

Edgar Filing: SKREEM ENTERTAINMENT CORP - Form 10QSB

SKREEM ENTERTAINMENT CORP  
Form 10QSB  
August 15, 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 June 30, 2006

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  
(State or other jurisdiction of  
incorporation or organization)

33-0565710  
(IRS Employer Identification No.)

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 (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  
Common, \$.001 par value

Shares Outstanding  
24,758,950

Date  
July 26, 2006

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SKREEM ENTERTAINMENT CORPORATION  
(A DEVELOPMENT STAGE COMPANY)  
UNAUDITED CONSOLIDATED CONDENSED BALANCE SHEET  
June 30, 2006

ASSETS

Current assets:	
Cash and Cash equivalents	\$ 7,475
	-----
Total current assets	7,475
Property and equipment, net	6,423
	-----
Total assets	\$ 13,898
	=====

LIABILITIES AND SHAREHOLDERS' DEFICIT

Current liabilities:	
Accounts payable and accrued liabilities	\$ 192,897
Related party payable	9,254
Deferred revenue	28,565
Accrued interest - shareholder and affiliates	236,966
Notes payable - shareholder	576,770
Notes payable - affiliates	973,620
	-----
Total current liabilities	2,018,072
	-----
Shareholders' equity:	
Preferred shares - \$0.001 par value; 1,000,000 authorized, no shares issued or outstanding	-
Common shares - \$0.001 par value; 50,000,000 authorized; 24,758,950 shares issued and outstanding	24,759
Additional paid - in capital	3,510,267
Losses accumulated in the development stage	(5,539,200)
	-----
Total shareholders' deficit	(2,004,174)
	-----
Total liabilities and shareholders' deficit	\$ 13,898
	=====

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

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SKREEM ENTERTAINMENT CORPORATION

(A DEVELOPMENT STAGE COMPANY)

UNAUDITED CONSOLIDATED CONDENSED STATEMENTS OF OPERATIONS For the Three Months Ended June 30, 2006 and 2005 and for the Period From Inception, August 19, 1999, to June 30, 2006

	Three Months Ended		Inception to
	June 30, 2006	June 30, 2005	June 30, 2006
Revenue	\$ 29,695	\$ 22,759	\$ 218,420
Revenue - related party	37,000	-	37,000
<b>Total Revenue</b>	<b>66,695</b>	<b>22,759</b>	<b>255,420</b>
Expenses			
Operating	(323,105)	(362,823)	(3,648,467)
General and administrative	(149,352)	(106,166)	(1,505,771)
Impairment of loan receivable	-	-	(130,000)
<b>Total expenses</b>	<b>(472,457)</b>	<b>(468,989)</b>	<b>(5,284,238)</b>
<b>Loss from operations</b>	<b>(405,762)</b>	<b>(446,230)</b>	<b>(5,028,818)</b>
Interest expense	(27,776)	(36,507)	(510,382)
<b>Net loss</b>	<b>\$ (433,538)</b>	<b>\$ (482,737)</b>	<b>\$ (5,539,200)</b>
Weighted Average Shares Outstanding - basic and diluted	24,612,455	23,107,856	
<b>Loss Per Share -     basic and diluted</b>	<b>\$ (0.02)</b>	<b>\$ (0.02)</b>	

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

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 June 30, 2006

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	Common Stock		Additional Paid-In Capital	During the Development Stage
	Shares	Amount		
Balance at Inception, August 19,1999	-	\$ -	\$ -	\$ -
Issuance of common stock	20,000	20	-	-
Net loss	-	-	-	(84,021)
Balance at December 31, 1999	20,000	20	-	(84,021)
Net loss	-	-	-	(230,879)
Balance at December 31, 2000	20,000	20	-	(314,900)
Net loss	-	-	-	(494,816)
Balance at December 31, 2001	20,000	20	-	(809,716)
Net loss	-	-	-	(384,590)
Balance at December 31, 2002	20,000	20	-	(1,194,306)
Reclassification of debt to equity	43,000	43	1,581,940	-
Net loss	-	-	-	(736,364)
Balance at December 31, 2003	63,000	63	1,581,940	(1,930,670)
Effect of issuance of common stock and recapitalization in a reverse acquisition transaction	25,943,925	25,944	(25,944)	-
Net loss	-	-	-	(205,994)
Balance at March 31, 2004	26,006,925	26,007	1,555,996	(2,136,664)
Proceeds from issuance of common stock	603,856	604	301,324	-
Cancellation of shares	(3,502,925)	(3,503)	3,503	-
Net loss	-	-	-	(1,592,469)
Balance at March 31, 2005	23,107,856	23,108	1,860,823	(3,729,133)
Proceeds from issuance of common stock	276,400	276	276,124	-
Stock issued for accounts payable	50,000	50	49,950	-
Stock issued for conversion of debt	1,050,000	1,050	1,048,950	-
Net loss	-	-	-	(1,376,529)
Balance at March 31, 2006	24,484,256	24,484	3,235,847	(5,105,662)
Proceeds from issuance of common stock	24,694	25	24,670	-
Stock issued for services	250,000	250	249,750	-
Net loss	-	-	-	(433,538)
Balance at June 30, 2006	24,758,950	\$24,759	\$3,510,267	\$ (5,539,200)

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

SKREEM ENTERTAINMENT CORPORATION  
(A DEVELOPMENT STAGE COMPANY)

UNAUDITED CONSOLIDATED CONDENSED STATEMENTS OF CASH FLOWS For the Three Months Ended June 30, 2006 and 2005 and for the Period From Inception, August 19, 1999, to June 30, 2006

	Three Months Ended		Inception June 30, 2006
	June 30, 2006	June 30, 2005	
<b>Cash Flows from Operating Activities:</b>			
Net loss	\$ (433,538)	\$ (482,737)	\$ (5,539,
Adjustments to reconcile net loss to net cash used by operating activities:			
Depreciation expense	980	892	45,
Impairment of loan receivable	-	-	130,
Accrued interest converted to equity	-	-	208,
Expenses paid by shareholder and affiliate	-	35,000	121,
Stock issued for services	250,000	-	250,
Changes in operating assets and liabilities:			
Decrease in accounts receivable	-	114,257	
Decrease in prepaid expenses and deposits	-	1,557	
Increase (decrease) in accounts payable and accrued liabilities	19,487	80,538	252,
Increase in interest payable to affiliates	19,776	30,008	236,
(Decrease) increase in deferred revenue	4,065	(15,990)	28,
	(139,230)	(236,475)	(4,265,
<b>Cash Flows from Investing Activities</b>			
Payments for purchase of property and equipment	(373)	-	(51,
Loan receivable	-	-	(130,
	(373)	-	(181,
<b>Cash Flows from Financing Activities</b>			
Proceeds from issuance of common stock	24,695	-	603,
Proceeds from notes payable - other	-	-	385,
Proceeds from notes payable - shareholder	20,000	184,000	1,543,
Proceeds from notes payable - affiliate	40,000	15,000	2,479,
Principal payments on notes payable - other	-	-	(335,
Principal payments on notes payable - shareholder	-	-	(80,
Principal payments on notes payable - affiliate	-	-	(140,
	84,695	199,000	4,455,
Net increase (decrease) in cash and cash equivalents	(54,908)	(37,475)	7,
Cash and cash equivalents, beginning of period	62,383	52,195	

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Cash and cash equivalents, end of period	7,475	\$	14,720	\$	7,
	=====		=====		=====

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

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, 2006 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 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.

### Note 3 - NOTES PAYABLE

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### Shareholder

During the quarter ended June 30, 2006, Jeffrey D. Martin, a major stockholder loaned the Company \$20,000. The note is payable on demand and bears interest at the rate of 8% per annum. Interest on this note begins to accrue on July 1, 2006.

### Affiliates

During the quarter ended June 30, 2006, the company borrowed \$40,000 from Martin Consultants, Inc. The note is payable on demand and bears interest at a rate of 8% per annum. Interest on this note begins to accrue on July 1, 2006. Martin Consultants, Inc. is 100% owned by Jeffrey D. Martin, a major shareholder of the company.

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

### Note 4 - 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 \$ 287,705 for the quarter ended June 30, 2006. The Company had an accumulated deficit of \$5,393,367 at June 30, 2006. 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 that the Company will be successful in these efforts.

### Note 5 - PRODUCTION AGREEMENT

On June 13, 2006, the Company entered into an agreement with 1171 Productions (1171) for the purpose of creating interest in and securing meeting opportunities of the "Star Maker" reality series. The Company shall pay a commission of 5% of the net profits of the "Star Maker" series worldwide. In addition, the Company agrees to use 1171 in the production of the series. The Company has not recorded any transactions related to this agreement.

### Note 6 - LICENSE AGREEMENT

During the quarter ended June 30, 2006, the Company entered into a 5 year License Agreement with Zero Degrees Entertainment (Zero). The agreement grants



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Zero certain exclusive rights to distribute and sell recordings of the artist "3rd Wish" in France. The Company shall receive royalties of 17% to 20% calculated on 100% net sales.

### Note 7 - ADVERTISING AND PROMOTIONAL SERVICE AGREEMENT

On May 24, 2006, the Company entered into a one-year agreement with Hobson, Bowerstock, & Associates, LLC (HLB) in which HLB will prepare and implement a promotional campaign for the Company. In accordance with the agreement, the Company shall pay HLB 500,000 shares of restricted 144 common stock and 500,000 shares of free trading common stock of the Company. During the quarter ended June 30, 2006, the Company issued 250,000 shares of common stock and recorded advertising expense of \$250,000.

### Note 8 - RELATED PARTY REVENUE

During the quarter ended June 30, 2006, there were unsold recordings returned to the Company by Cheyenne Records. Am-Pac Investment (Am-Pac) purchased these remaining recordings and the Company recorded this sale as related party revenue. Am-Pac is owned by Jeffery Martin, a major shareholder of the Company.

### Note 9 - SUBSEQUENT EVENT

On July 1, 2006, the Company entered into a 2 year Strategic Research and Analysis Agreement with Sterling LLC ("Sterling"). The Company retains Sterling to do research, market review and strategic analysis for the Company and to provide review and planning services. The Company agrees to compensate Sterling 3,000 free trading shares per month for year one and 5,000 free trading shares per month for year two, and additional incentives as described in the agreement.

## 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 three acts, "3rd Wish", "Pat Moe" and "Willie Will". These three 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 June 30, 2006, none of the Company's acts has 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

Germany, Switzerland and Austria  
UK, Eire, Australia,  
New Zealand, France  
Andorra, Monaco, Belgium, Russia, Azerbaijan,  
Armenia, Georgia,  
Moldova  
Kazakstan, Krygyzstan, Tajikistan, Uzbekistan,  
Turkmenistan,  
Ukraine, Republic of Belarus, Lithuania, Latvia,

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Estonia,  
Israel, Portugal

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 its cash requirements for 6 months with current cash and receivables. 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 42% of the Company's revenue for the quarter ended June 30, 2006 came from the Cheyenne Records agreement. During the quarter ended June 30, 2006, there were unsold recordings returned to the Company by Cheyenne Records. A related party purchased these remaining recordings which represent approximately 55% of the total revenue. 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 3rd Wish's recordings 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.

Three 8 Music Limited	UK, Eire
-----------------------	----------

Our agreement with Three 8 provides that they will receive royalties from 3rd Wish's first three singles released. 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, Ukraine, Republic of Belarus, Lithuania, Latvia, Estonia
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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

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

Vidisco

Portugal

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

Zero Degrees

France

Zero will receive a royalty of approximately 17-20% of record sales. The contract Expires in 2011.

The Company plans to officially launch its new online video site Skreem.TV on September 1st. It will provide music videos of top artists, unsigned artists, and custom programming produced by the Company. Revenues will be generated by advertising, pay to play videos, as well as music and video downloads.

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.

Results of Operations for the Three Months Ended June 30, 2006 as Compared to the Three Months Ended June 30, 2005

Revenues - The Company recorded revenue of \$66,695 and \$22,759 for the three months ended June 30, 2006 and June 30, 2005, respectively. The revenue consists of earnings from Licensing agreements to distribute 3rd Wish's music and sales of recordings to a related party.

Operating expenses - Operating expenses for the three months ended June 30, 2006 were \$323,105, a decrease of \$39,718 or 11% from \$362,823 for the corresponding period ended June 30, 2005. The decrease is primarily due to less tour expenses and a decrease in travel and support for artists in Germany.

General and Administrative Expenses - General and administrative expenses increased by \$43,186 or 40.68% to \$149,352 for the three months ended June 30, 2006 from \$106,166 for the corresponding period ended June 30, 2005. This increase is primarily attributable to an increase in salaries, delivery expense, and other general and administrative expenses offset by a decrease in professional fees.

Interest Expense - Interest expense decreased by \$8,731 or 23.9% to \$27,776 for

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the three months ended June 30, 2006 from \$36,507 for the corresponding period of the prior year. This decrease is attributable to having less debt outstanding during the three months ended June 30, 2006.

### Liquidity and Capital Resources

As of June 30, 2006, the Company had cash of \$7,475 and a deficit in working capital of \$2,010,597. This compares with cash of \$62,383 and a deficit in working capital of \$1,852,361 as of March 31, 2006.

Cash used in operations decreased by \$97,245 to \$139,230 for the three months ended June 30, 2006 from \$236,475 for the corresponding period of the prior year.

Cash provided by financing activities for the three months ended June 30, 2006 was \$84,695 from the issuance of promissory notes and common stocks. This compares with \$199,000 of cash being provided from financing activities during the three months ended June 30, 2005, all from the issuance of 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.

## 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

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None

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

None

ITEM 5. OTHER INFORMATION

None

ITEM 6. EXHIBITS

Number	Description
-----	-----

- |      |  |
|------|--|
| 10.1 | Strategic Research & Analysis Agreement with Sterling LLC dated July 1, 2006   |
| 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  |

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: August 14, 2006

By: /s/ Charles Camorata  
-----  
Charles Camorata  
Principal Executive Officer

Date: August 14, 2006

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

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## STERLING LLC STRATEGIC RESEARCH & ANALYSIS AGREEMENT

This Strategic Research & Analysis Agreement ("Agreement") is made and entered into as of the 1st day of July, 2006 by and between Sterling LLC ("STERLING"), with its office at 2350 Temple Dr. Winter Park, FL 32789, and Skreem Entertainment Corporation ("SKREEM"), with its principal executive office at 11637 Orpington St. Orlando, FL, 32817.

### WITNESSETH

WHEREAS, SKREEM has recently gone public and is interested in having market research and analysis done on it's current market, music trends, possible acquisitions and the development of SkreemTV.com;

WHEREAS, STERLING is engaged in the business of providing research, analysis, special reports and strategic planning;

WHEREAS, SKREEM is desirous of retaining STERLING;

NOW, THEREFORE, in consideration of the mutual promises contained herein, the parties hereto, intending to be legally bound hereby, agree as follows:-

#### 1. Engagement

SKREEM hereby retains STERLING to do research, market review and strategic analysis for Skreem Entertainment, and provide review and planning services for Skreem.TV

#### 2. Term

This Agreement shall commence on the date of the Exchange Agreement and shall last for 24 months, cancelable by Skreem Entertainment with 60 days notice.

#### 3. Service

In consideration of the compensation as stated herein, STERLING shall perform the following services for SKREEM:-

- (a) Help with research and analysis for strategic planning so as to arouse the interest of investors.
- (b) Help in the strategy, writing and editing of press releases, research and investor reports for SKREEM and/or its investor relations firm.
- (c) Assist in the planning and development of SkreemTV.com. One member of the STERLING team will be included on the Skreem.TV "Board of Advisors" when developed, and with appropriate card title on SKREEM approved projects.
- (d) When requested, schedules permitting, STERLING will be available for travel at SKREEM's request and expense to do competitive analysis, A&R work, and review and analysis of possible corporate acquisition targets.
- (e) Find, on a best effort basis, possible acquisitions and or new acts

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for SKREEM. If STERLING is successful in this endeavor, STERLING will receive 5% of the acquisition agreement total, in SKRM free trading shares or, shares with registration rights. If the acquisition is later spun-off, STERLING will receive 10% of the issued and outstanding shares of the spin-off SKREEM, this compensation is understood to be in effect even if the agreement is cancelled at a later date.

### 4. Compensation

As consideration for the services set forth in clause 3 of this Agreement, the SKREEM hereby agrees to give to STERLING compensation which shall be computed as follows:

- (1) Year One--3,000 free trading shares per month, paid quarterly in advance.
- (2) Year Two--5,000 free trading shares per month, paid quarterly in advance.
- (3) Advertising: 10% for unsigned bands who advertise themselves on Skreem.TV. If STERLING has pre-approval to hire "interns" to recruit bands and other talent, then an override of 2.5% of advertising sales generated will be paid to STERLING. If STERLING is successful in signing non-band advertisers or sponsors for Skreem.TV and/or any other SKREEM marketing endeavor, STERLING will receive 20% of the revenues.
- (4) Spin-off Bonus: When Skreem.TV is spun off from SKREEM, STERLING will receive 5% of the spin-off company's issued and outstanding shares with registration rights.

### 5. Expenses

SKREEM shall reimburse STERLING for any pre-approved requested travel, "new media community marketing/networking campaigns" requiring pre-approved software, phone room or direct response marketers, special order research materials, out-of-pocket graphic materials, and any printing beyond normal copying. It also is understood that neither STERLING, nor employees and agents of STERLING, shall be responsible for any fees or commissions payable to any finder or to any other financial or other advisor retained by SKREEM.

### 6. Liability of STERLING

SKREEM assumes and claims all responsibility and liability for the content of information disseminated on behalf of SKREEM, which has been approved by SKREEM.

### 7. Competitors

SKREEM recognizes that STERLING now renders or may in the future render consulting services to other companies which may or may not conduct business and activities similar to SKREEM. STERLING shall not be required to devote its full time and attention to the performance of its duties under this agreement, but shall devote only so much of its time and attention as shall be reasonably necessary for such purposes.

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### 8. Indemnification

SKREEM will indemnify and defend STERLING against all claims, proceedings, suits or other matters that might be asserted against STERLING by reason of this letter Agreement and SKREEM will pay STERLING's reasonable attorney's fees and expenses in connection with such matters; provided that STERLING acts within the scope of this Agreement and is not negligent.

### 9. Confidential Information

STERLING acknowledges that it will gain knowledge of information of substantial value to SKREEM regarding SKREEM's business which is not generally known and which gives SKREEM an advantage over competitors who do not know, or use, such information, including, but not limited to, know-how, trade secrets techniques, designs sales and customer information, and business and financial information relating to the business, products services practices or techniques of SKREEM's plans for future products or developments ("Confidential Information"). STERLING agrees to, at all times, regard and preserve such information as confidential. STERLING further agrees that such Confidential Information will not be disclosed by it to any person or entity without the prior written consent of SKREEM.

### 10. Notices

All notices, requests, demands or other communications required or authorized or contemplated to be given by this Agreement shall be in writing and shall be deemed to have been duly given if hand delivered, sent by commercial overnight courier or sent by certified or registered mail. A facsimile transmission, when received, shall be considered delivery of written notice.

### 11. Governing Law

This Agreement shall be governed by the laws of Florida.

### 12. Entire agreement

The provisions of this letter Agreement set forth the entire binding agreement between the parties and supersede all prior written and oral communications, discussions, and negotiations between the parties concerning the proposed transaction. The terms of this letter agreement may be amended only in writing and when signed by both parties.

### 13. Binding effect

This Agreement shall be binding upon the parties hereto and their respective heirs, successors and assigns.

### 14. Arbitration

Both parties agree to settle any and all differences through The Orange County arbitration services.

Signed by:

For and on Behalf of Skreem Entertainment Corporation



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/s/

For and on Behalf of Sterling LLC

/s/ Tyler T. Tedrow

Tyler T. Tedrow  
President

Exhibit31.1

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;
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 officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and we have:
  - a) designed such disclosure controls and procedures 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 quarterly report is being prepared;
  - b) evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this quarterly report (the "Evaluation Date"); and
  - c) presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;
5. The registrant's other certifying officers and I have disclosed, based on

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our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):

- a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and
  - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and
6. The registrant's other certifying officers and I have indicated in this quarterly report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Dated: August 14, 2006

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

Exhibit31.2

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 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 officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and we have:
  - a) designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities,

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particularly during the period in which this quarterly report is being prepared;

- b) evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this quarterly report (the "Evaluation Date"); and
  - c) presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;
5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):
- a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and
  - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and
6. The registrant's other certifying officers and I have indicated in this quarterly report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Dated: August 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

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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

I, Charles Camorata, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that the Quarterly Report of Skreem Entertainment Corporation on Form 10-QSB for the quarterly period ended June 30, 2006 fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and that information contained in such Form 10-QSB fairly presents in all material respects the financial

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condition and results of operations of Skreem Entertainment Corporation

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

Exhibit 32.2

Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

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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

I, Karen Pollino, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that the Quarterly Report of Skreem Entertainment Corporation on Form 10-QSB for the quarterly period ended June 30, 2006 fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and that information contained in such Form 10-QSB fairly presents in all material respects the financial condition and results of operations of Skreem Entertainment Corporation

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