

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

FORM 10-Q

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

For the Quarterly Period ended March 31, 2009

Commission File No. 033-28188

Registrant name: Strategic Internet Investments, Incorporated
State of incorporation: Delaware
IRS Employer Identification: 84-1116458
Address of principal executive offices: Nisar Square, Benyas Centre Office No. 207
P.O. Box 40088,
Dubai, United Arab Emirates
Registrant's telephone number 009 714 223 1189

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

Yes No

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

Yes No

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

Yes No

Common shares outstanding as of March 31, 2009:

27,610,326

PART I – FINANCIAL INFORMATION

Forward Looking Statements.

This report contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. These statements relate to future events or our future financial performance. In some cases, you can identify forward-looking statements by terminology such as “may”, “should”, “expects”, “plans”, “anticipates”, “believes”, “estimates”, “predicts”, “potential” or “continue” or the negative of these terms or other comparable terminology. These statements are only predictions and involve known and unknown risks, uncertainties and other factors, including the risks in the section entitled “Risk Factors” and the risks set out below, any of which may cause our or our industry’s actual results, levels of activity, performance or achievements to be materially different from any future results, levels of activity, performance or achievements expressed or implied by these forward-looking statements.

These risks include, by way of example and not in limitation:

- results of initial feasibility, pre-feasibility and feasibility studies, and the possibility that future real estate development results will not be consistent with our expectations;
- real estate development risks, including risks related to accidents, equipment breakdowns, labour disputes or other unanticipated difficulties or interruptions in development construction;
- the potential for delays in development activities or the completion of feasibility studies;
- risks related to the inherent uncertainty of cost estimates and the potential for unexpected costs and expenses;
- risks related to commodity price fluctuations;
- the uncertainty of profitability based upon our history of losses;
- risks related to failure to obtain adequate financing on a timely basis and on acceptable terms for our planned development projects;
- risks related to environmental regulation and liability;
- risks that the amounts reserved or allocated for environmental compliance, reclamation, control measures, monitoring and on-going maintenance may not be sufficient to cover such costs;
- risks related to tax assessments;
- political and regulatory risks associated with real estate development; and
- other risks and uncertainties related to our prospects, properties and business strategy.

This list is not an exhaustive list of the factors that may affect any of our forward-looking statements. These and other factors should be considered carefully and readers should not place undue reliance on our forward-looking statements.

The Company intends that such forward-looking statements be subject to the Safe Harbors for such statements. Forward looking statements are made based on management’s beliefs, estimates and opinions on the date the statements are made and we undertake no obligation to update forward-looking statements if these beliefs, estimates and opinions or other circumstances should change. Although we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee future results, levels of activity, performance or achievements. Except as required by applicable law, including the securities laws of the United States, we do not intend to update any of the forward-looking statements to conform these statements to actual results.

Our financial statements are stated in United States dollars (US\$) and are prepared in accordance with United States Generally Accepted Accounting Principles.

In this report, unless otherwise specified, all dollar amounts are expressed in United States dollars and all references to “common stock” refer to the common shares in our capital stock. As used in this report, the terms “we”, “us”, “our”, the “Company” and “Strategic” mean Strategic Internet Investments, Incorporated, unless otherwise indicated.

1. Financial Statements

STRATEGIC INTERNET INVESTMENTS, INCORPORATED

(A Development Stage Company)

INTERIM FINANCIAL STATEMENTS

March 31, 2009

(Stated in U.S. Dollars)

(Unaudited)

STRATEGIC INTERNET INVESTMENTS, INCORPORATED

(A Development Stage Company)

INTERIM BALANCE SHEETS

(Stated in U.S. Dollars)

(Unaudited)

	March 31, 2009	December 31, 2008
ASSETS		
Current		
Cash	\$ 112	\$ 256
Prepaid expenses – Note 4	4,000	10,000
	4,112	10,256
Deferred investment costs – Notes 2 and 4	1	1
	\$ 4,113	\$ 10,257
LIABILITIES		
Current		
Accounts payable – Note 6	\$ 539,035	\$ 537,716
Loans payable – Note 3	515,527	492,839
TOTAL LIABILITIES	1,054,562	1,030,555
Class A Convertible Preferred stock, \$0.001 par value 10,000,000 authorized, 198,000 outstanding – Note 4	792,000	792,000
CAPITAL DEFICIT		
Capital Stock – Notes 4, 5 and 6		
Common stock, \$0.001 par value 100,000,000 authorized 27,610,326 outstanding (2008: 27,610,326 outstanding)	27,610	27,610
Additional paid-in capital	7,765,583	7,765,583
Deficit accumulated during the development stage	(9,635,642)	(9,605,491)
	(1,842,449)	(1,812,298)
	\$ 4,113	\$ 10,257

Nature of Operations and Ability to Continue as a Going Concern – Note 1

Commitments – Notes 3, 4, and 6

SEE ACCOMPANYING NOTES

STRATEGIC INTERNET INVESTMENTS, INCORPORATED

(A Development Stage Company)
INTERIM STATEMENTS OF OPERATIONS
 (Stated in U.S. Dollars)
(Unaudited)

	Three months ended March 31,		Cumulative from
	2009	2008	February 28, 1989 (Date of Inception) to March 31,
			2009
General and Administrative Expenses			
Accounting and audit fees	\$ 14,000	\$ 5,820	\$ 303,317
Amortization	-	-	3,616
Communications	287	878	104,890
Consulting fees – Note 5 and 6	6,000	35,000	3,415,546
Interest – Notes 3 and 6	11,627	9,388	418,612
Investor relations	-	-	91,385
Legal fees	-	-	166,684
Management fees – Note 6	-	46,125	546,325
Office and general – Note 6	83	87	142,407
Regulatory fees	454	134	29,008
Rent – Note 6	-	6,000	135,615
Transfer agent fees (recovery)	440	(1,475)	43,633
Travel	-	-	110,120
Loss on disposal of equipment	-	-	1,481
Write-down of advances to related party	-	-	606,337
Operating loss	(32,891)	(101,957)	(6,118,976)
Unauthorized distribution	-	-	(69,116)
Termination fee	-	-	(792,000)
Gain (loss) on foreign exchange	2,740	2,672	(7,156)
Gain on settlement of payables	-	-	25,233
Write-down of deferred investment costs – Note 4	-	-	(34,209)
Net loss for the period	\$ (30,151)	\$ (99,285)	\$ (6,996,224)
Basic and diluted loss per share	\$ (0.00)	\$ (0.00)	
Weighted average common shares outstanding	27,610,326	26,860,326	

SEE ACCOMPANYING NOTES

STRATEGIC INTERNET INVESTMENTS, INCORPORATED

(A Development Stage Company)
INTERIM STATEMENTS OF CASH FLOWS
 (Stated in U.S. Dollars)
(Unaudited)

	Three months ended March 31,		Cumulative from
	2009	2008	February 28, 1989
			(Date of Inception) to
			March 31,
			2009
Operating Activities			
Net loss for the period	\$ (30,151)	\$ (99,285)	\$ (6,996,224)
Adjustments to reconcile net loss to net cash used in operating activities:			
Amortization	-	-	3,616
Beneficial conversion feature on convertible debt	-	-	239,662
Communications	-	-	28,000
Consulting fees	6,000	35,000	2,474,554
Gain on settlement of payables	-	-	(25,233)
Net interest accrued on loans	11,627	9,388	55,272
Legal fees	-	-	25,000
Loss on disposal of equipment	-	-	1,481
Management fees	-	-	7,000
Stock-based compensation	-	-	736,053
Termination fees	-	-	792,000
Write-down of deferred investment costs	-	-	34,209
Write-down of advances to related party	-	-	606,337
Changes in non-cash item:			
Accounts payable	1,319	52,616	676,980
Net cash used in operating activities	(11,205)	(2,281)	(1,341,293)
Investing Activities			
Organization costs	-	-	(750)
Acquisition of capital assets	-	-	(4,347)
Deferred investment costs	-	-	(34,210)
Advances to related party	-	-	(606,337)
Net cash used in investing activities	-	-	(645,644)
Financing Activities			
Loans payable	11,061	19,379	813,720
Due to related parties	-	-	15,526
Proceeds from issuance of common stock	-	-	1,162,631
Payment of offering costs	-	-	(30,270)
Additional paid-in capital	-	-	25,442
Net cash provided by financing activities	11,061	19,379	1,987,049
Increase (decrease) in cash during the period	(144)	17,098	112
Cash, beginning of the period	256	65	-
Cash, end of the period	\$ 112	\$ 17,163	\$ 112
Supplementary disclosure of cash flows:			
Cash paid for Interest	\$ -	\$ -	\$ 93,859

Non-cash Transactions – Note 5

SEE ACCOMPANYING NOTES

STRATEGIC INTERNET INVESTMENTS, INCORPORATED
(A Development Stage Company)
INTERIM STATEMENTS OF CHANGES IN CAPITAL DEFICIT
For the period from February 28, 1989 (Date of Inception) to March 31, 2009
(Stated in U.S. Dollars)
(Unaudited)

	Common Stock Shares	Par Value	Additional Paid-In Capital	Deficit Accumulated During the Development Stage	Total
Balance, February 28, 1989	-	\$ -	\$ -	\$ -	\$ -
Issuance of stock to insiders on March 7, 1989 - at \$0.30	33,347	33	9,967	-	10,000
Balance December 31, 1989	33,347	33	9,967	-	10,000
Issuance of stock during public offering for \$3.00 per share, net of offering costs of \$27,270	33,348	33	72,697	-	72,730
Net loss	-	-	-	(84,159)	(84,159)
Balance, December 31, 1990	66,695	66	82,664	(84,159)	(1,429)
Net loss	-	-	-	(3,416)	(3,416)
Balance, December 31, 1991	66,695	66	82,664	(85,575)	(4,845)
Net loss	-	-	-	(2,713)	(2,713)
Balance, December 31, 1992	66,695	66	82,664	(90,288)	(7,558)
Net loss	-	-	-	(1,614)	(1,614)
Balance, December 31, 1993	66,695	66	82,664	(91,902)	(9,172)
Net loss	-	-	-	(1,863)	(1,863)
Balance December 31, 1994	66,695	66	82,664	(93,765)	(11,035)
Issuance of stock for services rendered - at \$0.03	50,000	50	1,450	-	1,500
Contributed capital	-	-	24,842	-	24,842
Net loss	-	-	-	(16,735)	(16,735)
Balance, December 31, 1995	116,695	116	\$ 108,956	(110,500)	(1,428)
Net loss	-	-	-	(9,068)	(9,068)
Balance December 31, 1996	116,695	116	108,956	(119,568)	(10,496)
Issuance of stock for cash - \$0.011	2,000,000	2,000	19,300	-	21,300
Contributed capital	-	-	600	-	600
Net loss	-	-	-	(22,261)	(22,261)
Balance, December 31, 1997	2,116,695	2,116	128,856	(141,829)	(10,857)
Issuance of stock services - at \$0.001	7,000,000	7,000	-	-	7,000
- at \$0.01	620,000	620	5,580	-	6,200
Net loss	-	-	-	(52,308)	(52,308)
Balance, December 31, 1998	9,736,695	9,736	134,436	(194,137)	(49,965)
Net loss	-	-	-	(35,995)	(35,995)

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SEE ACCOMPANYING NOTES

STRATEGIC INTERNET INVESTMENTS, INCORPORATED
(A Development Stage Company)
INTERIM STATEMENTS OF CHANGES IN CAPITAL DEFICIT
For the period from February 28, 1989 (Date of Inception) to March 31, 2009
(Stated in U.S. Dollars)
(Unaudited)

	Common Stock Shares	Par Value	Additional Paid-In Capital	Deficit Accumulated During the Development Stage	Total
Balance, December 31, 1999	9,736,695	\$ 9,736	\$ 134,436	\$ (230,132)	\$ (85,960)
Issuance of stock for cash pursuant to a private placement – at \$0.30	1,133,334	1,133	338,867	-	340,000
Issue of stock for finders' fee	50,000	50	(50)	-	-
Net loss	-	-	-	(336,431)	(336,431)
Non-cash compensation charge	-	-	78,707	-	78,707
Balance December 31, 2000	10,920,029	10,919	551,960	(566,563)	(3,684)
Issuance of stock for services – at \$0.50	328,356	328	163,851	-	164,179
- at \$1.55	13,383	13	20,731	-	20,744
- at \$3.50	366,667	367	1,282,964	-	1,283,331
Issuance of stock for cash pursuant to a private placement – at \$0.30	883,332	883	264,117	-	265,000
Issuance of stock pursuant to the exercise of warrants – at \$2.00	28,800	29	57,571	-	57,600
Less: Issue costs	-	-	(17,858)	-	(17,858)
Net loss	-	-	-	(2,296,406)	(2,296,406)
Non-cash compensation charge	-	-	136,378	-	136,378
Balance, December 31, 2001	12,540,567	12,539	2,459,714	(2,862,969)	(390,716)
Issuance of stock for prepaid consulting – at \$0.35	80,000	80	27,920	-	28,000
Issuance of stock for deferred investment costs – at \$0.05	1,300,000	1,300	63,700	-	65,000
Issuance of stock for services – at \$0.05	100,000	100	4,900	-	5,000
- at \$0.055	60,000	60	3,240	-	3,300
- at \$0.10	105,000	105	10,395	-	10,500
- at \$0.148	27,000	27	3,973	-	4,000
- at \$0.20	175,000	175	34,825	-	35,000
- at \$0.209	17,143	17	3,583	-	3,600
- at \$0.35	120,000	120	41,880	-	42,000
Issuance of stock for debt – at \$0.20	458,135	458	91,169	-	91,627
- at \$0.209	222,751	223	46,156	-	46,379
Net loss	-	-	-	(214,758)	(214,758)
Balance, December 31, 2002	15,205,596	15,204	2,791,455	(3,077,727)	(271,068)
Non-cash compensation charge	-	-	53,500	-	53,500
Issue of stock for services – at \$0.14	1,450,000	1,450	201,550	-	203,000
Issue of stock for cash pursuant to a private placement – at \$0.10	650,000	650	64,350	-	65,000
Net loss	-	-	-	(1,208,941)	(1,208,941)

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SEE ACCOMPANYING NOTES

STRATEGIC INTERNET INVESTMENTS, INCORPORATED
(A Development Stage Company)
INTERIM STATEMENTS OF CHANGES IN CAPITAL DEFICIT
For the period from February 28, 1989 (Date of Inception) to March 31, 2009
(Stated in U.S. Dollars)
(Unaudited)

	Common Stock Shares	Par Value	Additional Paid-In Capital	Deficit Accumulated During the Development Stage	Total
Balance, December 31, 2003	17,305,596	\$ 17,304	\$ 3,110,855	\$ (4,286,668)	\$(1,158,509)
Non-cash compensation charge	-	-	161,450	-	161,450
Issue of stock for cash pursuant to the exercise of warrants					
– at \$0.10	320,000	320	31,680	-	32,000
– at \$0.05	643,715	644	31,542	-	32,186
Issue of stock for cash pursuant to the exercise of options					
– at \$0.25	205,000	205	51,045	-	51,250
Issue of stock for debt					
– at \$0.05	563,000	563	29,437	-	30,000
– at \$0.06	825,364	825	47,712	-	48,537
– at \$0.30	50,000	50	14,950	-	15,000
Issuance of stock for services					
– at \$2.00	10,000	10	19,990	-	20,000
– at \$0.35	350,000	350	122,150	-	122,500
Cancellation of stock issued for deferred investment costs					
– at \$0.05	(1,300,000)	(1,300)	(63,700)	-	(65,000)
Net loss	-	-	-	(517,324)	(517,324)
Balance, December 31, 2004	18,972,675	18,971	3,557,111	(4,803,992)	(1,227,910)
Non-cash compensation charge	-	-	25,700	-	25,700
Issue of stock for cash pursuant to the exercise of warrants					
– at \$0.07	75,820	76	5,232	-	5,308
– at \$0.10	357,760	358	35,417	-	35,775
– at \$0.11	299,724	300	31,270	-	31,570
– at \$0.21	16,803	17	3,483	-	3,500
Issue of stock for debt					
– at \$0.39	635,901	636	249,524	-	250,160
Issuance of stock for services					
– at \$0.25	950,000	950	236,550	-	237,500
– at \$0.36	100,000	100	35,900	-	36,000
– at \$0.50	121,000	121	60,379	-	60,500
– at \$0.54	20,000	20	10,680	-	10,700
– at \$0.84	50,000	50	41,950	-	42,000
Issuance of stock dividend					
– at \$0.65	4,060,643	4,061	2,635,357	(2,639,418)	-
Net loss	-	-	-	(517,270)	(517,270)
Balance, December 31, 2005	25,660,326	25,660	6,928,553	(7,960,680)	(1,006,467)
Issue of stock for cash pursuant to a private placement					
– at \$0.40	200,000	200	79,800	-	80,000
Issue of stock for finder's fee					
– at \$0.40	100,000	100	39,900	-	40,000
Share issue costs	-	-	(43,000)	-	(43,000)
Beneficial conversion feature on convertible debt					
	-	-	77,800	-	77,800
Net loss	-	-	-	(401,655)	(401,655)

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SEE ACCOMPANYING NOTES

STRATEGIC INTERNET INVESTMENTS, INCORPORATED
(A Development Stage Company)
INTERIM STATEMENTS OF CHANGES IN CAPITAL DEFICIT
For the period from February 28, 1989 (Date of Inception) to March 31, 2009
(Stated in U.S. Dollars)
(Unaudited)

	Common Stock Shares	Par Value	Additional Paid-In Capital	Deficit Accumulated During the Development Stage	Total
Balance, December 31, 2006	25,960,326	\$ 25,960	\$ 7,083,053	\$ (8,362,335)	\$(1,253,322)
Issue of stock for cash pursuant to a private placement					
– at \$0.25	200,000	200	49,800	-	50,000
Issuance of stock for services					
– at \$0.20	700,000	700	139,300	-	140,000
Non-cash compensation charge	-	-	29,240	-	29,240
Beneficial conversion feature on convertible debt	-	-	39,600	-	39,600
Net loss	-	-	-	(519,345)	(519,345)
Balance, December 31, 2007	26,860,326	26,860	7,340,993	(8,881,680)	(1,513,827)
Issuance of stock for services					
– at \$0.07	750,000	750	51,250	-	52,000
Non-cash compensation charge	-	-	251,078	-	251,078
Beneficial conversion feature on convertible debt	-	-	122,262	-	122,262
Net loss	-	-	-	(723,811)	(723,811)
Balance, December 31, 2008	27,610,326	27,610	7,765,583	(9,605,491)	(1,812,298)
Net loss	-	-	-	(30,151)	(30,151)
Balance, March 31, 2009	27,610,326	\$ 27,610	\$ 7,765,583	\$ (9,635,642)	\$(1,842,449)

SEE ACCOMPANYING NOTES

1. Nature of Operations and Ability to Continue as a Going Concern

The Company is in the development stage and is devoting its efforts to developing real estate projects in the Middle East.

These financial statements have been prepared in accordance with generally accepted accounting principles applicable to a going concern, which assumes that the Company will be able to meet its obligations and continue its operations for its next fiscal year. Realization values may be substantially different from carrying values as shown and these financial statements do not give effect to adjustments that would be necessary to the carrying values and classification of assets and liabilities should the Company be unable to continue as a going concern. At March 31, 2009, the Company had not yet achieved profitable operations, has an accumulated deficit of \$9,635,642 since its inception, has a working capital deficiency of \$1,050,450 and expects to incur further losses in the development of its business, all of which casts substantial doubt about the Company's ability to continue as a going concern. In addition to funding the Company's general, administrative and corporate expenses the Company is obligated to address its current obligations totaling \$1,054,562. To the extent that cash needs are not achieved from operating cash flow and existing cash on hand, the Company will be required to raise necessary cash through shareholder loans, equity issuances and/or other debt financing. Amounts raised will be used to continue the development of the Company's investment activities, and for other working capital purposes.

The Company's ability to continue as a going concern is dependent upon its ability to generate future profitable operations and/or to obtain the necessary financing to meet its obligations and repay its liabilities arising from normal business operations when they come due. Management has no formal plan in place to address this concern but considers that the Company will be able to obtain additional funds by equity financing and/or related party advances; however there is no assurance of additional funding being available. The Company has historically satisfied its capital needs primarily by issuing equity securities. Management plans to continue to provide for its capital needs during the year ended December 31, 2009, by issuing equity securities.

The accompanying unaudited interim financial statements have been prepared by the Company pursuant to the rules and regulations of the United States Securities and Exchange Commission. Certain information and disclosures normally included in annual financial statements prepared in accordance with accounting principles generally accepted in the United States of America have been condensed or omitted pursuant to such rules and regulations. In the opinion of management, all adjustments and disclosures necessary for a fair presentation of these financial statements have been included. Such adjustments consist of normal recurring adjustments. These interim financial statements should be read in conjunction with the annual audited financial statements of the Company for the fiscal year ended December 31, 2008, included in the Company's 10-K Annual Report as filed with the United States Securities and Exchange Commission.

The results of operations for the three months ended March 31, 2009 are not indicative of the results that may be expected for the full year.

2. Deferred Investment Costs – Note 5

Deferred investment costs consist of consultants' fees and payments to reimburse Star Leisure and Entertainment Inc. with respect to the acquisition of Gulf Star World Development W.L.L., net of a write-down to a nominal value of \$1 (December 31, 2008 - \$1).

STRATEGIC INTERNET INVESTMENTS, INCORPORATED

(A Development Stage Company)

NOTES TO THE INTERIM FINANCIAL STATEMENTS

March 31, 2009

(Stated in U.S. Dollars)

(Unaudited)

3. Loans Payable

	March 31, 2009	December 31, 2008
a) Loan payable to a company controlled by a director of the Company including accrued interest of \$4,102 (December 31, 2008 - \$3,789). The loan is unsecured, bearing interest at 12% per annum and is repayable on demand.	\$ 10,904	\$ 10,591
b) Loans payable to companies controlled by directors of the Company. The loans are unsecured, non-interest bearing, and repayable upon demand.	34,478	23,417
c) Loan payable to a company controlled by a director of the Company, including accrued interest payable of \$22,281 (December 31, 2008 - \$17,804), pursuant to a Convertible Loan Agreement. The loan is unsecured, bearing interest at 10% per annum and is repayable on demand. The lender may at anytime convert the principal sum into units of the Company. Each unit will consist of one common share plus one common share purchase warrant. The principal sum of \$163,766 may be converted into 2,320,858 units. Conversion of these loans and resulting associated warrants to equity will be based on the conversion price set at the time the principal amount was drawn ranging from \$0.05 to \$0.23. During the period ended March 31, 2009 an amount of \$Nil (December 31, 2008 - \$19,660) was recognized as the intrinsic value of the beneficial conversion feature of these loans and this amount was included in interest expense. Upon conversion of this loan, the fair value of the warrants, (\$73,685) would be recognized as an interest expense and credited to additional paid-in capital.	186,047	181,570
d) Loan payable to a company controlled by a director of the Company, including accrued interest of \$28,889 (December 31, 2008 - \$22,052), pursuant to a Convertible Loan Agreement. The loan is unsecured, bearing interest at 10% per annum and is repayable on demand. The lender may at anytime convert the principal sum into units of the Company. Each unit will consist of one common share plus one common share purchase warrant. The principal sum of \$255,209 may be converted into 4,526,436 units. Conversion of this loan and resulting associated warrants to equity will be based on the conversion price set at the time the principal amount was drawn ranging from \$0.05 to \$0.12. During the period ended March 31, 2009 an amount of \$Nil (December 31, 2008 - \$102,602) was recognized as the intrinsic value of the beneficial conversion feature of these loans and this amount was included in interest expense. Upon conversion of this loan, the fair value of the warrants (\$113,338) would be recognized as an interest expense and credited to additional paid-in capital.	284,098	277,261
	\$ 515,527	\$ 492,839

STRATEGIC INTERNET INVESTMENTS, INCORPORATED

(A Development Stage Company)

NOTES TO THE INTERIM FINANCIAL STATEMENTS

March 31, 2009

(Stated in U.S. Dollars)

(Unaudited)

4. Capital Stock – Notes 3 and 5

Capital Stock

On June 1, 2008, the Company issued 750,000 common shares to two consultants for consulting services to be provided over a twelve month period, valued at \$52,000. The Company determined the fair value of the shares issued using the market price on the share issuance date. In September 2008 the Company terminated its agreement with one of the consultants and the remaining value of these shares was charged to operations. As a result as at March 31, 2009, \$4,000 (December 31, 2008 - \$10,000) is remaining in prepaid expenses.

Class A Convertible Preferred Shares

The Class A convertible preferred shares issued in 2003 have a par value of \$0.001 and are convertible to common shares at \$4.00 per share during the first 180 days following issuance, and thereafter at the average of twenty consecutive days closing prices, but shall not be less than \$1.50 per share or greater than \$6.00 per share. The Company has the right to redeem its Class A convertible preferred stock at any time by paying to the holders thereof the sum of \$4 per share.

The aggregate liquidation value of the Class A convertible preferred shares is \$792,000. A merger or consolidation of the Company that results in the Company's stockholders immediately prior to the transaction not holding at least 50% of the voting power of the surviving entity shall be deemed a liquidation event.

Stock Option Plan

The Company's board of directors approved a stock option plan. Under the plan directors, employees and consultants may be granted options to purchase common stock of the Company at a price of not less than 100% of the fair market value of the stock. The total number of options granted must not exceed 15% of the outstanding common stock of the Company. The plan expires on July 1, 2017.

Stock-based Compensation

In previous periods, the Company granted share purchase options to directors, employees, and consultants of the Company at the closing price of the Company's common stock on the date of the grants. The options have been granted with a term of 5 years.

The fair value of each option grant was estimated on the date of the grant using the Black-Scholes option valuation model. The Black-Scholes option valuation model requires the input of highly subjective assumptions including the expected price volatility. Changes in the subjective input assumptions can materially affect the fair value estimate and therefore the Black-Scholes model does not necessarily provide a reliable single measure of the fair value of the Company's share purchase options.

As no options were granted during the three month periods ending March 31, 2008 and 2009, there was no non-cash compensation charge for the three-month periods ended March 31, 2008 or 2009.

STRATEGIC INTERNET INVESTMENTS, INCORPORATED

(A Development Stage Company)

NOTES TO THE INTERIM FINANCIAL STATEMENTS

March 31, 2009

(Stated in U.S. Dollars)

(Unaudited)

4. Capital Stock – Notes 3 and 5 – (cont'd)

Stock-based Compensation – (cont'd)

During the period ended March 31, 2009, the change in share purchase options outstanding are as follows:

	Shares	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life	Aggregate Intrinsic Value
Options outstanding at December 31, 2007	2,087,000	\$0.23	0.96 years	\$ -
Granted during the year	4,225,000	\$0.15	5.00 years	-
Cancelled during the period	(2,187,000)	\$0.23	0.73 years	-
Options outstanding at December 31, 2008 and March 31, 2009	4,125,000	\$0.15	4.20 years	\$ -

At March 31, 2009, the Company had share purchase options outstanding as follows:

Number of Options	Exercise Price	Expiry Date
3,725,000	\$0.15	June 1, 2013
400,000	\$0.15	September 30, 2013
4,125,000		

At March 31, 2009 and December 31, 2008 all of the outstanding share purchase options were exercisable.

STRATEGIC INTERNET INVESTMENTS, INCORPORATED

(A Development Stage Company)

NOTES TO THE INTERIM FINANCIAL STATEMENTS

March 31, 2009

(Stated in U.S. Dollars)

(Unaudited)

4. Capital Stock – Notes 3 and 5 – (cont'd)

Commitments

Acquisition of Gulf Star World Development W.L.L.

By a letter of agreement dated July 11, 2002, amended October 10, 2002, May 10, 2003 and September 30, 2003, June 30, 2004, July 11, 2005 and August 9, 2006, the Company agreed to purchase 80% of the outstanding shares of Gulf Star World Development W.L.L. (“Gulf Star”), a Bahrain corporation, from Star Leisure & Entertainment Inc. (“Star Leisure”). Star Leisure is controlled by a director of the Company and is based in British Columbia, Canada. Gulf Star is the 100% owner and developer of the residential and tourist project known as the Dream Island Resort, located on the north coast of Bahrain at Manama City.

To acquire 80% of Gulf Star, the Company must issue five million common shares at \$0.125 per share. The shares are to be issued over a three-year period as follows:

- a) 1,000,000 allotted shares issued to Star Leisure upon completion of dredging works (estimated cost of dredging contract is \$4,500,000);
- b) 1,000,000 allotted shares issued to Star Leisure upon completion of final planning and design works (estimated planning contract cost is \$8,000,000);
- c) 1,000,000 allotted shares issued to Star Leisure upon the Company securing full funding in a combination of debt and/or equity that allows main resort construction to commence;
- d) 1,000,000 allotted shares issued to Star Leisure upon completion of 50% of resort construction; and
- e) 1,000,000 allotted shares issued to Star Leisure upon resort being opened for business at the start of operations.

In addition, the Company shall make cash payments to Star Leisure totaling \$100,000 to cover a portion of hard costs accumulated by Star Leisure in progressing the Dream Island Project. During the year ended December 31, 2003, the Company paid \$34,210 as partial payment toward the \$100,000 payment. The remaining balance of \$65,790 is due on demand. The Company has also agreed to reimburse Star Leisure and Jzala Investment Group (20% shareholder of Gulf Star) for costs to be verified that they may have incurred upon the project financing being fully secured and having released in sufficient amounts to commence the main construction.

On August 9, 2002, the Company entered into an assignment agreement, whereby the Company was assigned all rights and obligations under a Dredging and Reclamation Contract entered into by Star Leisure pertaining to the construction of The Dream Island Resort project. Under the terms of the Dredging and Reclamation contract, the Company issued into escrow 1,268,750 Class A Convertible Preferred shares, with a deemed value of \$5,075,000, as full payment due under this contract. These shares will be released from escrow in stages as the dredging contract progresses. No value was recorded for these shares due to the contingent nature of their release from escrow. During the year ended December 31, 2006, these shares were cancelled. At December 31, 2006, although work has commenced on the Dream Island Project, there has not yet been sufficient progress to warrant issuance of the shares. An agent's fee of 0.5% of the value of the shares released will be payable.

On March 13, 2006, the Ministry of Finance, Bahrain (“MOFB”) notified Gulf Star that due to a lack of progress and failure to advance the project in a timely basis, the MOFB intends to seek termination of the lease contract for the Dream Island site and have Gulf Star pay all associated expenses incurred for the enforcement thereof. In addition, the MOFB has indicated that it reserves the right to claim damages towards all losses it has incurred and all gains denied. The Company, Gulf Star, and Star Leisure intend to oppose the action by the MOFB. However, due to the uncertainty of the future viability of the Dream Island project, management has written-down the associated deferred investment costs to a nominal value of \$1.

As at March 31, 2009 there has been no activity or changes involving the Dream Island project since March 13, 2006.

STRATEGIC INTERNET INVESTMENTS, INCORPORATED

(A Development Stage Company)

NOTES TO THE INTERIM FINANCIAL STATEMENTS

March 31, 2009

(Stated in U.S. Dollars)

(Unaudited)

4. Capital Stock – Notes 3 and 5 – (cont'd)

Commitments – (cont'd)

Acquisition of Port Residence Project

The Company entered into a letter of intent dated January 7, 2008, to purchase 100% of the outstanding shares of a Turkish company (“TurkCo”) to be formed and, thereby, acquiring a 100% interest in the Port Residence Project, a real estate development project, in Calkaya, Turkey. An “initial option” will allow the Company to purchase up to 30% of the outstanding shares of Calkaya TurkCo. Upon full exercise of the initial option, the Company shall be entitled to exercise a “second option” to purchase the remaining outstanding shares of Calkaya TurkCo., as follows:

- a) The Company shall be granted the option to purchase, on a pro-rata basis, up to 30% of the outstanding shares of TurkCo for compensation as described below (the “Initial Share Purchase Option”). The Company may exercise the share purchase option based upon construction progress of the Project as follows:
 - i) Upon construction expenditures equal to or greater than 33% of the total budgeted cost, 10% of the outstanding shares of TurkCo may be purchased by the Company.
 - ii) Upon construction expenditures equal to or greater than 66% of the total budgeted cost, 10% (cumulative 20%) of the outstanding shares of TurkCo may be purchased by the Company.
 - iii) Upon construction expenditures equal to or greater than 100% of the total budgeted cost, 10% (cumulative 30%) of the outstanding shares of TurkCo may be purchased by the Company.
- b) The shareholders of TurkCo shall grant a secondary option to the Company to purchase on a pro-rata basis the remaining 70% of the outstanding shares of TurkCo at the price as described below, (the “Second Share Purchase Option”). The Second Share Purchase Option may only be exercised by the Company upon full exercise of the Initial Share Purchase Option, unless TurkCo agrees to allow an earlier exercise as requested by the Company.
- c) Compensation of Initial and Second Share Purchase Options:

The Company shall have the option to pay the full exercise price of the Share Purchase Options either in cash, or by issuing common shares of the Company at the higher value of either, \$2.00 per share or the discounted market price of the Company’s share, as quoted on the OTC:BB Stock Exchange where the “Discounted Market Price” is defined by calculating the average previous 10 day closing price of the Company shares as of the Exercise Date in question and reducing that price by 25%.

The letter of intent is subject to the completion of a formal agreement.

STRATEGIC INTERNET INVESTMENTS, INCORPORATED

(A Development Stage Company)

NOTES TO THE INTERIM FINANCIAL STATEMENTS

March 31, 2009

(Stated in U.S. Dollars)

(Unaudited)

5. Non-Cash Transactions

Investing and financing activities that do not have a direct impact on cash flows are excluded from the statements of cash flows. The Company issued common shares for settlement of debts, convertible loans, and for services provided to the Company during the following years:

Year		Number of Preferred Shares	Number of Common Shares	Weighted Average Price Per Share	Total
1995	Consulting fee	-	50,000	\$0.03	\$ 1,500
1998	Management fee	-	7,000,000	\$0.001	7,000
1998	Consulting fee	-	620,000	\$0.01	6,200
2000	Finders fee	-	50,000	\$0.001	50
2001	Consulting fee	-	708,406	\$2.07	1,468,254
2002	Deferred investment cost	-	1,300,000	\$0.05	65,000
2002	Consulting fee	-	684,143	\$0.19	131,400
2002	Debt settlement	-	680,886	\$0.20	138,006
2003	Consulting fee	-	1,450,000	\$0.14	203,000
2003	Termination fee	198,000	-	\$4.00	792,000
2004	Loan conversion	-	825,364	\$0.06	48,537
2004	Loan settlement	-	613,000	\$0.07	45,000
2004	Consulting fee	-	360,000	\$0.40	142,500
2004	Deferred investment cost (cancellation)	-	(1,300,000)	\$0.05	(65,000)
2005	Communications	-	56,000	\$0.50	28,000
2005	Consulting fees	-	1,135,000	\$0.29	333,700
2005	Legal fees	-	50,000	\$0.50	25,000
2005	Loan conversion	-	635,901	\$0.39	250,160
2005	Stock dividend	-	4,120,643	\$0.65	2,678,418
2006	Finders' fee	-	100,000	\$0.40	40,000
2007	Consulting fees	-	700,000	\$0.20	140,000
2008	Consulting fees	-	750,000	\$0.07	52,000
		198,000	20,589,343		\$ 6,530,725

These amounts have been excluded from the investing and financing activities of the statements of cash flows.

STRATEGIC INTERNET INVESTMENTS, INCORPORATED

(A Development Stage Company)

NOTES TO THE INTERIM FINANCIAL STATEMENTS

March 31, 2009

(Stated in U.S. Dollars)

(Unaudited)

6. Related Party Transactions – Notes 2 and 3

The Company was charged the following by stockholders, directors, by companies controlled by directors and/or stockholders of the Company, and by companies with directors in common:

	Three months ended March 31,		Cumulative from
	2009	2008	February 28, 1989 (Date of Inception) to March 31, 2009
Consulting fees	\$ -	\$ -	\$ 249,043
Interest	11,627	9,388	270,847
Management fees	-	46,125	546,325
Office and general	-	-	26,944
Rent	-	6,000	130,232
	<u>\$ 11,627</u>	<u>\$ 61,513</u>	<u>\$ 1,223,391</u>

At March 31, 2009, accounts payable includes \$442,648 (December 31, 2008 - \$442,684) due to directors of the Company and companies controlled by directors of the Company in respect of unpaid management fees and expenses incurred on behalf of the Company.

At March 31, 2009, accounts payable also includes \$15,527 (December 31, 2008 - \$15,527) of expenses for operating costs paid on behalf of the Company by companies with directors in common.

The Company entered into two Management Services Agreements dated January 1, 2007 with a director and a company controlled by a director of the Company. Under the terms of these agreements they will each be paid \$7,500 per month, plus taxes where applicable, for management services. These agreements are for a 24-month period and expired on December 31, 2008. Effective September 12, 2008, one of the agreements was terminated and the other was not renewed subsequent to December 31, 2008. If the Company is unable to pay for the services, the consultant may elect to settle any portion of outstanding amounts plus interest with units of the Company. Each unit shall consist of one common share and one share purchase warrant entitling the holder to purchase one additional common share of the Company. The price for the units and warrants will be determined based on a discount to the 10 day average market price ranging from 50% to 60%, but no less than \$0.05 per share.

Subsequent to March 31, 2009, the Company was advanced \$17,486 in loans payable from companies controlled by directors of the Company. The loans are unsecured, non-interest bearing, and repayable upon demand.

2. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion should be read in conjunction with our unaudited interim financial statements and the related notes that appear elsewhere in this quarterly report. The following discussion contains forward-looking statements that reflect our plans, estimates and beliefs. Our actual results could differ materially from those discussed in the forward looking statements. Factors that could cause or contribute to such differences include those discussed below and elsewhere in this annual report.

Our unaudited interim financial statements are stated in United States dollars and are prepared in accordance with United States generally accepted accounting principles ("GAAP").

The Company is in the development stage, accordingly certain matters discussed herein are based on potential future circumstances and developments, which the Company anticipates, but which cannot be assured.

The Company has been devoting its business efforts to real estate development projects located in Bahrain and Turkey. Current projects include the Dream Island Resort project which is located in Manama, Bahrain; and the Port Residence Project located in Calkaya, Turkey.

Dream Island Resort Project

The Dream Island Resort project is located in Manama, Bahrain. The Dream Island Resort project will be an integrated resort, entertainment, hotel and real estate facility to be built on a 41 acre man-made island off the north eastern coast of Manama, Bahrain.

The Company has an agreement to purchase 80% of the outstanding shares of Gulf Star World Development W.L.L. ("Gulf Star"), a Bahrain corporation, from Star Leisure & Entertainment Inc. ("Star Leisure"). Star Leisure is controlled by a director of the Company and is based in British Columbia, Canada. Gulf Star is the 100% owner and developer of the Dream Island Resort project.

To acquire 80% of Gulf Star, the Company must issue five million common shares at a price of \$0.125 per share. The shares are to be issued over a three year period based on construction progress. In addition, the Company shall make cash payments to Star Leisure totaling \$100,000 to cover a portion of hard costs accumulated by Star Leisure in progressing the Dream Island Project. At December 31, 2003 the Company had paid \$34,210, with the balance of \$65,790 to be paid on demand.

On March 13, 2006, the Ministry of Finance, Bahrain ("MOFB") notified Gulf Star that due to a lack of progress and failure to advance the project in a timely basis, the MOFB intends to seek termination of the lease contract for the Dream Island site. The Company, Gulf Star, and Star Leisure intend to oppose the action by the MOFB. However, due to the uncertainty of the future viability of the Dream Island project, management has written-down the associated deferred development costs to a nominal value of \$1.00 at December 31, 2005.

The Dream Island project require a significant amount of investment capital to be secured to ensure that all stages of development can proceed and be completed on schedule and on budget. The highest percentage of the funding requirements will be met through senior debt instruments with banking, investment and construction institutions and through government financing incentives and concessions. Further financing will be achieved through the pre-selling of the real estate units, villas and apartments, to be constructed as part of the Dream Island complex.

The first stage of the project, dredging and reclamation of the 41 acre man-made island site, is to be paid by the issuance of 1,268,750 Class A Convertible Preferred Shares in the capital of the Company at a deemed price of \$4.00 per share to Robodh Contracting Establishment, Manama, Bahrain. The total value of the Dredging and Reclamation Works contract is \$5,075,000.

In August 2004, limited construction commenced on the Dream Island Project. This initial phase of work consists of the construction of a temporary causeway to provide access from the coast to the offshore site of the future island location. Large haulage trucks transported and dumped quarry stone to create the temporary causeway from which access will be gained to the island site. Once the temporary causeway has been completed, work will commence on the creation of the Dream Island perimeter of the future offshore island. Thereafter, reclamation dredging operations will commence to move sand into the perimeter thereby creating the Dream Island site.

As at March 31, 2008 there has been no activity or changes involving the Dream Island project since March 13, 2006.

Port Residence Project

The Company entered into a Letter of Intent to potentially acquire by option up to a 100% indirect interest in the Port Residence Project by purchasing the outstanding shares of a Turkish company. The Port Residence Project is a real estate development project that will be located on a 16.5 hectare parcel of land in Calkaya, near Antalya, Turkey.

The letter of intent dated January 7, 2008, provides the Company the potential to purchase 100% of the outstanding shares of a Turkish company ("TurkCo") to be formed and, thereby, acquiring a 100% interest in the Port Residence Project, a real estate development project, in Calkaya, Turkey, as follows:

- 1) The Company shall be granted the option to purchase, on a pro-rata basis, up to 30% of the outstanding shares of TurkCo for compensation as described below (the "Initial Share Purchase Option"). The Company may exercise the share purchase option based upon construction progress of the Project as follows:
 - a) Upon construction expenditures equal to or greater than 33% of the total budgeted cost, 10% of the outstanding shares of TurkCo may be purchased by the Company.
 - b) Upon construction expenditures equal to or greater than 66% of the total budgeted cost, 10% (cumulative 20%) of the outstanding shares of TurkCo may be purchased by the Company.
 - c) Upon construction expenditures equal to or greater than 100% of the total budgeted cost, 10% (cumulative 30%) of the outstanding shares of TurkCo may be purchased by the Company.
- 2) The shareholders of TurkCo shall grant a secondary option to the Company to purchase on a pro-rata basis the remaining 70% of the outstanding shares of TurkCo at the price as described below, (the "Second Share Purchase Option"). The Second Share Purchase Option may only be exercised by the Company upon full exercise of the Initial Share Purchase Option, unless TurkCo agrees to allow an earlier exercise as requested by the Company.
- 3) Compensation of Initial and Second Share Purchase Options:

The Company shall have the option to pay the full exercise price of the Share Purchase Options either in cash, or by issuing common shares of the Company at the higher value of either, \$2.00 per share or the discounted market price of the Company's share, as quoted on the OTC:BB Stock Exchange where the "Discounted Market Price" is defined by calculating the average previous 10 day closing price of the Company shares as of the Exercise Date in question and reducing that price by 25%. Any issuance of common shares of the Company would occur as of the date of the Option Exercise Notice, under a Restricted Rule 144 Reg. S share issuance.

The letter of intent is subject to the completion of a formal agreement.

Plan of Operation

The Company has been devoting its business efforts to real estate development projects located in Bahrain and Turkey. Current projects include the Dream Island Resort project is located in Manama, Bahrain; and the Port Residence Project located in Calkaya, Turkey. The Company plans to continue perusing these real estate development projects and to investigate new real estate development projects during its 2009 fiscal year.

Our estimated cash expenses over the next twelve months are as follows:

Accounting , audit, and legal fees	\$ 60,000
Consulting and management fees	10,000
Interest	20,000
General and administrative expenses	3,000
Regulatory and transfer agent fees	7,000
	<u>\$ 100,000</u>

To date we have funded our operations primarily with loans from shareholders and issue new equity. In addition to funding the Company's general, administrative and corporate expenses the Company is obligated to address its current obligations totalling \$1,054,562. To the extent that cash needs are not achieved from operating cash flow and existing cash on hand, the Company will be required to raise necessary cash through shareholder loans, equity issuances and/or other debt financing. Amounts raised will be used to continue the development of the Company's investment activities, and for other working capital purposes, which may be dilutive to existing shareholders. The company currently has no agreement in place to raise funds for current liabilities and no guarantee can be given that we will be able to raise funds for this purpose on terms acceptable to the company. Failure to raise funds for general, administrative and corporate expenses and current liabilities could result in a severe curtailment of the company operations.

Results of Operations

During the quarter ended March 31, 2009, the Company incurred general and administrative expenses totaling \$32,891 compared to \$101,957 during the same period of the previous year.

The changes in our general and administrative expenses for the three month period ended March 31, 2009 when compared to the three month period ended March 31, 2008 was primarily due to:

- a) The increase in accounting, audit, and legal fees during the three month period ended March 31, 2009 versus March 31, 2008 was due to a general increase in the fees charged by the consultants and professionals who provide these services. In addition, there has been an increase in the amount of time spent by these consultants and professionals to ensure the Company is in compliance with the increased reporting requirement imposed by regulatory authorities.
- b) The decrease in consulting expense is mainly due to the issuance of shares for consulting services options during 2008, while no new consulting agreements were entered into during the current period.
- c) Management fees declined by \$46,125 during the current period as a result of a director resigning his position as CEO in September 2008, and the resulting termination of his management contract fees at that time. And the termination of the other remaining management contract as of December 31, 2008.
- d) The increase in interest of \$2,239 is attributed to the principal balance on its loans increasing compared to the comparative 2008 period.
- e) Regulatory and transfer agent fees increased by \$1,915. During the three month period ended March 31, 2008 the Company recorded a \$2,000 reversal of an over-accrued liability recorded in prior years, relating to transfer agent fees.
- f) Rent decreased because the Company terminated its Vancouver office facilities concurrent with the resignation of the former CEO in September 2008.

Funding for operating and investing activities was provided by both non-interest and interest bearing advances and loans from related parties, including directors of the Company, and companies controlled by these directors.

As of March 31, 2009, the Company had total current assets of \$4,112 and total liabilities of \$1,054,562. As of March 31, 2008, the Company had cash of \$112 and a working capital deficiency of \$1,050,450 as of March 31, 2008 compared to cash on hand of \$256 and a working capital deficiency of \$1,020,299 for the year ended December 31, 2008. We anticipate that we will incur approximately \$100,000 for operating expenses, including professional, legal and accounting expenses associated with our reporting requirements under the Exchange Act during the next twelve months. In addition to funding the Company's general, administrative and corporate expenses the Company is obligated to address its current obligations totalling \$1,054,562. To the extent that cash needs are not achieved from operating cash flow and existing cash on hand, the Company will be required to raise necessary cash through shareholder loans, equity issuances and/or other debt financing. Amounts raised will be used to continue the development of the Company's investment activities, and for other working capital purposes. Accordingly, we will need to obtain additional financing in order to continue our planned business activities.

Cash used in operating activities for the three month period ended March 31, 2009 was \$11,205 as compared to cash used by operating activities for the same period in 2008 of \$2,281. The increase in cash used in operating activities was primarily due to the decrease in cash expenditures on consulting fees, management fees and rent.

The Company has the following loans outstanding as of March 31, 2009:

A \$10,904 loan payable to a company controlled by a director of the Company including accrued interest of \$4,102 (December 31, 2008 - \$3,789). The loan is unsecured, bearing interest at 12% per annum and is repayable on demand.

\$34,478 in loans payable to companies controlled by directors of the Company are unsecured, non-interest bearing, and repayable upon demand.

A \$186,047 loan payable to a company controlled by a director of the Company, including accrued interest payable of \$22,281 (December 31, 2008 - \$17,804), pursuant to a Convertible Loan Agreement. The loan is unsecured, bearing interest at 10% per annum and is repayable on demand. The lender may at anytime convert the principal sum into units of the Company. Each unit will consist of one common share plus one common share purchase warrant. The principal sum of \$163,766 may be converted into 2,320,858 units. Conversion of these loans and resulting associated warrants to equity will be based on the conversion price set at the time the principal amount was drawn ranging from \$0.05 to \$0.23. During the three month period ended March 31, 2009 an amount of \$Nil (2008 - \$Nil) was recognized as the intrinsic value of the beneficial conversion feature of these loans and this amount was included in interest expense. Upon conversion of this loan, the fair value of the warrants (\$73,685) would be recognized as an interest expense and credited to additional paid-in capital.

A \$284,098 loan payable to a company controlled by a director of the Company, including accrued interest of \$28,889 (December 31, 2008 - \$22,052), pursuant to a Convertible Loan Agreement. The loan is unsecured, bearing interest at 10% per annum and is repayable on demand. The lender may at anytime convert the principal sum into units of the Company. Each unit will consist of one common share plus one common share purchase warrant. The principal sum of \$255,209 may be converted into 4,526,436 units. Conversion of this loan and resulting associated warrants to equity will be based on the conversion price set at the time the principal amount was drawn ranging from \$0.05 to \$0.12. During the three month period ended March 31, 2009 an amount of \$Nil (2008 - \$Nil) was recognized as the intrinsic value of the beneficial conversion feature of these loans and this amount was included in interest expense. Upon conversion of this loan, the fair value of the warrants (\$113,338) would be recognized as an interest expense and credited to additional paid-in capital.

Subsequent to March 31, 2009, the Company was advanced \$17,486 in loans payable from companies controlled by directors of the Company. The loans are unsecured, non-interest bearing, and repayable upon demand.

Going Concern

The audited financial statements accompanying this report have been prepared on a going concern basis, which implies that our company will continue to realize its assets and discharge its liabilities and commitments in the normal course of business. Our company has not generated revenues since inception and has never paid any cash dividends and is unlikely to pay cash dividends or generate earnings in the immediate or foreseeable future. The continuation of our company as a going concern is dependent upon the continued financial support from our shareholders, the ability of our company to obtain necessary equity financing to achieve our operating objectives, and the attainment of profitable operations. As of March 31, 2009, we had cash of \$112 and we estimate that we will require approximately \$100,000 to fund our business operations over the next twelve months. In addition to funding the Company's general, administrative and corporate expenses the Company is obligated to address its current obligations totaling \$1,054,562. To the extent that cash needs are not achieved from operating cash flow and existing cash on hand, the Company will be required to raise necessary cash through shareholder loans, equity issuances and/or other debt financing. Amounts raised will be used to continue the development of the Company's investment activities, and for other working capital purposes.

Accordingly, we do not have sufficient funds for planned operations and we will be required to raise additional funds for operations after that date.

These circumstances raise substantial doubt about our ability to continue as a going concern, as described in the Note 1 of our March 31, 2009 unaudited financial statements. The financial statements do not include any adjustments that might result from the outcome of that uncertainty.

The continuation of our business is dependent upon us raising additional financial support. The issuance of additional equity securities by us could result in a significant dilution in the equity interests of our current stockholders. Obtaining commercial loans, assuming those loans would be available, will increase our liabilities and future cash commitments.

There are no assurances that we will be able to obtain further funds required for our continued operations. We are pursuing various financing alternatives to meet our immediate and long-term financial requirements. There can be no assurance that additional financing will be available to us when needed or, if available, that it can be obtained on commercially reasonable terms. If we are not able to obtain the additional financing on a timely basis, we will be forced to scale down or perhaps even cease the operation of our business.

Future Financings

As of March 31, 2009, we had cash of \$112 and we estimate that we will require approximately \$100,000 to fund our business operations over the next twelve months. In addition to funding the Company's general, administrative and corporate expenses the Company is obligated to address its current obligations totaling \$1,054,562. Accordingly, we do not have sufficient funds for planned operations and we will be required to raise additional funds for operations after that date. We anticipate continuing to rely on equity sales of our common shares or shareholder loans in order to continue to fund our business operations. Issuances of additional shares will result in dilution to our existing stockholders. There is no assurance that we will achieve any additional sales of our equity securities or arrange for debt or other financing to fund our planned activities.

Off-balance sheet arrangements

As of the date of this Report, the Company does not have any off-balance sheet arrangements that have or are reasonably likely to have a current or future effect on the company's financial condition, change in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources that are material to investors. The term "off-balance sheet arrangement" generally means any transaction, agreement, or other contractual arrangement to which an entity unconsolidated with the Company is a party under which the Company has (i) any obligation arising under a guarantee contract, derivative instrument or variable interest; or (ii) a retained or contingent interest in assets transferred to such entity or similar arrangement that serves as credit, liquidity or market risk support for such assets.

3. Quantitative and Qualitative Disclosures About Market Risk

The Company has no market risk sensitive instruments.

4. Controls and Procedures

In connection with the restatement of our financial results for the year ended December 31, 2007, under the direction of our management, we have re-evaluated certain disclosure controls and procedures and internal controls over financial reporting. In connection with the restatement we identified a material weakness in our internal controls and procedures relating to the accounting treatment of our past acquisitions, stock-based compensation calculations, settlement of debts and the determination of impairment.

As required by Rule 13(a)-15 under the Exchange Act, in connection with this quarterly report on Form 10-Q, under the direction of our Chief Executive Officer and Chief Financial Officer, we have evaluated our disclosure controls and procedures as of March 31, 2009, our disclosure controls and procedures were ineffective as discussed in greater detail above. As of the date of this filing, we are still in the process of remediating such material weaknesses in our internal controls and procedures. Additionally, we are currently inactive as we seek new business opportunities.

It should be noted that while our management believes our disclosure controls and procedures provide a reasonable level of assurance, they do not expect that our disclosure controls and procedures or internal controls will prevent all error and all fraud. A control system, no matter how well conceived or 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 controls can provide absolute assurance that all control issues and instances of fraud, if any, within our company have been detected. These inherent limitations include the realities that judgments in decision making can be faulty, and that breakdowns can occur because of simple error or mistake. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people, or by management override of the controls. The design of any system of internal control is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Over time, controls may become inadequate because of changes in conditions, or the degree of compliance with the policies or procedures may deteriorate. Because of the inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and not be detected.

There were no changes in our internal control over financial reporting during the three month period ended March 31, 2009 that have materially affected or are reasonably likely to materially affect, our internal control over financial reporting.

Part II – Other Information

1. Legal Proceedings

None

1.A Risk Factors

Not applicable

2. Unregistered Sales of Equity Securities

Sales of Securities Without Registration Under the Securities Act of 1933

On August 10, 2003 the Company entered into a Convertible Loan Facility Agreement with Star Leisure & Entertainment Inc. (“Star Leisure”), a company controlled by a Director and Officer of Strategic, whereby the Company would, from time to time, borrow operating funds from Star Leisure, at an interest rate of 10%, repayable on demand. The lender has the right to convert all or part of the principal sum into units at a conversion rate which is calculated at a discount to the average closing market price for ten days preceding a loan advance. Each unit consists of one common share of the Company and one non-transferable share purchase warrant, expiring 2 years from the conversion date, exercisable at the applicable conversion rate. On August 31, 2008 the Company entered into agreements to transfer previous advances and accrued interest to convertible loans under the Convertible Loan Facility Agreement. At March 31, 2009, the Star Leisure loan principal was \$255,209 and had accrued interest of \$28,889. The loan principal is convertible into 4,526,436 units at conversion price ranging from \$0.05 to \$0.12 as set at the time the principal was borrowed. Star Leisure has not converted any part of the principal sums advanced into units as of March 31, 2009. This transaction is with an offshore non-U.S. person; accordingly, these securities are exempt from registration pursuant to Regulation S.

On May 5, 2006 the Company entered into a Convertible Loan Facility Agreement with CMB Investments Ltd. (“CMB”), a company controlled by a Director of Strategic, whereby the Company would, from time to time, borrow operating funds from CMB, at an interest rate of 10%, repayable on demand. The lender has the right to convert all or part of the principal sum into units at a conversion rate which is calculated at a discount to the average closing market price for ten days preceding a loan advance. Each unit consists of one common share of the Company and one share purchase warrant, expiring 2 years from the conversion date, exercisable at the applicable conversion rate. At March 31, 2009, the CMB loan principal was \$163,766 and had accrued interest of \$22,281. The loan principal is convertible into 2,320,858 units. Conversion of this loan and associated warrants to equity will be at a price ranging from \$0.05 to \$0.23. CMB has not converted any part of the principal sums advanced into units as of March 31, 2009. This transaction is with an offshore non-U.S. person; accordingly, these securities are exempt from registration pursuant to Regulation S.

On October 11, 2006 the Company completed a private placement of 200,000 common shares at \$0.40 per share for total proceeds of \$80,000. In connection with this financing, the Company paid cash of \$3,000 and issued 100,000 common shares as finder’s fees. This transaction is with an offshore non-U.S. person; accordingly, these securities are exempt from registration pursuant to Regulation S.

On April 23, 2007 the Company completed a private placement of 200,000 common shares at \$0.25 per share for total proceeds of \$50,000. This transaction is with an offshore non-U.S. person; accordingly, these securities are exempt from registration pursuant to Regulation S.

In May 2007 the Company entered into two Consulting Agreements for financial consulting services for a period of 12 months. Pursuant to these agreements, the Company issued 700,000 common shares at a deemed price of \$0.20 per share, for a total deemed consideration of \$140,000. These transactions are with offshore non-U.S. persons; accordingly, these securities are exempt from registration pursuant to Regulation S, however they are restricted under Rule 144.

In June 2008 the Company entered into two Consulting Agreements for consulting services for a period of 12 months. Pursuant to these agreements, the Company issued 750,000 common shares with a market price of \$0.07 per share, for a total deemed consideration of \$52,000. These transactions are with offshore non-U.S. persons; accordingly, these securities are exempt from registration pursuant to Regulation S, however they are restricted under Rule 144.

Purchase of Equity Securities by the Issuer and Affiliated Purchasers

We did not purchase any of our shares of common stock or other securities during the period ended March 31, 2009.

3. Defaults Upon Senior Securities

– None

4. Submission of Matters to a Vote of Security Holders

– None

5. Other Information

– None

6. Exhibits

Table of Exhibit		
Items	Description	Exhibit
601-3(i)	Articles of Incorporation	Note 1
601-(3)(ii)	Bylaws	Note 1
601-(3)(iii)	Certificate of Amendment	Note 1
601-(10)	Stock Award Plan	Note 2
601-(31)	Rule 13a-14(a)/15d-14(a) Certifications	Exhibit 31.1
601-(31)	Rule 13a-14(a)/15d-14(a) Certifications	Exhibit 31.2
601-(32)	Section 1350 Certifications	Exhibit 32.1
601-(32)	Section 1350 Certifications	Exhibit 32.2

Note 1: Incorporated by reference to Form 10-KSB Annual Report for the year ending December 31, 2001

Note 2: Incorporated by reference to Form 10-KSB Annual Report for the year ending December 31, 2002

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Strategic Internet Investments, Incorporated

Date: May 11, 2009

/s/ Abbas Salih
Abbas Salih, CEO, CFO, Director