrolling equity investments when a subsidiary is deconsolidated. SFAS 160 also establishes disclosure requirements that clearly identify and distinguish between the interests of the parent and the interests of the noncontrolling owners. This statement is effective for us beginning January 1, 2009. We do not expect the impact of the adoption of SFAS 160 to be material.

In February 2008, the FASB issued Financial Staff Position (FSP) SFAS 157-2, Effective Date of FASB Statement No. 157 (FSP 157-2), which delays the effective date of SFAS No. 157, Fair Value Measurement (SFAS 157), for all nonfinancial assets and nonfinancial liabilities, except those that are recognized or disclosed at fair value in the financial statements on a recurring basis (at least annually). SFAS 157 establishes a framework for measuring fair value and expands disclosures about fair value measurements. FSP 157-2 partially defers the effective date of SFAS 157 to fiscal years beginning after November 15, 2008, and interim periods within those fiscal years for items within the scope of this FSP. The adoption of SFAS 157 for all nonfinancial assets and nonfinancial liabilities is effective for us beginning January 1, 2009. We do not expect the impact of this adoption to be material.

In April 2008, the FASB issued FSP SFAS 142-3, Determination of the Useful Life of Intangible Assets (FSP 142-3). This guidance is intended to improve the consistency between the useful life of a recognized intangible asset under SFAS No. 142, Goodwill and Other Intangible Assets (SFAS 142), and the period of expected cash flows used to measure the fair value of the asset under SFAS 141R when the underlying arrangement includes renewal or extension of terms that would require substantial costs or result in a material modification to the asset upon renewal or extension. Companies estimating the useful life of a recognized intangible asset must now consider their historical experience in renewing or extending similar arrangements or, in the absence of historical experience, must consider assumptions that market participants would use about renewal or extension as adjusted for SFAS 142's entity-specific factors. FSP 142-3 is effective for us beginning January 1, 2009. We do not expect the impact of the adoption of FSP 142-3 to be material.

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Note 3 - Due to Related Parties
Related party payables consist of the following:

	December 31, 2008	December 31, 2007
Due to a significant shareholder (a)	$ 123,106	$ 74,833
Unsecured payable to a shareholder with no specific terms and due on demand (b)	-	-
Due to a company with a director in common (d)	152,103	119,400
	$ 275,209	$ 194,233

The following represents related party transactions paid or accrued during the years ended December 31, 2008 and 2007.

	2008	2007
Consulting fees paid or accrued to a director (c)	$ -	$ 37,900
Consulting fees paid or accrued to a significant shareholder (a)	42,000	42,000
Rent paid or accrued to (forgiven by) a shareholder (b)	-	(16,000)
	$ 42,000	$ 63,900

The above transactions are in the normal course of operation.

(a) The amounts due to related parties at December 31, 2008 of $ 123,106 (2007 - $74,833) are due to a significant shareholder for cash loans, consulting fees and reimbursable expenses. The Company is indebted to this significant shareholder for cash loans of $21,600 which bear interest at a rate of 10% per annum and is due from the proceeds of the next financing arranged by the Company. At December 31, 2008, the Company had accrued $4,700 of interest on the loans. The loans are unsecured and due on demand. Overdue payments will bear interest at 12% per annum until paid. In February 2007, the Company issued 1,097,361 shares of common stock in settlement of an obligation of $219,472 for consulting fees, loans and expenses due to this significant shareholder.

At December 31, 2008, the Company was also indebted 96,806 to this significant shareholder for consulting fees and reimbursable expenses. This additional debt bears no interest and has no set term of repayment.

(b) In May of 2005, the Company entered into an agreement with a shareholder for office rent and expenses at $1,000 per month. During the year ended December 31, 2007, the balance due of $16,000 to this shareholder was forgiven and recorded as additional paid-in capital.

(c) On December 1, 1999, the Company entered into a consulting agreement with the Company’s then sole officer and director, Nora Corraco. The agreement had an automatic renewal provision unless terminated by either party. On June

28, 2007, Ms. Corraco resigned and in fiscal 2007, the Company incurred $37,900 in consulting fees to this director. Subsequently, the new officers and directors have not received any fees, salary or compensation from the Company in either years ending 2007 and 2008 and derive all compensation from Sibling Entertainment Group, Inc.

(d) The amounts are due to Sibling Theatricals, Inc. (“STI”), a company with directors in common, at December 31, 2008 and 2007 of $152,103 and $119,400 due for cash loans, interest and expenses paid on behalf of the Company. The Company is indebted for cash loans of $51,450 which bear interest at a rate of 10% per annum. At December 31, 2008, the Company had accrued $7,554 of interest on the loans. The loans are unsecured and due on demand.

At December 31, 2008, the Company was also indebted $93,099 to STI for expenses paid on its behalf. This additional debt bears no interest and has no set term of repayment.

Related Party Receivable

In conjunction with the short-term financing under Series AA debentures, the amounts received were in turn lent to a related party, Sibling Theatrical Inc. at an annual interest rate of 13% the interest rate increased to 15% during the Extended period between June 1, 2008 and June 1, 2009. The notes were receivable 6 months after each borrowing. As of December 31, 2008, a total of $2,594,170 was due from Sibling Theatrical Inc. representing notes of $2,555,000 and accrued interest of $303,303.05 (net of interest payments received of $97,825). Sibling Theatricals, Inc. is currently in default of interest payments and the repayment of these notes cannot be guaranteed prior to the end of the term of June 1, 2009..

Note 4 - Short-Term Notes Payable

During the period of May through August of 2007, the Company borrowed $2,555,000 from various individuals payable in six months from the date of borrowing at an annual interest rate of 13%. In conjunction with this financing, the lenders received for each unit equals to $10,000, 10,000 stock purchase warrants to purchase 10,000 shares of common stock at $1 per share and 10,000 stock purchase warrants to purchase 10,000 shares of common stock at $2.50 per share. The warrants expire within five years of the loan. The value of these warrants using the, Black-Scholes method, was $678,400 and was recorded as a discount to the debt and is amortized over the life of the debt. Amortization of the debt discount of $380,590 was charged to interest expense during the period ended December 31, 2007 and $298,810 was charged to interest expense during the period ended December 31, 2008. The fair value of the warrants was estimated using the following assumptions:

Expected volatility	61%
Expected dividends	0
Expected term	5 years
Risk-free rate	5.25%

If the Company undertakes an underwritten public offering of securities for a total subscription of $6,000,000 prior to the maturity date, in lieu of repayment of principal and interest on the Notes, at the Note holder’s option, the Note holder may acquire securities in the Qualified Offering in the amount of such principal and interest.

The Company is in default on the debentures noted above. The interest rate upon default was increased to 15% and the accrued balance due for interest as of December 31, 2008 was $316,316. The Company is working with the debenture holders to extend the notes for one or more years, but no such extension has been granted.

Note 5 - Income Taxes

The Company accounts for its income taxes in accordance with FASB No. 109, “Accounting for Income Taxes.” As of December 31, 2008, the Company had net operating loss carry forwards that may be available to reduce future years’ taxable income and will expire commencing in 2015. Availability of loss usage is subject to change of ownership limitations under Internal Revenue Code 382. Future tax benefits which may arise as a result of these losses have not been recognized in these financial statements, as their realization is determined not likely to occur and accordingly, the Company has recorded a valuation allowance for the deferred tax asset relating to these tax loss carry-forwards.

Note 6 - Capital Stock

(a) Stock options

The Company has not issued any options on its common stock to date and has not recorded any stock-based compensation with respect to stock options.

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Note 6 - Capital Stock = continued

(b) Stock issuances

For the period April 1, 2007 though December 31, 2008, the Company did not issue any new shares of common stock.

In February 2007, the company issued 1,097,361 shares at $0.20 per share to a significant shareholder in settlement of an outstanding balance of $219,472 for cash loans, accrued interest, reimbursable expense and consulting fees. The settlement resulted in a charge to interest expense of $208,157 as a result of a beneficial conversion feature.

Note 7 - Supplemental Cash Flow Information

Actual amounts paid for interest and income taxes for 2008 and 2007 are as follows:

	2008	2007
Interest	$133,575	$ 127,075
Income taxes	-	-

During the year ended December 31, 2007, warrants issued with a value of $678,400 were recorded as a discount to the related debt for the same amount.

During the year ended December 31, 2007, the Company recorded a discount on debt for a beneficial conversion feature in the amount of $208,157.

During the year ended December 31, 2007, debt from a related party in the amount of $16,000 was forgiven and recorded as additional paid-in capital.

Note 8 - Investment

The company entered into a letter of intent on May 20, 2004 (and amended through November 2005) with Idea One, Inc., a private company involved in the development of battery cell technology. The letter of intent did not culminate in a definitive agreement.

Over the term of the letter of intent the Company loaned Idea One a total of $550,000 through a series of convertible promissory notes. The notes were written down to $1 as of December 31, 2005 as management determined they were not collectible and further, if the Idea One shares were received, it was not possible to determine their value. .

As of April 30, 2006, the Company agreed to convert the outstanding balance, including accrued interest, of $595,642, at $0.40 per share, to 1,489,106 common shares of Idea One, in full satisfaction of the loan receivable. The Idea One shares were received in the second quarter of 2006. As of December 31, 2007, these shares are recorded at $1.

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Note 9 - Proposed Merger with Sibling

On February 9, 2007, the share holders of the Company approved an Agreement of Acquisition and Plan of Reorganization, as amended, to acquire four wholly owned subsidiaries: Sibling Theatricals, Inc., Sibling Pictures, Inc., Sibling Music Corp., and Sibling Properties, Inc. from Sibling Entertainment Group, Inc an entertainment development and production company based in New York City
.
Under the reorganization, the Company is to acquire each of Sibling's four wholly owned subsidiaries and three wholly owned subsidiaries of Sibling Pictures, Inc., all of which own and or control each of Sibling's respective divisions and operations of live-stage theatrical operations, music, independent feature films and theatrical real estate.

The definitive agreement anticipates a share exchange pursuant to which the Company will issue up to 33,267,472 shares of common stock for all the issued and outstanding shares of the Sibling subsidiaries on the closing date. The Company will further grant 16,239,972 share purchase warrants with terms ranging from 3 to 5 years at exercise prices ranging from $0.275 a share to $1.00 per share.

The closing of the Agreement of Acquisition and Plan of Reorganization remains subject to the applicable registration requirements of the Securities Exchange Act of 1934, as amended. The Company intends to close the acquisition of the Sibling Entertainment Group, Inc. subsidiaries as soon as is practicable.

On August 19, 2008, the Agreement as amended anticipates a share exchange pursuant to which the Company will issue up to 37,208,900 shares of common stock for all the issued and outstanding shares of Sibling’s subsidiaries on the closing date and will issue up to 571,340 additional shares reserved for convertible debentures and consulting agreements. The Company will further deliver 26,657,424 purchase warrants with terms ranging from 3 to 5 years at exercise prices ranging from $0.275 a share to $1.00 per share to certain shareholders of Sibling as part of the consideration for the transaction.

Note 10 - Legal Proceedings

On December 29, 2008, Highlands Capital, Inc., a Colorado corporation, brought an action against Sibling Entertainment Group Holdings, Inc., Sibling Entertainment Group, Inc., Sibling Theatricals, Inc. and Mitchell Maxwell in the District Court, Denver County of Colorado, Case No. 2009CV537; Division: 1. The Company has engaged Evans & McFarland, LLC in Denver, CO to act as litigation counsel for this matter. The lawsuit involves issues related to Highlands Capital’s consulting services agreement with one or more of the Defendants and Highland Capital’s participation under the Company’s Series AA debentures and other loans and investments with the other defendants. The Company obtained dismissal of several of the Plaintiff’s claims, leaving only a breach of contract claim pending against the Company. The Company has since filed an answer and asserted various counterclaims against Highland Capital. The Company and the other defendants will vigorously defend against this action.

On April 13, 2009, the Company was notified by counsel that Agnieska Golabek and Slawomir Wrobel have brought an action against Sibling Entertainment Group Holdings, Inc., Theatricals, Inc., Richfield Sports, LLC, Worldwide MMA LLC, James Cardwell, Mitchell Maxwell and Richard Burnstein in their individual and corporate capacities in the District Court, Denver County of Colorado, Filing ID. 24570904 Division: 2. To the best of the Company’s knowledge, the Complaint has not yet been served on any Defendants. The lawsuit involves a loan, investment, and/or acquisition of an interest in Sibling Theatricals, Inc.’s mixed martial arts venture. The plaintiffs in this action have no contractual or other relationship with the Company, and appear to have no grounds for bringing a legal action against the Company. If served, the Company will most likely seek an immediate dismissal of the action against it. The Company and other defendants are reviewing the complaint in more detail, and will vigorously defend against this action.

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

On May 3, 2007, the Company dismissed Dale Matheson Carr-Hilton Labonte LLP (Dale Matheson), as its independent registered public accounting firm. The Company hired Rosenberg Rich Baker Berman & Co. (Rosenberg) as its new independent registered public accounting firm. During the two prior fiscal years ending December 31, 2005 and 2006 and the subsequent interim period through May 3, 2007, the Company and Dale Matheson did not have any disagreements with regard to any matter of accounting principles or practices, financial statement disclosure, or auditing scope or procedure.

The Company did not have any disagreements with Rosenberg regarding accounting or financial disclosure.

ITEM 8A. CONTROLS AND PROCEDURES

Pursuant to Rule 13a-15(b) under the Securities Exchange Act of 1934 (“Exchange Act”), the Company carried out an evaluation, with the participation of the Company’s management, including the Company’s Chief Executive Officer (“CEO”) and Chief Accounting Officer (“CAO”) (the Company’s principal financial and accounting officer), of the effectiveness of the Company’s disclosure controls and procedures (as defined under Rule 13a-15(e) under the Exchange Act) as of the end of the period covered by this report. Based upon that evaluation, the Company’s CEO and CAO concluded that the Company’s disclosure controls and procedures are effective to ensure that information required to be disclosed by the Company in the reports that the Company files or submits under the Exchange Act, is recorded, processed, summarized and reported, within the time periods specified in the SEC’s rules and forms, and that such information is accumulated and communicated to the Company’s management, including the Company’s CEO and CAO, as appropriate, to allow timely decisions regarding required disclosure.

Management’s Report on Internal Controls over Financial Reporting

Internal control over financial reporting is a process to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with U.S. generally accepted accounting principles. There has been no change in the Company’s internal control over financial reporting during the year ended December 31, 2008 that has materially affected, or is reasonably likely to materially affect, the Company’s internal control over financial reporting.

The Company’s management, including the Company’s CEO and CAO, does not expect that the Company’s disclosure controls and procedures or the Company’s internal controls will prevent all errors and all fraud. A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, no evaluation of the controls can provide absolute assurance that all control issues and instances of fraud, if any, within the Company have been detected.

Management conducted an evaluation of the effectiveness of our internal control over financial reporting based on the framework in Internal Control - Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on this evaluation, management concluded that the Company’s internal control over financial reporting was effective as of December 31, 2008.

ITEM 8B. OTHER INFORMATION

None.

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PART III

ITEM 9. DIRECTORS, EXECUTIVE OFFICERS, PROMOTERS AND CONTROL PERSONS; COMPLIANCE WITH SECTION 16(a) OF THE EXCHANGE ACT

Name	Age	Position(s) and Office(s)
Mitchell Maxwell	56	Chairman of the Board of Directors Chief Executive Officer
Victoria Maxwell	45	Director
James Cardwell	49	Director Chief Financial Officer
Richard Bernstein	55	Director
Nora Coccaro (*)	51	Former Chief Executive Officer, Chief Financial Officer, Principal Accounting Officer and Director

(*) Nora Coccaro resigned as President, Chief Executive Officer, Principal Accounting Officer and Director effective June 28, 2007. Ms. Coccaro did not resign as a result of any disagreement with the Company on any matter related to the Company's operations, policies or practices.

Mitchell Maxwell was appointed Chairman of the Board of Directors on February 9, 2007 and President and Chief Executive Officer as of June 28, 2007. Mr. Maxwell has been involved in the entertainment business for over twenty five year and has produced seven Broadway shows, twenty seven Off-Broadway shows, four national tours, three West End shows and five independent films. He is currently President of Sibling Entertainment Group, Inc. and Chairman of the Denver Civic Theatre, Inc.

Mr. Maxwell attended Tufts University where he is currently an adjunct professor.

Victoria Maxwell was appointed a Director on February 9, 2007. Ms. Maxwell has over twenty years in the entertainment business. Ms. Maxwell has produced numerous theatre and film projects and con-founded three entertainment companies. She has collaborated on many projects with her brother, Mitchell Maxwell, and is co-founder and Vice President of Sibling Entertainment Group, Inc. Ms. Maxwell is a member of the Board of Directors of the Denver Civic Theatre, Inc.

James "Jay" Cardwell was appointed a Director on February 9, 2007 and became the Chief Financial Officer as of June 28, 2007. Mr. Cardwell has been the Chief Financial Officer and Chief Operating Officer of Sibling Entertainment Group, Inc since 2004. He is also the Executive director and Board Member of the Denver Civic Theatre, Inc. Before joining Sibling Entertainment Group, Inc. Mr. Cardwell was the Deputy Director (1999-2001) of the National Jazz Museum in Harlem. Previously, Mr. Cardwell was a consultant to Denstu, Inc. which provided consulting services to the theatrical industry and a producer of the original New York musical production of NUNSENSE. Mr. Cardwell started his career as a CPA with Arthur Andersen in St. Louis, MO.

Richard Bernstein is a veteran of the entertainment industry with over 20 years experience as a artist manager, booking agent, record producer, and a theatrical stage producer. Mr. Bernstein is President of Bernstein Entertainment Corporations and the Denver Civic theatre and is a member of the American Society of Composer, Authors and Publishers. Mr. Bernstein has been a Director of Sibling Entertainment Group, Inc. since 2006.

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Compensation of Directors

The Company's directors and officers are not currently compensated for their services as directors or officers of the Company. Directors currently are not reimbursed for out-of-pocket costs incurred in attending meetings.

Board of Directors Committees

The board of directors has not yet established an audit committee or a compensation committee. An audit committee typically reviews, acts on and reports to the board of directors with respect to various auditing and accounting matters, including the recommendations and performance of independent auditors, the scope of the annual audits, fees to be paid to the independent auditors, and internal accounting and financial control policies and procedures. Certain stock exchanges currently require companies to adopt a formal written charter that establishes an audit committee that specifies the scope of an audit committee's responsibilities and the means by which it carries out those responsibilities. In order to be listed on any of these exchanges, the Company will be required to establish an audit committee.

Code of Ethics

The Company has adopted a Code of Ethics within the meaning of Item 406(b) of Regulation S-B of the Securities Exchange Act of 1934. The Code of Ethics applies to directors and senior officers, such as the principal executive officer, principal financial officer, controller, and persons performing similar functions. The Company original incorporated its Code of Ethics in Form 10K filed with the SEC on March 30, 2004 and referenced as Exhibit 14 to this Form 10-K. Further, the Company's Code of Ethics is available in print, at no charge, to any security holder who requests such information by contacting the Company.

Compliance with Section 16(a) of the Exchange Act

Based solely upon a review of Forms 3, 4 and 5 furnished to the Company, the Company is unaware of an individuals or entities who during the period ended December 31, 2008, were directors, officers, or beneficial owners of more than ten percent of the common stock of the Company, and who failed to file, on a timely basis, reports required by Section 16(a) of the Securities Exchange Act of 1934.

ITEM 10. EXECUTIVE COMPENSATION

Executive Compensation

Except as set forth below, no compensation in excess of $100,000 was awarded to, earned by, or paid to any executive officer of the Company during the years 2008, 2007 and 2006. The following table and the accompanying notes provide summary information for each of the last three fiscal years concerning cash and non-cash compensation paid or accrued by the Company's current and past officers over the past three years.

Summary Compensation Table

			Long Term Compensation				Annual Compensation	
						Awards		Payouts
Name and Principal Positions	Year	Salary ($)	Bonus ($)	Other Annual Compensation ($)	Restricted Stock Award(s) ($)	Securities Underlying Options SARs(#)	LTIP payouts ($)	All Other Compensation ($)
Nora Coccaro,	2007	$ -	-	-	$ -	-	-	-
chief executive	2006	54,500	-	-	56,000	-	-	-
and financial	2005	47,949	-	-	5,000	-	-	-
officer, and Director								

Note: On June 28, 2007, Nora Coccaro resigned and the new officers and directors are not compensated by the Company for their services.

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ITEM 11. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth certain information concerning the ownership of the Company's common stock as of December 31, 2008, with respect to: (i) each person known to the Company to be the beneficial owner of more than five percent of the Company's common stock; (ii) all directors; and (iii) directors and executive officers of the Company as a group. The notes accompanying the information in the table below are necessary for a complete understanding of the figures provided below. As of December 31, 2008, there were 13,074,066 shares of common stock issued and outstanding.

Title of Class	Name and Address	Number of Shares	% of Class
Common	Nora Coccaro	19,250	0.15%
	Chief Executive and Financial Officer, and Director		
	1066-2610 West Hastings Street, Vancouver, British		
	Columbia Canada V6E 2K3		
Common	Michael Baybak	4,778,576	36.55%%
	2110 Drew Street, Suite 200		
	Clearwater, Florida 33765		
Former executive officers and directors as a group (1)		19,250	0.15%
Current executive officers and directors as a group (4)		-	0.00%

ITEM 12. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

Amounts at December 31, 2008 of 112,303 (2007 - $74,833)are due to Michael Baybak, a significant shareholder, for cash loans, consulting fees and reimbursable expenses. The Company is indebted to this significant shareholder for cash loans of $21,600 which bear interest at a rate of 10% per annum and is due from the proceeds of the next financing arranged by the Company. At December 31, 2008, the Company had accrued $4,700 of interest on the loans. The loans are unsecured and due on demand. Overdue payments will bear interest at 12% per annum until paid. In February 2007, the Company issued 1,097,361 shares of common stock in settlement of an obligation of $219,472 for consulting fees, loans and expenses due to this significant shareholder. At December 31, 2008, the Company was also indebted in the amount of $86,003 to this significant shareholder for consulting fees and reimbursable expenses. This additional debt bears no interest and has no set term of repayment.

In May of 2005, the Company entered into an agreement with Michael Baybak, a shareholder, for office rent and expenses at $1,000 per month. During the year ended December 31, 2008, the balance due of $16,000 to this shareholder was forgiven and recorded as additional paid-in capital.

On December 1, 1999, the Company entered into a consulting agreement with the Company's then sole officer and director, Nora Corraco. The agreement has had an automatic renewal provision unless terminated by either party. On June 28, 2007, Ms. Corraco resigned and in fiscal 2007, the Company incurred $37,900 (2005 - $110,500) in consulting fees to this director. Subsequently, the new officers and directors have not received any fees, salary or compensation from the Company in either years ending 2007 and 2008 and derive all compensation from Sibling Entertainment Group, Inc.

Amounts are due to Sibling Theatricals, Inc. ("STI"), a company with directors in common, at December 31, 2008 of $145,103 due for cash loans, interest and expenses paid on behalf of the Company. The Company is indebted for cash loans of $51,450 which bear interest at a rate of 10% per annum. At December 31, 2008, the Company had accrued $7,554 of interest on the loans. The loans are unsecured and due on demand.

At December 31, 2008, the Company was also indebted $91,813 to STI for expenses paid on its behalf. This additional debt bears no interest and has no set term of repayment.

In conjunction with the short-term financing under Series AA debentures, the amounts received were lent to a related party, Sibling Theatrical Inc. at an annual interest rate of 13%. The notes were due 6 months after each borrowing. As of December 31, 2008, a total of $2,594,170 was due from Sibling Theatrical Inc. representing notes of $2,555,000 and accrued interest of $ $39,170 (net of interest payments received of $127,075).

ITEM 13. EXHIBITS

Exhibits required by Item 601 of Regulation S-B are listed in the Index to Exhibits beginning on Page 40 of this Form 10-K, which is incorporated herein by reference.

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

Audit Fees

Rosenberg, Rich, Baker, Berman & Company provided audit services to the Company in connection with its annual report for the fiscal years ended December 31, 2007 and 2008. The aggregate fees billed by Rosenberg, Rich, Baker, Berman & Company for the review and audit of the Company's quarterly and annual financial statements was approximately $20,815 and $16,200, respectfully.

Audit Related Fees

Rosenberg, Rich, Baker, Berman & Company billed to the Company no fees in 2007 and 2008 for professional services that are reasonably related to the audit or review of the Company's financial statements that are not disclosed in "Audit Fees" above; and

Tax Fees

Rosenberg, Rich, Baker, Berman & Company billed to the Company no fees in 2007 and $2,500 in 2008 for professional tax services rendered; and

All Other Fees

Rosenberg, Rich, Baker, Berman & Company billed to the Company no fees in 2007 and 2008 for other professional services rendered or any other services not disclosed above; and

Audit Committee Pre-Approval

The Company does not have a standing audit committee. Therefore, all services provided to the Company by Rosenberg, Rich, Baker, Berman & Company as detailed above were pre-approved by the Company's board of directors. The Company's independent auditors, Rosenberg, Rich, Baker, Berman & Company performed all work using only their own full time permanent employees.

SIGNATURES

In accordance with Section 13 or 15(d) of the Exchange Act, the registrant caused this report to be signed on its behalf by the undersigned, thereunto duly authorized, this 14th day of May, 2008.

Sibling Entertainment Group Holdings, Inc.

/s/ Mitchell Maxwell, Chief Executive Officer

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.

Signature	Title	Date
/s/ Mitchell Maxwell Mitchell Maxwell	Director Chief Executive Officer	April 15, 2009
/s/ James Cardwell James Cardwell	Director Chief Financial Officer	April 15, 2009
/s/ Richard Bernstein Richard Bernstein	Director	April 15, 2009

INDEX TO EXHIBITS

Exhibit No.	Page No.	Description
3(i)	*	Articles of Incorporation of the Company
3(i)(b)	*	Amended Articles of Incorporation of the Company
3(i)(c)	**	Amended Articles of Incorporation of the Company filed with the State of Texas on November 27, 2002.
3(iii)	*	Bylaws of the Company
14	***	Code of Ethics dated March 1, 2004.
31.1	Attached	Certification of the Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Attached	Certification of the Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1	Attached	Certification of the Chief Executive Officer pursuant to 18 U.S.C. Section 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2	Attached	Certification of the Chief Financial Officer pursuant to 18 U.S.C. Section 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

* Incorporated by reference from the Form 10SB/A filed with the Commission on April 18, 2000.

** Incorporated by reference from the Form 10K filed with the Commission on April 3, 2003.

*** Incorporated by reference from the Form 10K filed with the Commission on March 30, 2004.