

Edgar Filing: SKREEM ENTERTAINMENT CORP - Form 10QSB

SKREEM ENTERTAINMENT CORP
Form 10QSB
February 14, 2006

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-QSB

(Mark One)

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

For the quarterly period ended December 31, 2005

OR

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

From the transition period from _____ to _____

Commission File Number 0-22236

SKREEM ENTERTAINMENT CORPORATION
(Exact name of small business issuer as specified in its charter)

Delaware 33-0565710
(State or other jurisdiction of (IRS Employer Identification No.)
incorporation or organization)

11637 Orpington Street, Orlando, Florida 32817
(Address of principal executive offices)

(407) 207-0400
(Issuer's telephone number)

N/A
(Former name, former address and former fiscal year,
if changed since last report)

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

Indicate by check mark 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 No

Class	Shares Outstanding	Date
Common, \$.001 par value	23,121,856	December 31, 2005

Transitional Small Business Disclosure Format Yes No

TABLE OF CONTENTS
SKREEM ENTERTAINMENT CORPORATION

Part I. Financial Information

	Page	

Item 1.	Consolidated Financial Statements	
	Unaudited Consolidated Condensed Balance Sheet at December 31, 2005	3
	Unaudited Consolidated Condensed Statements of Operations for the three months and nine months ended December 31, 2005 and 2004 and for the period from inception, August 19, 1999, to December 31, 2005	4
	Unaudited Consolidated Condensed Statement of Changes in Shareholders' Deficit for the period from inception, August 19, 1999, to December 31, 2005	5
	Unaudited Consolidated Condensed Statements of Cash Flows for the nine months ended December 31, 2005 and 2004 and for the period from inception, August 19, 1999, to December 31, 2005	6
	Notes to the Unaudited Consolidated Condensed Financial Statements	7
Item 2.	Management's Discussion and Analysis or Plan of Operation	11
Item 3.	Controls and Procedures	13
	Part II. Other Information	
Item 1.	Legal Proceedings	14
Item 2.	Unregistered Sales of Equity Securities and Use of Proceeds	14
Item 3.	Defaults Upon Senior Securities	14
Item 4.	Submission of Matters to a Vote of Security Holders	14
Item 5.	Other Information	14
Item 6.	Exhibits	14
	Signatures	16
	Certifications	

Edgar Filing: SKREEM ENTERTAINMENT CORP - Form 10QSB

2

SKREEM ENTERTAINMENT CORPORATION
 (A DEVELOPMENT STAGE COMPANY)
 UNAUDITED CONSOLIDATED CONDENSED BALANCE SHEET
 December 31, 2005

ASSETS

Current assets:

Cash and Cash equivalents	\$ 22,940
Prepaid expenses and deposits	26,708

Total current assets	49,648
----------------------	--------

Property and equipment, net	7,973

Total assets	\$ 57,621
	=====
	=====

LIABILITIES AND SHAREHOLDERS' DEFICIT

Current liabilities:

Accounts payable and accrued liabilities	\$ 252,402
Related party payable	9,254
Deferred revenue	24,915
Accrued interest - shareholder and affiliates	177,776
Notes payable - shareholder	1,556,770
Notes payable - affiliates	933,620
Notes payable - other	70,000

Total current liabilities	3,024,737

Commitments and contingencies

Shareholders' deficit:

Preferred shares - \$0.001 par value; 1,000,000

Edgar Filing: SKREEM ENTERTAINMENT CORP - Form 10QSB

authorized, no shares issued or outstanding	-
Common shares - \$0.001 par value; 50,000,000 authorized; 23,121,856 shares issued and	
outstanding	23,122
Additional paid - in capital	1,874,809
Losses accumulated in the development stage	(4,865,047)

Total shareholders' deficit	(2,967,116)

Total liabilities and shareholders' deficit	\$ 57,621
	=====
	=====

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

3

SKREEM ENTERTAINMENT CORPORATION
(A DEVELOPMENT STAGE COMPANY)
UNAUDITED CONSOLIDATED CONDENSED STATEMENTS OF OPERATIONS
For the Three Months and Nine Months Ended December 31, 2005 and 2004 and for
the Period
From Inception, August 19, 1999, to December 31, 2005

	Three Months Ended December 31,		Nine Months Ended December 31,	
	2005	2004	2005	2004
Revenue	\$ 39,590	\$ 13,961	\$ 63,987	\$ 13,961
Expenses:				
Operating	229,434	348,217	793,939	942,700
General and administrative	66,634	54,071	284,294	224,030
Impairment of loan				

Edgar Filing: SKREEM ENTERTAINMENT CORP - Form 10QSB

receivable	-	-	-	
Total expenses	296,068	402,288	1,078,233	1,166,733
Loss from operations	(256,478)	(388,327)	(1,014,246)	(1,152,777)
Interest expense	44,576	24,342	121,668	51,288
Net loss	\$ (301,054)	\$ (412,669)	\$ (1,135,914)	\$ (1,204,054)
Weighted Average Shares Outstanding - basic and diluted	23,107,856	23,298,232	23,107,856	23,371,856
Loss Per Share - basic and diluted	\$ (0.01)	\$ (0.02)	\$ (0.05)	\$ (0.05)

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

4

SKREEM ENTERTAINMENT CORPORATION
(A DEVELOPMENT STAGE COMPANY)
UNAUDITED CONSOLIDATED CONDENSED STATEMENT OF CHANGES IN SHAREHOLDERS' DEFICIT
For the Period From Inception, August 19, 1999, to December 31, 2005

Common Stock		Additional Paid-In	Losses Accumul During Develop
Shares	Amount	Capital	Stage

Edgar Filing: SKREEM ENTERTAINMENT CORP - Form 10QSB

Balance at Inception,

August 19, 1999	-	\$	-	\$	-	\$
Issuance of common stock	20,000		20		-	
Net loss	-		-		-	(84,
	-----		-----		-----	-----
Balance at December 31, 1999	20,000		20		-	(84,
Net loss	-		-		-	(230,
	-----		-----		-----	-----
Balance at December 31, 2000	20,000		20		-	(314,
Net loss	-		-		-	(494,
	-----		-----		-----	-----
Balance at December 31, 2001	20,000		20		-	(809,
Net loss	-		-		-	(384,
	-----		-----		-----	-----
Balance at December 31, 2002	20,000		20		-	(1,194,
Reclassification of						
debt to equity	43,000		43		1,581,940	
Net loss	-		-		-	(736,
	-----		-----		-----	-----
Balance at December 31, 2003	63,000		63		1,581,940	(1,930,
Effect of issuance of common						
stock and						
recapitalization						
in a reverse acquisition						
transaction	25,943,925		25,944		(25,944)	
Net loss	-		-		-	(205,
	-----		-----		-----	-----
Balance at March 31, 2004	26,006,925		26,007		1,555,996	(2,136,
Proceeds from issuance of						
common stock	603,856		604		301,324	

Edgar Filing: SKREEM ENTERTAINMENT CORP - Form 10QSB

Cancellation of shares	(3,502,925)	(3,503)	3,503	
Net loss	-	-	-	(1,592,)
Balance at March 31, 2005	23,107,856	23,108	1,860,823	(3,729,
Proceeds from issuance of common stock	14,000	14	13,986	
Net loss	-	-	-	(1,135,
Balance at December 31, 2005	23,121,856	\$ 23,122	\$ 1,874,809	\$ (4,865,

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

5

SKREEM ENTERTAINMENT CORPORATION
(A DEVELOPMENT STAGE COMPANY)
UNAUDITED CONSOLIDATED CONDENSED STATEMENTS OF CASH FLOWS
For the Nine Months Ended December 31, 2005 and 2004 and for the Period
From Inception, August 19, 1999, to December 31, 2005

	Nine Months Ended December 31,	
	2005	2004
Cash Flows from Operating Activities:		
Net loss	\$ (1,135,914)	\$ (1,2
Adjustments to reconcile net loss to net cash used by operating activities:		
Depreciation expense	2,763	
Impairment of loan receivable	-	
Accrued interest converted to equity	-	
Expenses paid by shareholder and affiliate	68,770	

Edgar Filing: SKREEM ENTERTAINMENT CORP - Form 10QSB

Changes in operating assets and liabilities:		
Decrease in accounts receivable	114,257	
Decrease (increase) in prepaid expenses and deposits	8,908	
Increase in accounts payable and accrued liabilities	188,355	1
Increase in interest payable to affiliates	92,883	
(Decrease) increase in deferred revenue	(10,413)	
	-----	-----
	-----	-----
Net cash used by operating activities	(670,391)	(9
	-----	-----
	-----	-----
Cash Flows From Investing Activities		
Payments for purchase of property and equipment	(864)	(
Loan receivable	-	
	-----	-----
	-----	-----
Net cash used by investing activities	(864)	(
	-----	-----
	-----	-----
Cash Flows From Financing Activities		
Proceeds from issuance of common stock	14,000	3
Proceeds from notes payable - other	20,000	2
Proceeds from notes payable - shareholder	643,000	4
Proceeds from notes payable - affiliate	15,000	
Principal payments on notes payable - other	(50,000)	
Principal payments on notes payable - shareholder	-	
Principal payments on notes payable - affiliate	-	(
	-----	-----
	-----	-----
Net cash provided by financing activities	642,000	1,0
	-----	-----
	-----	-----
Net increase (decrease) in cash and cash equivalents	(29,255)	
Cash and cash equivalents, beginning of period	52,195	
	-----	-----

Edgar Filing: SKREEM ENTERTAINMENT CORP - Form 10QSB

Cash and cash equivalents, end of period	\$	22,940	\$
--	----	--------	----

=====

=====

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

6

SKREEM ENTERTAINMENT CORPORATION
(A DEVELOPMENT STAGE COMPANY)
NOTES TO UNAUDITED CONSOLIDATED CONDENSED FINANCIAL STATEMENTS

NOTE 1 - BASIS OF PRESENTATION

The accompanying unaudited consolidated condensed financial statements of Skreem Entertainment Corporation have been prepared in accordance with accounting principles generally accepted in the United States of America for interim financial information and with the instructions to Form 10QSB and Item 310(b) of Regulation S-B. They do not include all of the information and footnotes required by accounting principles generally accepted in the United States of America for complete financial statements. In the opinion of management, all adjustments, consisting only of normal recurring adjustments, considered necessary for a fair presentation, have been included in the accompanying unaudited consolidated financial statements. Operating results for the periods presented are not necessarily indicative of the results that may be expected for the full year.

These unaudited consolidated financial statements should be read in conjunction with the consolidated financial statements and footnotes, which are included as part of consolidated financial statements as of March 31, 2005 included in the Company's Form 10KSB.

NOTE 2 - ACCOUNTING POLICY FOR REVENUE RECOGNITION

Revenue is recognized in accordance with Staff Accounting Bulletin No. 104 (SAB 104) when persuasive evidence of an arrangement exists, the price to the buyer is fixed or determinable; delivery has occurred or services have been rendered or the license period has begun; and collection is reasonably assured.

Revenue from the distribution of recordings under license and distribution agreements is recognized as earned under the criteria established by Statement of Financial Accounting Standard No 50. Revenue is generally recognized when the Company receives an "accounting" of recordings sold with payment from the licensee. In the event the Company has not received an "accounting" from the licensee and if the Company has information related to the licensed use of recordings that would result in the revenue being fixed and determinable, and collection is reasonably assured, then revenue is recognized in the periods in which the license revenue is earned. Minimum guarantees (advances) received from licensees are recorded as deferred revenue and are amortized over the performance period, which is generally the period covered by the agreement.

Edgar Filing: SKREEM ENTERTAINMENT CORP - Form 10QSB

NOTE 3 - NOTES PAYABLE

Shareholder

During the quarters ended December 31, 2003, September 30, 2005 and June 30, 2005, Jeffrey D. Martin, a major stockholder of the Company, loaned the Company \$228,700, \$264,000 and \$219,000, respectively. These notes are payable on demand and bear interest at 8% per year. Each note begins accruing interest on the first day of the quarter after funding.

Affiliates

During the quarter ended June 30, 2005, the Company borrowed \$15,000 from Am-Pac Investments. The note is payable on demand and bears interest at a rate of 8% per year. Interest on this note began to accrue on July 1, 2005. Am-Pac Investments is 100% owned by Jeffrey D. Martin, a major shareholder of the Company.

Others

On December 6, 2005, the Company borrowed \$20,000 from an unrelated party. The note was payable on demand and bore interest at a rate of 10% per annum. Interest on the note began to accrue on December 7, 2005. The note and accrued interest were paid on January 6, 2006.

7

SKREEM ENTERTAINMENT CORPORATION
(A DEVELOPMENT STAGE COMPANY)
NOTES TO UNAUDITED CONSOLIDATED CONDENSED FINANCIAL STATEMENTS

NOTE 4 - EQUITY

During the quarter ended December 31, 2005, the Company issued 14,000 shares of common stock for cash proceeds of \$14,000.

NOTE 5 - GOING CONCERN

The accompanying consolidated condensed financial statements have been prepared on a going concern basis, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business. The Company sustained losses of \$1,135,914 for the nine months ended December 31, 2005. The Company had an accumulated deficit of \$4,865,047 at December 31, 2005. These factors raise substantial doubt about the ability of the Company to continue as a going concern for a reasonable period of time. The Company is highly dependent on its ability to continue to obtain investment capital and loans from a major shareholder and an affiliate in order to fund the current and planned operating levels. The financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts or the amounts and classification of liabilities that might be necessary should the Company be unable to continue as a going concern. The Company's continuation as a going concern is dependent upon its ability to continue receiving investment capital from a shareholder and an affiliate and obtaining loans to complete promotion of the Company's artists, continue production of music and achieve a level of success that will enable it to sustain its operations. No assurance can be given

Edgar Filing: SKREEM ENTERTAINMENT CORP - Form 10QSB

that the Company will be successful in these efforts.

NOTE 6 - BUSINESS MANAGEMENT AGREEMENT

On June 14, 2005, the Company entered into a business management agreement with Mr. Andy Lai for services performed in certain countries in Asia and shall continue in perpetuity until written notice of termination is given by either party. Mr. Lai shall act as Business Manager and services shall include contract negotiations, securing recordings distribution, arranging live performances and tours, securing of sponsorships, as well as other business activities that are necessary for the advancement of the artists that are represented by the Company. The Company agrees to compensate Mr. Lai ten percent (10%) of the net revenues collected as a direct result of his negotiations in Asia and should the Company through its own resources enter into a recording or distribution agreement with a major company and the agreement includes certain countries in Asia, Mr. Lai shall be compensated five percent (5%) of the net revenues resulting from said agreement. The Company has not recorded any transactions related to this agreement.

NOTE 7 - DISTRIBUTION AGREEMENT

During April 2005, the Company entered into a 5.5 year Distribution and Service Agreement with Cheyenne Records GmbH (Cheyenne). The agreement grants Cheyenne certain exclusive rights to distribute and sell recordings of the artist "Pat Moe" in Germany, Switzerland and Austria. Cheyenne shall receive a distribution and service fee of 30% to 36% of all net receipts (gross receipts less Value Added Tax of approximately 16%). In addition, Cheyenne will perform certain services including booking commercial concerts and concert tours, securing personal appearances of "Pat Moe", securing advertising, endorsements, and related activities of "Pat Moe" and music publishing /sub publishing throughout the territory. In consideration for these services, except music publishing/sub publishing, Cheyenne shall receive 15-30% of all net receipts. The Company/Cheyenne shall split music publishing revenues on a 75%/25% basis. The Company has not recorded any revenue related to this agreement.

NOTE 8 - LICENSE AGREEMENT

On September 6, 2005, the Company entered into a five and one-half year license agreement with Planet Records Italy (Planet). The license agreement grants Planet the exclusive rights for an Album (TBA Title) by "3rd Wish" in Italy. Under the license agreement the Company is to receive a royalty rate of 20% of net sales. The Company grant Planet a digital download distribution license agreement that will include all digital and wireless platforms on a non-exclusive basis in Italy only and will be split on a 60/40 basis.

8

SKREEM ENTERTAINMENT CORPORATION (A DEVELOPMENT STAGE
COMPANY) NOTES TO UNAUDITED CONSOLIDATED CONDENSED FINANCIAL STATEMENTS

Note 9 - ARTIST AGREEMENTS

Exclusive Artist Recording Agreement

On October 28, 2005, the Company entered into a long-term Exclusive Artist Recording Agreement with Willie Bivins, Jr. an Artist also known as "Willie

Edgar Filing: SKREEM ENTERTAINMENT CORP - Form 10QSB

Will" (the Artist), for the purpose of engaging the exclusive personal services of the Artists for making master sound recordings for distribution in any medium. The territory for the agreements shall be worldwide. All master recordings made by the Artist during the term of the agreement shall be recorded by the Artist on the Company's behalf, and all phonograph records and related performances shall be the entire property of the Company; the Company shall have the right to secure sound recording copyright; and the Company and its licensees shall have the sole and exclusive right to use the recordings throughout the world or any part thereof in any manner it sees fit. The Company may pay all specifically approved recording costs in connection with the master recordings made hereunder, and all recording costs shall be deemed fully recoupable advances to the Artist and shall be deducted from any and all royalties payable to the Artist by the Company under this or any and all royalties payable to the Artist by the Company. Any and all monies paid to or on behalf of the Artist during the term of the agreement are recoverable, non-returnable advances unless otherwise expressly agreed in writing between the Company and the Artist. The Company has the right, but not the obligation to have the Artist participate in the creation of music videos and 100% of any and all monies expended by or advanced by the Company for the production of music videos shall constitute additional fully recoupable advances hereunder. The Company shall own any and all rights in and to said music videos in perpetuity.

In its sole discretion, the Company may choose, at any time during the term of the agreements, to license master recordings made by the Artist to third parties on a flat fee or royalty basis, or to enter into a distribution agreement with a third party distributor for the distribution of phonograph records embodying master recordings recorded by the Artist through normal retail channels in the United States and worldwide. With respect to master recordings of the Artist licensed to third parties on a flat-fee basis, the Company shall pay the Artist 20% of the net amount received by the Company under such license. With respect to master recordings of the Artist licensed to third parties on a royalty basis, and with respect to phonograph recordings released through a distributor selected by the Company, the Company shall pay the Artist the lesser of 20% of the Company's net earned royalty receipts under such license or distribution agreement, or 20% of the basic album or single rate as defined in the agreements. Further, in its sole discretion, the Company may choose to commercially release phonograph records through the Company's own distribution network. In such event, the Company agrees to pay the Artist royalties based on the basic album or single rate as defined in the agreements. For phonograph recordings that are exported or sold outside the United States and through record clubs or similar plans, the Artist shall be paid a royalty of 20% of the amounts provided of the above mentioned amounts. In addition, the Artist may earn royalties related to licenses for musical compositions, music video licenses and merchandising. There have been no royalties earned by the Artist related to the agreement.

Music Publishing Agreement

On October 28, 2005, the Company entered into a long-term Music Publishing Agreement with an individual Writer, the Artist "Willie Will". The Company engaged the Writer to render the Writer's exclusive services as a songwriter and composer based upon terms and conditions set forth in the agreement. In accordance with the agreement, the Writer grants all rights to all musical compositions written or owned by the Writer and all musical compositions shall be the Company's exclusive property as sole owner. The Company shall pay royalties to the Writer based on various terms and conditions set forth in the agreement. There have been no royalties earned by the Writer related to the agreement.

SKREEM ENTERTAINMENT CORPORATION
(A DEVELOPMENT STAGE COMPANY)
NOTES TO UNAUDITED CONSOLIDATED CONDENSED FINANCIAL STATEMENTS

Note 9 - ARTIST AGREEMENTS, continued

Personal Management Agreement

On October 28, 2005, the Company had entered into a long-term Personal Management Agreement with the Artist "Willie Will". The Company accepts the engagement as the Artists' sole and exclusive personal management company in connection with all activities in the entertainment industries throughout the world, including but not limited to his service as a musician, in any medium now known or hereafter devised. For personal management services performed, the Artist agrees to pay the Company 20% of all gross compensation earned or received as a result of activities in the entertainment industry. However, the Company shall not be entitled to commissions by the Artist from the sale, license, or grant of any literary or music rights to the Company or any person, firm, or corporation owned or controlled by the Company. The Company has not earned any commissions related to the agreement.

10

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OR PLAN OF OPERATION

Plan of Operation

The Company plans to continue operations by developing current acts into successful music performing and recording acts. The Company currently is actively promoting two acts, "3rd Wish" and "Pat Moe". These two acts will tour, perform, make public appearances, and continue to record as opportunities are located. The Company is uncertain as to when these acts may enter the U.S. market. As of December 31, 2005, neither of the Company's acts have received gold records for album sales.

The countries in which the Company is currently promoting its acts are as follows:

Pat Moe	3rd Wish
Germany, Switzerland, Austria UK, Eire, Australia,	Germany, Switzerland and Austria New Zealand, France, Andorra, Monaco, Belgium, Russia, Azerbaijan, Armenia, Georgia, Moldova, Kazakstan, Krygyzstan, Tajikistan, Uzbekistan, Turkmenistan, Ukraine, Republic of Belarus, Lithuania, Latvia, Estonia, Israel, Portugal Italy

The Company's cash balance is insufficient to satisfy the Company's cash requirements for the next 12 months. The Company believes it can satisfy it's cash requirements for 6 months with current cash and additional debt from a

Edgar Filing: SKREEM ENTERTAINMENT CORP - Form 10QSB

major shareholder. The Company is dependent on continued receipt of revenues and will need outside funding from the sale of shares or debt financing in order to continue operations beyond that.

The Company does not anticipate acquiring any significant equipment during the next twelve months.

The Company does not anticipate any significant changes in the number of employees in the next twelve months. The Company has two full time employees.

The Company has entered into various license agreements that grant certain exclusive rights to sell and distribute certain recordings by "3rd Wish". Approximately 95% of the Company's revenue for the year ended March 31, 2005 came from the Cheyenne Records agreement. The remaining contracts represent, individually, less than 1% of revenue. The table below sets forth the parties, material terms, and territories covered by these license agreements:

Party (Licensee)	Territories
Cheyenne Records	Germany, Switzerland and Austria

Our agreement with Cheyenne Records provide that Cheyenne will market and sell recordings by 3rd Wish for a period of 5 years beginning in March 2004. Cheyenne will retain approximately 25% to 45% of revenue from distribution and sales and the Company will pay the costs of production. The term of the contract is 5.5 years from May 2004.

11

Party (Licensee)	Territories
Three 8 Music Limited	UK, Eire

Our agreement with Three 8 provides that they will receive royalties from the first three singles 3rd Wish releases. Royalties are 19% on record sales and 50% on third party licensing. The term of the contract is 15 years from October 2004.

Shock Records Pty Ltd	Australia, New Zealand
-----------------------	------------------------

Our agreement with Shock Records provides for royalties of 18-22% on album sales and 50% to Shock for third party licensing. The term of the contract is approximately 5 years from January 2005.

NRJ Music	France, Andorra, Monaco, Belgium
-----------	----------------------------------

Our agreement with NRJ provides for royalties of 13-22% for record sales. The Company will bear the costs of production, the term is 5 years from January 2005.

Megaliner Records	Russia, Azerbaijan, Armenia, Georgia, Moldova, Kazakstan, Kyrgyzstan, Tajikistan, Uzbekistan, Turkmenistan,
-------------------	---

Edgar Filing: SKREEM ENTERTAINMENT CORP - Form 10QSB

Ukraine, Republic of Belarus,
Lithuania, Latvia, Estonia

Our agreement with Megaliner provides Megaliner with 20% of income from record sales and 60% of third party licensing and broadcasting revenue. The term is three years.

NMC Music Ltd. Israel

The Company will receive royalties of approximately 18% of all record net sales. The contract expires in December 2009.

Vidisco Portugal

The Company will receive a royalty of approximately 18% of all record net sales. The contract expires in January of 2010.

Planet Records Italy

The Company will receive a royalty of approximately 20% of all record net sales. The contract term is 5.5 years.

Revenue is recognized in accordance with Staff Accounting Bulletin No. 104 (SAB 104) when persuasive evidence of an arrangement exists, the price to the buyer is fixed or determinable; delivery had occurred or services have been rendered or the license period has begun; and collect ability is reasonably assured.

Revenue from the distribution of recordings under license and distribution agreements is recognized as earned under the criteria established by Statement of Financial Accounting Standard No. 50. Revenue is generally recognized when the Company receives an "accounting" of recordings sold with payment from the licensee. In the event the Company has not received an "accounting" from the licensee and if the Company has information related to the licensed use of recordings that would result in the revenue being fixed and determinable, and collection is reasonably assured, then revenue is recognized in the periods in which the license revenue is earned. Minimum guarantees (advances) received from licensees are recorded as deferred revenue and are amortized over the performance period, which is generally the period covered by the agreement. 12 Results of Operations for the Nine Months Ended December 31, 2005 as Compared to the Nine Months Ended December 31, 2004.

Revenues - The Company recorded revenue of \$63,987 and \$13,961 for the nine months ended December 31, 2005 and 2004, respectively. The revenue for these periods consists of earnings from licensing agreements to distribute "3rd Wish's" music of \$63,005 and \$13,233 and live performances of \$982 and \$728, respectively.

Operating Expenses - Operating expenses for the nine months ended December 31, 2005 were \$793,939, a decrease of \$148,767 or 16% from \$942,706 for the corresponding period of December 31, 2004. The decrease is primarily due to a decrease in overall music production and video costs of \$277,279 and a decrease in advertising of \$115,484, offset by increases in tour expenses of \$41,777 (No significant tour expenses were incurred in the nine months ended December 31, 2004), commission expense of \$68,201 and an increase in travel and support for Artists in Germany of \$124,813.

General and Administrative Expenses - General and administrative expense increased by \$60,263 or 27% to \$284,294 for the nine months ended December 31, 2005. This increase is primarily attributable to an increase of \$23,942 in professional fees, an increase of \$21,261 in payroll expense, an increase of \$9,012 in insurance expense and an overall increase in other general and administrative expense of \$6,048.

Edgar Filing: SKREEM ENTERTAINMENT CORP - Form 10QSB

Interest Expense - Interest expense increased by \$70,386 or 137% to \$121,668 for the nine months ended December 31, 2005 from \$51,282 for the corresponding period of the prior year. This increase is attributable to having additional debt outstanding during the nine months ended December 31 2005.

Results of Operations for the Three Months Ended December 31, 2005 as Compared to the Three Months Ended December 31, 2004

Revenues - The Company recorded revenue of \$39,590 and \$13,961 for the three months ended December 31, 2005 and 2004, respectively. The revenue for the period ended December 31, 2005 and 2004 consists of earnings from licensing agreements to distribute 3rd Wish's music of \$39,590 and \$13,233, respectively, and \$728 from live performances for the period ended December 31, 2004.

Operating expenses - Operating expenses for the three months ended December 31, 2005 were \$229,434, representing a decrease of \$ 118,783 or 34% from \$348,217 for the corresponding period ended December 31, 2004. The decrease is primarily due to a \$136,324 decrease in advertising and promotion expenses, a \$25,850 decrease in travel expenses, and \$23,392 decrease in video shoot expense, which were partially offset by a \$15,255 increase in support for artist in Germany, a \$34,036 increase in commission expense, a \$5,606 increase in show expense and a \$4,528 increase in web design and maintenance.

General and Administrative Expenses - General and administrative expenses increased by \$12,563 or 23% to \$66,634 for the three months ended December 31, 2005 from \$54,071 for the corresponding period ended December 31, 2004. This increase is primarily attributable to an increase of \$10,709 in professional fees, an increase of \$9,670 in payroll expense, an increase of \$1,125 in insurance expense, a decrease of \$4,560 in depreciation expense, and an overall decrease in other general and administrative expenses of \$4,381.

Interest Expense - Interest expense increased by \$20,234 or 83% to \$44,576 for the nine months ended December 31, 2005 from \$24,342 for the corresponding period of the prior year. This increase is attributable to having additional debt outstanding during the three months ended December 31, 2005.

13

Liquidity and Capital Resources

As of December 31, 2005, the Company had cash of \$22,940 and a deficit in working capital of \$2,989,089. This compares with cash of \$52,195 and a deficit in working capital of \$1,855,073 as of March 31, 2005.

Cash used in operations decreased by \$342,937 to \$656,391 for the nine months ended December 31, 2005 from \$999,328 for the corresponding period of the prior year. The decrease is principally attributable to an decrease in the net loss of \$68,144, expenses paid by shareholder of \$68,770, decrease in accounts receivable of \$114,257, decrease in prepaid expense of \$8,908, increase in accounts payable and accrued liabilities of \$202,355, an increase in interest payable to affiliates of \$92,883 and a decrease in deferred revenue of \$10,413.

Cash used by investing activities for the nine months ended December 31, 2005 was \$864 for the purchase of computer equipment. For the nine months ended December 31, 2004 the Company used \$11,440 for the purchase of equipment.

Edgar Filing: SKREEM ENTERTAINMENT CORP - Form 10QSB

Cash provided by financing activities for the nine months ended December 31, 2005 was \$642,000 from the issuance of promissory notes and common stock. This compares with \$1,032,816 of cash being provided from financing activities during the nine months ended December 31, 2004, \$301,928 from the issuance of common stock and the remainder from promissory notes.

Historically, the Company has been funded by the sale of its shares and loans from its Shareholders. However, the Company's continuation as a going concern is dependent upon its ability to continue receiving investment capital and obtaining loans to complete promotion of the Company's artists, continue production of music and achieve a level of success that will enable it to sustain its operations. No assurance can be given that the Company will be successful in these efforts.

ITEM 3. CONTROLS AND PROCEDURES

As of the end of the period covered by this report, we have evaluated the effectiveness of the design and operation of our disclosure controls and procedures under the supervision of and with the participation of our Chief Executive Officer ("CEO") and our Chief Financial Officer ("CFO"). Based on this evaluation, our management, including our CFO and CEO, concluded that our disclosure controls and procedures were effective, and that there have been no significant changes in our internal controls or in other factors that could significantly affect internal controls subsequent to the evaluation.

14

PART II - OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

None

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

None

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None

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

None

ITEM 5. OTHER INFORMATION

None

ITEM 6. EXHIBITS

Edgar Filing: SKREEM ENTERTAINMENT CORP - Form 10QSB

- 31.1 Certification of Chief Executive Officer of Skreem Entertainment Corporation Required by Rule 13a-14(1) or Rule 15d-14(a) of the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
- 31.2 Certification of Chief Financial Officer of Skreem Entertainment Corporation Required by Rule 13a-14(1) or Rule 15d-14(a) of the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
- 32.1 Certification of Chief Executive Officer of Skreem Entertainment Corporation Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 and Section 1350 Of 18 U.S.C. 63
- 32.2 Certification of Chief Financial Officer of Skreem Entertainment Corporation Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 and Section 1350 Of 18 U.S.C. 63

15

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, this report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the date indicated.

SKREEM ENTERTAINMENT CORPORATION

Date: February 14, 2006

By: /s/ Charles Camorata

Charles Camorata
Principal Executive Officer

Date: February 14, 2006

By: /s/ Karen Pollino

Karen Pollino
Chief Financial Officer

16

Exhibit 31.1

CERTIFICATION OF CHIEF EXECUTIVE OFFICER PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Charles Camorata, certify that:

1. I have reviewed this quarterly report on Form 10-QSB of Skreem Entertainment Corporation;

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

Edgar Filing: SKREEM ENTERTAINMENT CORP - Form 10QSB

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

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:

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

b) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this quarterly report based on such evaluation; and

c) disclosed in this quarterly report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting, and

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

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

b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control.

Dated: February 14, 2006

By: /s/ Charles Camorata
Charles Camorata
Chief Executive Officer

Exhibit 31.2

CERTIFICATION OF CHIEF FINANCIAL OFFICER PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Karen Pollino, certify that:

1. I have reviewed this quarterly report on Form 10-QSB of Skreem Entertainment Corporation;

2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements

Edgar Filing: SKREEM ENTERTAINMENT CORP - Form 10QSB

were made, not misleading with respect to the period covered by this quarterly report;

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

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:

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

b) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this quarterly report based on such evaluation; and

c) disclosed in this quarterly report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting, and

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

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

b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control.

Dated: February 14, 2006

By: /s/ Karen Pollino
Karen Pollino
Chief Financial Officer

Exhibit 32.1

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

In connection with the Quarterly Report of Skreem Entertainment Corporation (the "Company") on Form 10-QSB for the quarterly period ended December 31, 2005 (the "Report"), as filed with the Securities and Exchange Commission on the date hereof, I, Charles Camorata, Chief Executive Officer of the Company, hereby certify, to my knowledge, that pursuant to 18 U.S.C. Sec. 1350, as adopted pursuant to Sec. 906 of the Sarbanes-Oxley Act of 2002, that:

Edgar Filing: SKREEM ENTERTAINMENT CORP - Form 10QSB

1. the Report fully complies with the requirements of section 13(a) or 15(d), as applicable, of the Securities Exchange Act of 1934, as amended; and
2. the information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

By: /s/ Charles Camorata
Name: Charles Camorata
Title: Chief Executive Officer
February 14, 2006

Exhibit 32.2

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

In connection with the Quarterly Report of Skreem Entertainment Corporation (the "Company") on Form 10-QSB for the quarterly period ended December 31, 2005 (the "Report"), as filed with the Securities and Exchange Commission on the date hereof, I, Karen Pollino, Chief Financial Officer of the Company, hereby certify, to my knowledge, that pursuant to 18 U.S.C. Sec. 1350, as adopted pursuant to Sec. 906 of the Sarbanes-Oxley Act of 2002, that:

1. the Report fully complies with the requirements of section 13(a) or 15(d), as applicable, of the Securities Exchange Act of 1934, as amended; and
2. the information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

By: /s/ Karen Pollino
Name: Karen Pollino
Title: Chief Financial Officer
February 14, 2006