

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

**FORM 10-K**

(Mark One)

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

For the fiscal year ended December 31, 2009

OR

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

For the transition period from      to

Commission File Number:



**ZUMA BEACH ENTERTAINMENT, INC.**

(Exact name of registrant as specified in its charter)

**Nevada**

(State or other jurisdiction of incorporation or organization)

**16-1675853**

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

**3420 N. San Fernando Blvd.**

**Burbank, CA**

(Address of principal executive offices)

**91504**

(Zip Code)

**(818) 333-2620**

(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class

Common Stock, \$0.001 par value per share

Name of each exchange on which registered

Pink OTC Markets

Securities registered pursuant to section 12(g) of the Act: **None**

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

Yes  No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act.

Yes  No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 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

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

Yes  No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§ 229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer  Accelerated filer  Non-accelerated filer  Smaller reporting company

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

Yes  No

The aggregate market value of the voting and non-voting common equity held by non-affiliates of the registrant as of December 31, 2009, was approximately \$3,787,948.03, computed by reference to the price of \$0.01 per share, the price at which the common equity was last sold on April 15, 2010, as reported by Pink OTC Markets. (For purposes of this calculation all of the registrant's directors and executive officers are deemed affiliates of the registrant.

As of December 31, 2009, the registrant had 378,794,803 shares of its Common Stock issued and outstanding.

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ZUMA BEACH ENTERTAINMENT, INC. FISCAL 2010 FORM 10-K

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### **PART I**

#### **Item 1. Business.**

##### **Description of Business**

Unless the context otherwise requires, the use of the terms “Zuma”, “We”, “Us” and “Our” in this Annual Report on Form 10-K refers to Zuma Beach Entertainment, Inc. and, as applicable, its consolidated subsidiaries. We are a diversified company operating in the entertainment and information industries.

Presently, we have three (3) lines of business operating through First National Information Network, Inc. (“FNIN”), Zuma Beach Entertainment, Inc., (“Zuma”) and World Arena Rugby, LLC (“WAR”), the former and latter being wholly-owned subsidiaries of Zuma. The three (3) lines of business are as follows:

##### 1. Information Management

Zuma closed an asset purchase transaction to acquire all the assets of Exchangemall.com, Inc. (“Exchangemall”) including FNIN along with SalesRide.com, Investor Concepts, Fast Info 1 and the URL of Exchangemall. This business line serves to procure and sell accredited and pre-qualified sales leads and publish financial and investing coverage for the active investor. We anticipate that the FNIN acquisition will begin to deliver superior value to our combined shareholder base, create a positive impact on our balance sheet, strengthen our market position to allow for greater access to capital, enhance our ability to more competitively negotiate future acquisitions and build a foundation to achieve sustained revenue growth.

##### 2. Film and Animation

We have acquired the exclusive rights to license and distribute the Angel Babies animated property and all its related products for up to 20 years, and acquired a 5% participating ownership interest in a slate of films from Deco Entertainment, LLC (“Deco”) and C. Julian Productions, Inc. (“Julian”). We endeavor to evolve into an entertainment company that will actively develop, license and distribute its Angel Babies animated property to capitalize on the multi-billion dollar licensing and merchandising market that exists in the children’s entertainment niche. Furthermore, we will anticipate the realization of revenues from the perpetual ownership interest in a slate of projects acquired from Deco and Julian.

##### 3. Sports Entertainment

Zuma has purchased all of the assets of World Arena Rugby Union, LLC, (“WAR LLC”). As the first professional indoor rugby league, we will strive to become a global sports organization leader by investing in cutting edge marketing and promotional strategies designed to capitalize on the expanding depth of interest in edgy sports entertainment, by building WAR into a profitable sports entertainment product that generates a profit from a variety of revenue streams including ticket sales, licensing, merchandising and broadcasting.

Below please find a synopsis of our operating subsidiaries and related projects and interests for our information management, film and animation and sports entertainment business segments.

##### **Information Management Business Segment**

First National Information Network, Inc. (“FNIN”) is our operating subsidiary for the procurement and sale of leads and collection and storage of data for our information management business line. For 21 years, FNIN has proven to be a valuable marketing partner to our clients. We also help companies increase sales, improve customer service, and convert prospects to paying customers.

- More than 160 million consumer and business data files
- Approximately 500,000 outbound calls in a typical month
- An inventory of 1.5 million verified surveys

- 10 million outbound e-mails for customers
- Call center
- Vertical lead generation: investors, financial institutions, educational entities, insurance providers and debt

### **Investor Concepts**

Investor Concepts is an online financial publication that publishes original articles, financial news and investment community discussions about industries, market trends and individual publicly-held companies.

- General stock market news
- Authored articles
- Links to other investor sites
- Blogs on various topics with comments by on-line members
- Links to Zuma sites providing services

### **SalesRide.com**

SalesRide.com is an online application operating since 1992 to provide contact databases. Its key advantage is to automate the lead searching, payment process, and lead delivery functions for customers around-the-clock from anywhere in the world through the Internet.

- Service bureau for campaign analysis
- Consulting and analysis for cost-effective campaign planning
- List data management and process to improve list maintenance
- Call center services for inbound and outbound call campaigns

### **Film and Animation Business Segment**

There currently is no wholly-owned subsidiary dedicated to the film and animation business line. Zuma, as the parent company, is actively managing the acquisition, development and investment in film and animation projects. Below is a description of the film and animation projects for which Zuma has distribution rights and/or a participating interest.

#### **Angel Babies**

On April 2, 2007, Zuma signed an exclusive distribution agreement with AngelBabies, LLC. The terms of the agreement grant Zuma the exclusive rights to license and distribute Angel Babies and all related products for up to twenty (20) years. As an animated property, Angel Babies is a concept whereby cherubic baby angels perform good deeds on earth to earn their 'golden wings' and become fully-fledged angels! Every Angel Baby has a special angelic gift such as charity, courage and faith. Each must learn to use this gift wisely and teach others to do the same. Replete with life learning moments, Angel Babies promises to entertain, inspire and engender timeless values, reaching out to children everywhere.

Angel Babies viewers will share in the experiences of their beloved Angel Babies, which intends to combine fun entertainment in a vibrant and humorous CG world, with valuable moral lessons. The Angel Babies will set out to help those in need of support, guidance or a change in their life. Through kind and helpful deeds, the little angels hope to one day earn their 'golden wings' and become fully-fledged angels! Every Angel Baby has a special angelic gift such as charity, courage and faith. Each must learn to use this gift wisely and teach others to do the same. Replete with life learning moments, Angel Babies promises to entertain, inspire and engender timeless values, reaching out to children everywhere.

Angel Babies combines the comedy of Rugrats with the endearing spirit of Touched by An Angel to bring it alive through the magic of animation. Angel Babies has been called “. . . the new Rugrats hit brand franchise” by Fox TV Australia and was projected as one of the top ten new hit properties by KidScreen Magazine.

We see many associated opportunities for this entertainment property:

1. There is a strong global demand for the production of diverse children's entertainment. Parents of young families increasingly rely on media and entertainment as mediums to entertain their children and to teach them intangibles that are sometimes difficult to convey in a typical child-rearing environment
2. The need for high quality entertainment that is captivating from a viewing perspective and educating from a learning perspective
3. The dollar potential that can be generated by effectively merchandising, licensing, publishing and marketing products associated with a hit property
4. The Company aims to build a franchise focused on the interests of families and young children; a franchise that promotes wholesome non-violent family entertainment and one that builds a direct correlation between children's entertainment and fun learning

## **Film Investments**

On March 27, 2008, Zuma acquired a five percent (5%) participating ownership interest in a slate of films from Deco Entertainment, LLC ("Deco") and C. Julian Productions, Inc. ("Julian"). The ownership interest acquired by Zuma, in exchange for an equity interest of 10,000,000 shares of Zuma common stock (the "Shares"), represents the percentage ownership interest, in perpetuity, for a slate of projects. The first project completed in the slate of films was Sea of Darkness (2008) (known as "Dark Tracks" in the European Film Market). The additional projects in the slate of films have yet to be determined.

### **Sea of Darkness (2008) (USA) (working title) (known as "Dark Tracks" in European Film Market)**

Director: Michael Oblowitz

Writer (Screenplay): Michael Oblowitz

Cast: Heath Legder and Martin Daly

Producers: Freddy Braidy and Jonathan Sachar

Co-Producer: Emerson Machtus

Executive Producers: Dominique Milano, Chris Ouwinga, Louisa Spring and Darryn Welch

Production Companies: Deco Entertainment and Instinctive Film

Distributor: 6 Sales (worldwide) (all media) (sales)

**Synopsis:** True story documentary of the Indies Trader and the men behind modern surfing. When surfing pioneers Martin Daly and Dave Burnett discovered the best waves in Bali and Indonesia in the 1970's they were aboard the Indie Trader. This beautiful boat also bore these modern day pirates on the smuggling missions they used to fund their passion. Now members of the surfing establishment, these free-spirited men and their boat take surfing's hottest talent out to discover uncharted waves. Their mission, these days sponsored by Quicksilver, is to record uncharted waters so protecting them for future generations of sportsmen. This film charts the story of a dynamic mix of unique and roguish men the women who loved them, and the sport that changed their lives.

**About Braidy:** Freddy Braidy has a long and varied presence in the film industry. Braidy recently produced the drama Gospel Hill and the romantic comedy Blonde Ambition, starring Jessica Simpson and Luke Wilson. Other Producer credits include the action adventure Rescue Dawn (2006) and the science fiction adventure Retrograde (2004).

## **Sports Entertainment Business Segment**

### **World Arena Rugby, LLC**

World Arena Rugby, LLC ("WAR LLC") is our operating subsidiary for the management, development and deployment of our World Arena Rugby ("WAR") sports entertainment business segment.

On February 8, 2008, Zuma entered into an agreement to purchase all of the assets of WAR LLC consisting of various intellectual properties in exchange for forty-six percent (46%) of Zuma's issued and outstanding Shares. The transaction closed with the issuance of 46,750,171 Shares to interest holders of WAR LLC.

WAR will be the world's first professional indoor rugby league, anticipated to consist of at least six teams in strategic markets in the United States. The game itself showcases 14 of the toughest men on earth battling for 52 minutes in a seven-a-side version of rugby.

Competed on artificial turf within the confines of an indoor arena, WAR offers high scoring games with unique on-the-fly substitutions and fast, non-stop action. It is a tough, physically demanding and electrifying competition, but most of all, WAR is fan-friendly. WAR is a bone-rattling sport that plans to have fans either glued to their seats or jumping for joy.

Zuma, via its WAR LLC subsidiary, plans to be a global sports organization leader by investing in cutting edge marketing and promotional strategies designed to capitalize on the expanding depth of interest in edgy sports entertainment. Zuma believes it can build WAR into a profitable sports entertainment product that generates profit from a variety of revenue streams including ticket sales, licensing and merchandising and broadcasting.

WAR was formed to create a profitable professional indoor rugby league, with athletes and teams that are competitive on both a domestic and international level while providing affordable sports entertainment for its fans. [www.worldarenarugby.com](http://www.worldarenarugby.com)

J. Buckeye Epstein, a veteran sports marketing professional and Managing Director of WAR LLC, recognized significant changes in the sports marketing industry with respect to spectators, networks and professional leagues. Mr. Epstein recognized the many signs pointing to the sports fans increasing disenchantment with major sports leagues.

In response to what he perceived as a major opportunity, Mr. Epstein used societal marketing philosophies to develop a strong outline of assumptions and recommendations for a new indoor sport. As a result, "Indoor Rugby", seven players ("Seven-a-Side") per team was created. This satisfies the appetite of the most sought after target market (18-34 year olds) in sports entertainment for a number of reasons.

1. Very fast paced sport
2. One of the, if not the roughest team sport
3. Affordable ticket prices
4. Maximum entertainment environment with all the amenities of an indoor arena.

#### **Available Information**

We are not subject to the reporting requirements of the Exchange Act and its rules and regulations; however Zuma does have disclosure obligations with Pink OTC Markets. Copies of our disclosure reports and filings can be read and downloaded at [www.pinksheets.com](http://www.pinksheets.com)

We also make available, free of charge on our Web site, the Corporate Governance Principles of our Board of Directors ("Board") and our Code of Business Ethics (including any amendment to, or waiver from, a provision of our Code of Business Ethics) adopted by our Board.

These documents are posted on our Web site at [www.zuma.beachentertainment.com](http://www.zuma.beachentertainment.com).

Copies of any of the above-referenced documents shall also be made available, free of charge, upon written request to:

Zuma Beach Entertainment, Inc.  
Investor Relations Department  
3420 N. San Fernando Blvd  
Burbank, CA 91504

## **Item 1A. Risk Factors.**

**Described below and throughout this document are certain risks that our management believes are applicable to our business and the industries in which we operate. There may be additional risks that are not presently material or known. There are also risks related to the economy, the industries and the capital markets that affect business generally, and us as well, which have not been described. If any of the described events occur, our business, results of operations, financial condition, liquidity or access to the capital markets could be materially adversely affected.**

### **General Risk Factors**

*We have incurred losses and have a limited operating history in our planned business upon which you may evaluate our business and prospects. Our business plan must be considered in light of risks, expenses, delays, problems, and difficulties frequently encountered by development stage companies.*

We have incurred operating losses since our inception, and we will continue to incur net losses until we can produce sufficient revenues to cover our costs. The Company has incurred a net loss from inception through December 31, 2009 of approximately \$7,944,762. Since the Company's organization, through the present, we have remained a developmental stage company with substantially all of our resources being used to acquire our information management, film and animation and online gaming assets and WAR its sports entertainment property. Even if we generate revenues and achieve profitability, we may not be able to sustain or increase our profitability on a quarterly or annual basis. Because you have limited historical financial data and operating results with which to evaluate our business and our prospects, you should consider our prospects in light of the early stage of our business in a new and rapidly evolving market.

*We do not have audited financial statements. All financial information and projections were prepared by management and are subject to uncertainty.*

We have not engaged an accounting firm to prepare audited financial statements; however, management has prepared unaudited financial information. Our financial information is based upon estimates of future events and circumstances, which may or may not prove to be ultimately true or accurate. We can make no representation or warranty as to the accuracy of any of these assumptions.

*We have been limited by insufficient capital, and we may continue to be so limited.*

Our inability to raise the funding anticipated hereby or to otherwise finance our capital needs could adversely affect our financial condition and our results of operations, and could prevent us from implementing our business plan. We may seek to raise additional capital through public and private equity offerings, debt financing or collaboration, and strategic alliances. Such additional financing may not be available when we need it or may not be available on terms that are favorable to us. If we raise additional capital through the sale of our equity securities, your ownership interest will be diluted and the terms of the financing may adversely affect your holdings or rights as a stockholder.

### **Risks Related to Owning Our Common Stock**

As we currently have a limited market for our Shares, shareholders may be unable to sell their Shares; the price may be volatile and shareholders may lose their entire investment.

Our stock currently trades in a grey market and we cannot provide investors with any assurance that a true market whereby market makers have received clearance to quote our Shares, will ever develop. If no true market develops, the holders of our common stock may find it difficult to sell their Shares. Further, even if a true market develops, our common stock may be subject to price fluctuations and volatility. We cannot apply directly to be quoted on the OTC Bulletin Board. Additionally, the stock can be listed or traded only to the extent that there is interest by broker/dealers in acting as a market maker in our stock. Despite our best efforts, we have not been able to retain a broker/dealer to act as market-maker and make quotations on the OTC Bulletin Board.

## **Risks Related to Our Offering**

Pursuant to Regulation D, Rule 506 of the Securities Act, in April 2009 we launched a Private Offering to raise \$5,000,000 via the offering of 1,000 units (the “Units”) at \$5,000 per Unit. Each Unit consists of 100,000 shares of restricted common stock (the “Shares”) and a common share purchase warrant (the “Warrant”) to purchase up to 100,000 Shares exercisable at \$0.05 per share for a period of 2 years.

The Securities are offered under a private offering exemption.

Our common stock offered hereunder is being offered in reliance upon a private placement exemption from registration available under Section 4(2) and Regulation D of the Securities Act. If we should fail to comply with the requirements of these exemptions, investors in Our Offering may have the right to rescind their purchases if they so desire. Due to circumstances surrounding some of the investments we have received in connection with Our Offering, the possibility exists that some investors may already have the right to rescind their investments if they so desire and we are offering certain investors the right to rescind if they so desire. If a number of shareholders were to successfully seek rescission, we would face severe financial demands that could have a material adverse effect on us and the non-rescinding shareholders.

*There is no minimum offering, we have significant capital requirements and anticipate a need for additional financing.*

We may not generate sufficient revenues from our operations to fund our operations and, therefore, will be dependent upon the proceeds of Our Offering and future private and/or public financings to expand our operations. In the event we sell less than the maximum number of Units offered hereby, our operating capital will be correspondingly reduced, and we may be required to seek additional sources of funding, the availability of which cannot be assured. Our Offering is being made on a “best efforts” basis to raise a maximum of \$5,000,000. At any time after we have received and accepted subscriptions for any Units, we may use the net proceeds received from the sale of such Units. If we fail to consummate the Maximum Offering, our future activities and ability to execute and/or implement our business plan and strategies will be curtailed and our Company will be significantly adversely affected, and our investors may face greater economic risks.

The Company is dependent on the proceeds of Our Offering and future private and/or public financings to develop its operations. There can be no assurance that additional financing will be available to the Company on commercially reasonable terms, or at all. The inability to obtain additional financing, when needed, would have a material adverse effect on the Company, including possibly requiring the Company to significantly curtail its operations. To the extent that any future financing involves the sale of the Company’s equity securities, the holdings of the Company’s then existing shareholders could be substantially diluted.

*Potential future financings could involve a dilution of the interests of the shareholders of the company upon the issuance of additional shares of common stock and/or other securities.*

We may engage in future financings over the next several years. There can be no assurances that such financing will ever be completed, but any such financing could involve a dilution of the interests of our shareholders upon the issuance of additional shares of common stock and/or other securities. To the extent we need additional financing in the immediate or near future to implement our business plan, attaining such additional financing may not be possible, or if additional capital may be otherwise available, the terms on which such capital may be available may not be commercially feasible or advantageous to investors participating in Our Offering. We may issue shares of our common stock or preferred stock in exchange for additional financing. There can be no assurance that additional financing can be obtained by the Company.

*There are restrictions on the transfer of the Company’s securities.*

Investors should be fully aware of the long-term nature of their investment in the Company. Each investor will be required to represent that they are purchasing the securities for their own account for investment purposes and not with a view towards resale or distribution. The Units and underlying securities will not be registered under the Securities Act or under state securities laws by reason of specific exemptions under the provisions of such acts, which depend in part, upon the investment intent of such investor. The securities are not readily transferable and no transfer of securities may be made unless the transfer does not violate federal or state securities laws. In light of these restrictions on the transfer of the

securities, the securities may not be readily pledged or accepted as collateral for loans. Furthermore, if, as a result of a change in circumstances not now contemplated, an investor wishes to transfer his or her securities, he/she will, in all likelihood, find no market therefore, even if the transfer is permitted.

*The securities are offered under a private offering exemption.*

The securities are being offered to prospective investors under the private offering exemptions from registration available under the Securities Act and the laws of the states in which the Units will be sold. If we should fail to comply with the requirements of these exemptions, investors in Our Offering may have the right to rescind their purchases if they so desire. Since compliance with the exemption rules is highly technical, it is possible that, if a shareholder seeks rescission, he may succeed. If a number of shareholders were to successfully seek rescission, we would face severe financial demands that could have a material adverse effect on the Company and the non-rescinding shareholders.

*There is only a limited market for our securities and limited information on our company*

The Company is a non-reporting company trading on the Grey Market on Pink OTC Markets under the symbol “ZMBC.PK”. As such, there is only a limited market for our common stock. Further, the Company does not comply with the reporting requirements of the Securities Act. As a result, there is only limited information available on the Company, or its financial performance.

*The securities laws may restrict the transferability of the securities being issued.*

The Common Stock and Warrants have not been registered under the Securities Act or registered or qualified under any state or foreign securities laws. Such securities are being issued based upon the Company’s reliance upon an exemption from registration under the Securities Act for an offer and sale of securities that does not involve a public offering. Unless such securities are so registered, they may not be offered or sold except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state or foreign securities laws. The certificates representing shares of Common Stock, Warrants and shares of Common Stock underlying the Warrants will bear a legend indicating that they are so restricted. Accordingly, purchasers of the securities in Our Offering must be prepared to bear the economic risks of investment for an indefinite period of time since the securities cannot be resold unless they are subsequently registered or an exemption from resale is available.

#### Discretion of Management as to use of offering proceeds

Our management will have significant discretion as to the use of the proceeds we receive as a result of your investment. Although we intend to rely directly on the subscription proceeds from the sale of Units in the Offering to i) retain an auditor to conduct a financial audit and ii) retain securities lawyers to file a registration statement with the SEC, and there is no assurance that such proceeds will be allocated in any specific manner or devoted to any specific uses.

*The Company’s officers and directors will have significant voting power and may take actions that may not be in the best interests of other shareholders.*

Following the closing of Our Offering and assuming the completion of the Maximum Offering, the Company’s officers and directors, principal stockholders and their affiliates will control in excess of 30% of its voting securities. If these stockholders act together, they will be able to exert significant control over the Company’s management and affairs requiring stockholder approval, including approval of significant corporate transactions. This concentration of ownership may have the effect of delaying or preventing a change in control and might adversely affect the market price of the Common Stock. This concentration of ownership may not be in the best interests of all the Company’s stockholders.

#### We may be unable to continue as a going concern.

We do not have any available credit, bank financing, or other external sources of liquidity. Due to historical operating losses, operations have not been a source of liquidity. In order to obtain capital and to satisfy our cash needs for the next twelve months, we may need to sell additional Shares or to borrow funds from private lenders. There can be no assurance that we will be successful in obtaining additional funding to meet our cash needs for the next twelve months. These conditions, among others, raise substantial doubt about our ability to continue as a going concern.

We have historical operating losses and cannot assure future profitability.

We have reported subsequent operating losses since inception. Our accumulated deficit as of December 31, 2009 was \$7,944,762. There is no assurance that we will operate profitably, and if we cannot, we may not be able to meet our debt service, working capital requirements, capital expenditure plans, anticipated production slate or other cash needs. Our inability to meet those needs could have a material adverse effect on our business, results of operations, and financial conditions.

### **Risks Related To Our Information Management Business and Industry**

Our markets are highly competitive and many of our competitors have greater resources than we do.

The business and consumer marketing information industry in which we operate is highly competitive. Intense competition could harm us by causing, among other things, price reductions, reduced gross margins, and loss of market share. Our competitors include: infoUSA, Experian, and Dun & Bradstreet. We may face competition from new entrants to the business and consumer marketing information industry as a result of the rapid expansion of the Internet, which creates a substantial new channel for distributing business information to the market. Many of our competitors have better name recognition and greater financial resources than we do, which may enable them to implement their business strategies more readily than we can. We may not be able to compete successfully against current and future competitors.

If we cannot keep up to changes in technology, our products could become obsolete.

Advances in information technology may result in changing customer preferences for products and product delivery formats. If we do not successfully adapt our products and services to take advantage of changes in technology and customer preferences, our business, financial condition and results of operations would be adversely affected.

Strategic acquisitions and failure to successfully integrate our business units and rebrand the Company to our customers may negatively impact our financial results.

*We may pursue strategic acquisitions when presented with appropriate opportunities.* Any acquisition we undertake increases the risks of unsuccessful integration of the acquired business, increasing the potential of harm to our financial results from this growth strategy. Failure to strategically consolidate and merge our existing business units may prevent us from achieving our planned cost savings initiatives.

*Future acquisitions may also harm our operating results, dilute our stockholders' equity and create other financial difficulties for us.*

We may in the future pursue acquisitions that we believe could provide us with new technologies, products or service offerings, or enable us to obtain other competitive advantages.

Acquisitions by us may involve some or all of the following financial risks:

- use of significant amounts of cash;
- potential dilutive issuances of equity securities;
- incurrence of debt or amortization expenses related to certain intangible assets; and
- future impairment charges related to diminished fair value of businesses acquired as compared to the price we pay for them.

We may not be successful in overcoming the risks described above or any other problems associated with future acquisitions. Any of these risks and problems could materially harm our business, prospects and financial condition. Additionally, we cannot guarantee that any companies we may acquire will achieve anticipated revenues or operating results.

## **Risks Related To Our Film and Animation Business and Industry**

### We face substantial capital requirements and financial risks.

*Our film and animation business requires a substantial investment of capital.* We are a diversified company operating in the entertainment and information industries. We are engaged in the acquisition, development, marketing, licensing and distribution of motion picture and television, film and animation, and sports entertainment properties.

The production, acquisition and distribution of film and animation require a significant amount of capital. A significant amount of time may elapse between our expenditure of funds and the receipt of commercial revenues from or government contributions to our film and animation. This time lapse requires us to fund a significant portion of our capital requirements by raising money through the sale and issuance of shares. Although we intend to continue to reduce the risks of our production exposure through government and industry programs, we cannot assure that we will be able to implement successfully these arrangements or that we will not be subject to substantial financial risks relating to the production, acquisition, completion and release of future film and animation. If we increase (through internal growth or acquisition) our production slate or our production budgets, we may be required to increase overhead, make larger up-front payments to talent and consequently bear greater financial risks. Any of the foregoing could have a material adverse effect on our business, results of operations or financial condition.

### We have limited sources of revenue.

We are currently have limited sources of revenue. Our revenue generation is currently limited to our information management business line, specifically our FNIN subsidiary. Zuma has not yet realized any revenues from our film and animation and sports entertainment projects. We will be required to raise additional capital to continue our operations.

### Our revenues and results of operations may fluctuate significantly.

*Revenues and results of operations are difficult to predict and depend on a variety of factors.* Our revenues and results of operations will depend significantly upon the commercial success of the film and animation that we will distribute, which cannot be predicted with certainty. Accordingly, our revenues and results of operations may fluctuate significantly from period to period, and the results of any one period may not be indicative of the results for any future periods. We cannot assure that we will manage the production, acquisition and distribution of future film and animation in a manner that will provide for revenue in excess of expenses.

*Our revenues and results of operations are vulnerable to currency fluctuations.* We report our revenues and results of operations in U.S. dollars, but we expect that a significant portion of our revenues, if any, may be earned outside of the United States. Our principal currency exposure is between Canadian and U.S. dollars. We cannot accurately predict the impact of future exchange rate fluctuations between the Canadian dollar and the U.S. dollar or other foreign currencies on revenues and operating margins, and fluctuations could have a material adverse effect on our business, results of operations, or financial condition.

From time to time we may experience currency exposure on distribution and production revenues and expenses from foreign countries, which could have a material adverse effect on our business, results of operations, and financial condition.

*Accounting practices used in our industry may accentuate fluctuations in operating results.* In addition to the cyclical nature of the entertainment industry, our accounting practices (which are standard for the industry) may accentuate fluctuations in our operating results. In accordance with generally accepted accounting principles and industry practice, we will amortize film costs using the “individual-film-forecast” method. Under this accounting method, we will amortize film costs for each film based on the following ratio:

Revenue earned by title in the current period / Estimated total revenues by title

We will regularly review, and revise when necessary, our total revenue estimates on a title-by-title basis. This review may result in a change in the rate of amortization and/or a write-down of the film asset to estimated fair value. Results of operations in future years depend upon our amortization of our film costs. Periodic adjustments in amortization rates may

significantly affect these results. In addition, we are required to expense film advertising costs as incurred, but are also required to recognize the revenue from any motion picture over the entire revenue stream expected to be generated by the individual picture.

Failure to manage future growth may adversely affect our business.

*We may not be able to obtain additional funding to meet our requirements.* Our ability to grow through acquisitions, business combinations and joint ventures, to maintain and expand our development, production, and distribution of film and animation and to fund our operating expenses depends upon our ability to obtain funds through equity or debt financing. If we do not have access to such financing arrangements, and if other funding does not become available on terms acceptable to us, there could be a material adverse effect on our business, results of operations, or financial condition.

We have no film library and no projects in production.

Although we intend to become active in the entertainment industry, we have no film library and no entertainment product in production and/or ready for distribution. Although we have projects in development, we have no projects in production at this time. If we do not develop a film library and are unable to develop or acquire production projects, then we will not be able to generate revenues in the entertainment industry and may not be able to continue as a going concern.

Our ability to exploit the film library we will create may be limited.

*A significant portion of the film library we will create will come from a small number of titles.* We may depend on a limited number of titles for the majority of the revenues we may generate. In addition, some of the titles that will be acquired for our library are not presently distributed and will generate substantially no revenue. If we cannot acquire new product and rights to popular titles through production, distribution agreements, acquisitions, mergers, joint ventures or other strategic alliances, it could have a material adverse effect on our business, results of operations, or financial condition.

*We currently have limited rights to produce or distribute film and animation projects.* Our success in the film and animation industry relies heavily on our ability to obtain rights to distribute any film or entertainment project. If we are unable to obtain additional rights, we may not be able to continue business in the film and animation industry. Failure to obtain such rights could result in a material adverse effect on our business, results of operations, or financial condition.

Our success depends on external factors in the motion picture, film and animation and television industries.

*Our success depends on the commercial success of film and animation, which is unpredictable.*

Operating in the film and animation industry involves a substantial degree of risk. Each film or animation is an individual artistic work, and unpredictable audience reactions primarily determine commercial success. Generally, the popularity of film and animation depends on many factors, including the critical acclaim they receive, the format of their initial release, for example, theatrical or direct-to-video, the actors and other key talent, their genre and their specific subject matter. The commercial success of film and animation also depends upon the quality and acceptance of film and animation that our competitors release into the marketplace at or near the same time, critical reviews, the availability of alternative forms of entertainment and leisure activities, general economic conditions and other tangible and intangible factors, many of which we do not control and all of which may change. We cannot predict the future effects of these factors with certainty, any of which factors could have a material adverse effect on our business, results of operations, and financial condition.

In addition, because a motion picture's performance in ancillary markets, such as home video and pay and free television, is often directly related to its box office performance, poor box office results may negatively affect future revenue streams. Our success will depend on the experience and judgment of our management to select and develop new investment and production opportunities. We cannot make assurances that our film and animation will obtain favorable reviews or ratings, or that our film and animation will perform well at the box office or in ancillary markets. The failure to achieve any of the foregoing could have a material adverse effect on our business, results of operations and financial condition.

*We could be adversely affected by strikes or other union job actions.* The film and animation that we will produce may generally employ actors, writers, and directors who are members of the Screen Actors Guild, Writers Guild of America, and

Directors Guild of America, respectively, pursuant to industry-wide collective bargaining agreements. Many productions also employ members of a number of other unions, including, without limitation, the International Alliance of Theatrical and Stage Employees, the Teamsters and the Alliance of Canadian Cinema, Television and Radio Artists. A strike by one or more of the unions that provide personnel essential to the production of film and animation could delay or halt our ongoing production activities. Such a halt or delay, depending on the length of time, could cause a delay or interruption in our release of new film and animation, which could have a material adverse effect on our business, results of operations, or financial condition.

We face substantial competition in all aspects of our business.

*We are smaller and less diversified than many of our competitors.* Although we will strive to be an independent distributor and producer, we constantly compete with major U.S. and international studios. Most of the major U.S. studios are part of large diversified corporate groups with a variety of other operations, including television networks and cable channels, that can provide both means of distributing their products and stable sources of earnings that may allow them better to offset fluctuations in the financial performance of their motion picture and television operations. In addition, the major studios have more resources with which to compete for ideas, storylines and scripts created by third parties as well as for actors, directors, and other personnel required for production. The resources of the major studios may also give them an advantage in acquiring other businesses or assets, including film libraries, that we might also be interested in acquiring. The foregoing could have a material adverse effect on our business, results of operations, and financial condition.

*The film and animation industry is highly competitive and at times may create an oversupply of film and animation in the market.* The number of film and animation released by our competitors, particularly the major U.S. studios, may create an oversupply of product in the market, reduce our share of box office receipts, and make it more difficult for our films to succeed commercially. Oversupply may become most pronounced during peak release times, such as school holidays and national holidays, when theatre attendance is expected to be highest. For this reason, and because of our more limited production and advertising budgets, we typically would not release our films during peak release times, which may also reduce our potential revenues for a particular release. Moreover, we cannot guarantee that we can release all of our films when they are otherwise scheduled. In addition to production or other delays that might cause us to alter our release schedule, a change in the schedule of a major studio may force us to alter the release date of a film because we cannot always compete with a major studio's larger promotion campaign. Any such change could adversely impact a film's financial performance. In addition, if we cannot change our schedule after such a change by a major studio because we are too close to the release date, the major studio's release and its typically larger promotion budget may adversely impact the financial performance of our film. The foregoing could have a material adverse effect on our business, results of operations, and financial condition.

The limited supply of motion picture screens compounds this product oversupply problem. Currently, a substantial majority of the motion picture screens in the U.S. typically are committed at any one time to only ten to 15 films distributed nationally by major studio distributors. In addition, as a result of changes in the theatrical exhibition industry, including reorganizations and consolidations and the fact that major studio releases occupy more screens, the number of screens available to us when we want to release a picture may decrease. If the number of motion picture screens decreases, box office receipts, and the correlating future revenue streams, such as from home video and pay and free television, of our film and animation may also decrease, which could have a material adverse effect on our business, results of operations or financial condition.

*Technological advances may reduce our ability to exploit our film and animation.* The entertainment industry in general and the motion picture industry in particular continue to undergo significant technological developments, including video-on-demand. This rapid growth of technology combined with shifting consumer tastes could change how consumers view our film and animation. For example, an increase in video-on-demand could decrease home video rentals. Other larger entertainment distribution companies will have larger budgets to exploit these growing trends. We cannot predict how we will financially participate in the exploitation of our film and animation through these emerging technologies or whether we have the right to do so for certain of our library titles. If we cannot successfully exploit these and other emerging technologies, it could have a material adverse effect on our business, results of operations or financial condition.

The loss of key personnel could adversely affect our business.

Our success depends to a significant degree upon the efforts, contributions and abilities of our senior management, including

Mark Savoy, our chief executive officer, Roy Escosar our chief financial officer and Jason Spasaro, our chief operations officer. We cannot assure that the services of our key personnel will continue to be available to us or that we will be able to successfully negotiate an employment agreement. The loss of services of this employee or any others who may be hired in the future could have a material adverse effect on our business, results of operations, or financial condition.

We face risks from doing business internationally.

We intend to distribute film and animation productions outside the United States and Canada through third party licensees and derive revenues from these sources. As a result, our business is subject to certain risks inherent in international business, many of which are beyond our control. These risks include:

- changes in local regulatory requirements, including restrictions on content;
- changes in local regulatory requirements, including restrictions on content;
- changes in the laws and policies affecting trade, investment and taxes (including laws and policies relating to the repatriation of funds and to withholding taxes);
- differing degrees of protection for intellectual property;
- instability of foreign economies and governments;
- cultural barriers; and
- wars and acts of terrorism.

Any of these factors could have a material adverse effect on our business, results of operations, or financial condition.

Protecting and defending against intellectual property claims may have a material adverse effect on our business.

Our ability to compete depends, in part, upon successful protection of our intellectual property. We do not have the financial resources to protect our rights to the same extent as major studios. We will attempt to protect proprietary and intellectual property rights to our productions through available copyright and trademark laws and licensing and distribution arrangements with reputable international companies in specific territories and media for limited durations. Despite these precautions, existing copyright and trademark laws afford only limited practical protection in certain countries. We will also distribute our products in other countries in which there is no copyright and trademark protection. As a result, it may be possible for unauthorized third parties to copy and distribute our productions or certain portions or applications of our intended productions, which could have a material adverse effect on our business, results of operations or financial condition.

Litigation may also be necessary in the future to enforce our intellectual property rights, to protect our trade secrets, or to determine the validity and scope of the proprietary rights of others, or to defend against claims of infringement or invalidity. Any such litigation could result in substantial costs and the diversion of resources and could have a material adverse effect on our business, results of operations, or financial condition. We cannot assure that infringement or invalidity claims will not materially adversely affect our business, results of operations, or financial condition. Regardless of the validity or the success of the assertion of these claims, we could incur significant costs and diversion of resources in enforcing our intellectual property rights or in defending against such claims, which could have a material adverse effect on our business, results of operations, or financial condition.

Piracy of film and animation, including digital and internet piracy, may reduce the gross receipts from the exploitation of our films.

Motion picture piracy is extensive in many parts of the world, including South America, Asia, the countries of the former Soviet Union and other former Eastern bloc countries. Additionally, as film and animation begin to be digitally distributed using emerging technologies such as the internet and online services, piracy could become more prevalent, including in the U.S., because digital formats are easier to copy. As a result, users can download and distribute unauthorized copies of copyrighted film and animation over the internet. In addition, there could be increased use of devices capable of making unauthorized copies of film and animation. As long as pirated content is available to download digitally, many consumers may choose to download such pirated film and animation rather than pay for film and animation. Piracy of our films may adversely impact the gross receipts received from the exploitation of these films, which could have a material adverse effect on our business, results of operations, or financial condition.

## **Risks Related To Our Sports Entertainment Business and Industry**

*We have been solely dependent upon the proceeds from the sale of our securities and advances from our affiliates and we have significant cash requirements to facilitate our business plan.*

We may need to raise additional significant capital through a private placement of our securities over the next 12 months. We believe we will require \$3,000,000 to commence WAR operations. We cannot provide any assurances that we will be able to secure financing necessary to facilitate our business plan. We have incurred significant losses and have negative cash flow from operations. We expect significant operating losses to continue at least during calendar year ended December 31, 2010. There can be no assurances that any additional funding will be available or, if available, that such funding can be obtained on favorable terms.

*Our business is difficult to evaluate because it represents a new business model for the U.S. spectator sports and we have recently began operations. The rugby league may not develop as we anticipate, and we may not successfully execute our business strategy.*

Our rugby league will be the first professional rugby league in the United States and is unique because our teams will play indoors. This business model may not prove to be successful. You must consider the challenges, risks and difficulties frequently encountered by early stage companies using new and unproven business models in new and rapidly evolving markets. Some of these challenges relate to our ability to:

- establish teams;
- develop brand name recognition;
- develop fan base;
- successfully produce live events;
- develop relationships with broadcast television outlets and secure arena leases for our teams;
- manage licensing and branding activities; and
- create outlets for our content and marketing opportunities.

Our business strategy may not successfully address these and the other challenges, risks and uncertainties that we face, which could adversely affect our overall success and delay or prevent us from achieving profitability.

*We will require significant capital to develop and promote WAR.*

In order for our rugby league to become successful, we have to develop and promote the league. Historically and up to the present time, we have had no capital to develop the league. Promotion will achieve two objectives: (i) create fan interest, and (ii) team interest. Until such time that we can properly promote the league we do not anticipate any significant fan interest.

*We will be dependent on corporate sponsorships, of which we currently have none.*

Our financial success will be dependent to a large degree on corporate sponsorship to help defray costs. To date, we have no corporate sponsorship. Until such time as WAR can attract meaningful sponsorship, earnings, if any, will be impacted.

*Our rugby league will compete with other sporting events and sports entertainment.*

While our season has been scheduled during the summer to avoid competing with professional basketball, football and hockey leagues, we will compete with outdoor sporting events such as baseball, golf and tennis and our season comes at a time when spectators might normally prefer to be outdoors rather than indoors in an arena. These factors may impact future fan acceptance and support.

*We may be unable to compete with larger or more established sports leagues for corporate advertising budgets.*

We face a large and growing number of competitors in the sports and entertainment industry. Many of these competitors have substantially greater financial, technical and marketing resources, larger customer bases, longer operating

histories, greater name recognition, and more established relationships in the industry than does the Company. As a result, a certain number of these competitors may be in better positions to obtain corporate advertising. We cannot be sure that we will be able to compete successfully with existing or new competitors.

*We depend on certain key executive personnel for our success, the loss of whom could adversely affect our business, financial condition and results of operations.*

Our success depends on the continued availability and contributions of members of our senior management and other key personnel. The loss of the services of any of our executive officers or any of a number of other key personnel could delay or reduce our efforts to develop our rugby league. Furthermore, recruiting and retaining qualified personnel to assist with these efforts will be critical to our success. The loss of members of our management team or our inability to attract or retain other qualified personnel or advisors, could significantly weaken our management team, harm our ability to compete effectively, harm our long-term business prospects, disrupt our relationships with advertisers and have a corresponding negative effect on our financial results, marketing and other objectives and impair our ability to develop our rugby league.

*Our insurance may not be adequate to cover liabilities resulting from accidents or injuries that occur during our physically demanding games.*

Rugby games will expose our athletes and coaches who are involved in the production of those events to the risk of travel and game-related accidents, the consequences of which may not be fully covered by insurance. The physical nature of our events exposes athletes and coaches to the risk of serious injury or death. Although we intend to provide the necessary and required health, disability and life insurance for our athletes and coaches on an event-by-event basis, this coverage may not be sufficient to cover all injuries they may sustain. Liability extending to us resulting from any death or serious injury sustained by one of our athletes or coaches during an event, to the extent not covered by our insurance, could adversely affect our operating results.

*The failure to retain or continue to recruit key athletes and coaches could negatively impact the growth of WAR's popularity.*

Our success depends, in large part, upon our ability to recruit and retain athletes and coaches who can perform at a high level in our live events and televised programming. There is no assurance that we will be able to identify and retain these athletes and coaches. Our failure to attract and retain key athletes, or a serious or untimely injury to, or the death of, or unexpected or premature loss or retirement for any reason of any of our key athletes, could lead to a decline in the popularity of our brand of indoor rugby, which could adversely affect our operating results.

*The markets in which we operate are highly competitive, rapidly changing and increasingly fragmented, and we may not be able to compete effectively, especially against competitors with greater financial resources or marketplace presence.*

For our live and television audiences, we will face competition from professional and college sports, as well as from other forms of live and televised entertainment and other leisure activities in a rapidly changing and increasingly fragmented marketplace. Many of the companies with which we compete have greater financial resources than are currently available to us. Our failure to compete effectively could result in a significant loss of viewers, venues, distribution channels or athletes and fewer advertising dollars spent on our form of sporting events, any of which could adversely affect our operating results.

*A decline in the popularity of rugby, including changes in the social and political climate, could adversely affect our business.*

Our operations are affected by consumer tastes and entertainment trends, which are unpredictable and subject to change and may be affected by changes in the social and political climate. We believe that rugby is growing in popularity in the United States and around the world, but a change in our fans' tastes or a material change in the perceptions of our advertisers, distributors and licensees, whether due to the social or political climate or otherwise, could adversely affect our operating results.

*Because we will depend upon our intellectual property rights, our inability to protect those rights or prevent their infringement by others could adversely affect our business.*

Intellectual property is material to all aspects of our operations, and we may expend substantial cost and effort in an attempt to maintain and protect our intellectual property. We have a portfolio of registered trademarks and service marks and maintain a catalog of copyrighted works, including copyrights to television programming and photographs. Our inability to protect our portfolio of trademarks, service marks, copyrighted material, trade names and other intellectual property rights from piracy, counterfeiting or other unauthorized use could negatively affect our business.

*We may be prohibited from promoting and conducting our live events if we do not comply with applicable regulations.*

In various states in the United States and some foreign jurisdictions, athletic commissions and other applicable regulatory agencies require us to obtain licenses for promoters, medical clearances and/or other permits or licenses for athletes and/or permits for events in order for us to promote and conduct our live events. If we fail to comply with the regulations of a particular jurisdiction, we may be prohibited from promoting and conducting live events in that jurisdiction. The inability to present live events over an extended period of time or in a number of jurisdictions could lead to a decline in the various revenue streams generated from our live events, which could adversely affect our operating results.

*A decline in general economic conditions could adversely affect our business.*

Our operations are affected by general economic conditions, which generally may affect consumers' disposable income, the level of advertising spending and sponsorships. The demand for entertainment and leisure activities tends to be highly sensitive to the level of consumers' disposable income. A decline in general economic conditions could reduce the level of discretionary income that our fans and potential fans have to spend on our live and televised entertainment and consumer products, which could adversely affect our revenues.

*The establishment of relationships with advertisers is necessary for us to achieve significant revenues.*

Our revenue model includes significant revenues from advertising. If we are unable to develop sufficient relationships with key advertisers, we might not be able to achieve the revenues that we are projecting.

*There could be unexpected costs associated with our live events.*

We may incur unexpected costs associated with promoting the league and individual games. These costs could be related to, among other factors, production, distribution, or marketing overruns. These unexpected costs could significantly affect our profits.

*We may enter into agreements with promotion companies to co-promote or co-produce a live event. We cannot guarantee that any revenues or fees we receive in connection with such events will exceed our costs, nor can we guarantee that such events will increase our popularity.*

We may enter into agreements with promotion companies to co-promote or co-produce our games. We will have limited control over the promotion or production aspects of the event, which may impact the gate ticket sales at the event and affect gate revenues. We cannot guarantee that any revenues or fees we receive in connection with such events will exceed our costs. We cannot guarantee that promoting or producing a live game with a third party will not negatively impact our image.

*Liability claims in excess of our planned insurance coverage could adversely affect our business, financial condition and results of operations.*

The nature of our live actions events could expose us to significant liability claims. These claims might be made directly by participants, attendees or our customers. A liability claim or other claim, as well as any claims for uninsured liabilities or in excess of insured liabilities, could result in substantial costs to us, divert management attention from our operations and generate adverse publicity. This could harm our reputation, result in a decline in revenues and increase expenses.

*We may be unable to scale our operations successfully.*

Our plan is to grow rapidly. Our growth will place significant demands on our management and technology development, as well as our financial, administrative and other resources. We cannot guarantee that any of the systems, procedures and controls we put in place will be adequate to support the commercialization of our operations. Our operating results will depend substantially on the ability of our officers and key employees to manage changing business conditions and to implement and improve our financial, administrative and other resources. If we are unable to respond to and manage changing business conditions, or the scale of our products, services and operations, then the quality of our services, our ability to retain key personnel and our business could be harmed.

*If we are unable to hire additional needed personnel, our growth prospects will be limited, or our operations may be impaired.*

Our business requires uniquely trained and experienced professionals, and our success depends in large part upon our ability to attract, develop, motivate, and retain highly skilled personnel. Qualified employees will be a limited resource for the foreseeable future. As a new company with little history, we may have particular difficulty hiring qualified personnel. If we are unable to retain necessary personnel, our business will probably suffer, and investors may incur losses on their investment in the Company. Furthermore, our limited operating history may require the Company to pay above market salaries in order to attract qualified personnel, which could impair our profitability.

#### **Item 1B. Unresolved Staff Comments.**

Not applicable

#### **Item 2. Properties.**

Our principal place of business is located at 3420 N. San Fernando Blvd., Burbank, CA 91504. We sublease our principal place of business from Exchangemall, Inc. We have no production or distribution location.

#### **Item 3. Legal Proceedings.**

We are not involved in any legal proceeding since the filing of this report.

#### **Item 4. Submission of Matters to a Vote of Security Holders.**

No matters were submitted to a vote of the security holders during the fourth quarter of the fiscal year ended July 31, 2009.

## **PART II**

#### **Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities.**

##### **Market Information**

Our common stock is currently quoted on the Pink OTC Markets under the symbol "ZMBC" with a tier classification of "Grey Market". Grey Market under Pink OTC Markets classification means "there are no market makers in this security. It is not listed, traded or quoted on any stock exchange, the Over the Counter Bulletin Board ("OTCBB") or the Pink OTC Markets. Trades in grey market stocks are reported by broker-dealers to their Self Regulatory Organization (SRO) and the SRO distributes the trade data to market data vendors and financial websites so investors can track price and volume. Since grey market securities are not traded or quoted on an exchange or inter-dealer quotation system, investor's bids and offers are not collected in a central spot so market transparency is diminished and Best Execution of orders is difficult."

We intend to move up to Pink OTC Markets Current Information and trade on the OTCBB once we fulfill the requirements for doing so.

The high and low sales prices quoted on the Pink OTC Markets for Zuma's Shares for each quarterly period since December 31, 2007, is as follows:

	YEAR ENDED		YEAR ENDED		YEAR ENDED	
	12/31/2007		12/31/2008		12/31/2009	
	High	Low	High	Low	High	Low
1st Qtr	0.0001	0.0001	0.04	0.04	0.0003	0.0003
2nd Qtr	0.0005	0.0005	0.05	0.0484	0.01	0.01
3rd Qtr	0.03	0.03	0.03	0.002	0.01	0.01
4th Qtr	0.0115	0.0115	0.045	0.045	0.001	0.001

## Holders

As of December 31, 2009, there were approximately 300 registered holders of our common stock.

## Dividends

We have not paid dividends on its Shares and have no current plans to pay dividends. We have no current equity compensation plans.

## Recent Sales and/or Issuances of Unregistered Securities

### 2007

On April 7, 2007, we issued an equity compensation of 50,000 Shares @ \$0.50 per share to one of our consultant in consideration of his service to the company.

On May 4, 2007, we issued another equity compensation of 40,200 Shares @ \$0.50 per share to one of our consultants in consideration of his service to the company.

### 2008

On February 8, 2008, we purchased all of the assets of World Arena Rugby Union, LLC ("WAR LLC") consisting of various intellectual properties in exchange for forty-six percent (46%) of the issued and outstanding Shares of Zuma. The purchase agreement closed with the issuance of forty six million seven hundred fifty thousand, one hundred seventy-one (46,750,171) Shares @ \$0.006942 per share to interest holders of WAR LLC.

On March 27, 2008 Zuma acquired a 5% participating ownership interest in a slate of films from Deco Entertainment, LLC ("Deco) and C. Julian Productions, Inc. ("Julian"). The 10,000,000 Zuma Share consideration for the participating ownership interest in a slate of films was issued as follows: 4,4750,000 Shares to Deco @ \$0.03 per share, 4,4750,000 Shares to Julian @ \$0.03 per share and 500,000 to Kim Engelhart ("Engelhart") @ \$0.03 per share.

Note #1: The 10,000,000 Zuma Share consideration was originally issued on February 7, 2008 to Westlake Productions, LLC ("Westlake") however Zuma, at the request of the principals of Deco and Julian, subsequently requested for the 10,000,000 Shares originally issued to Westlake to be cancelled and re-issued to the aforementioned entities/individuals i.e. Deco, Julian and Engelhart.

Note #2: Ownership interest in the film "Sea of Darkness (USA) (working title) (known as "Dark Tracks" in European Film" from Deco Entertainment, LLC whose principal is Freddy Braidy. The additional titles in the slate of films remains undetermined at the current time.

On February 1, 2008, we issued equity compensation to our executive officers in consideration of their services to the Company.

Date	Nature of Offering	Party Shares Issued To	Number of Shares Issued (1)	Amount Paid to Issuer \$ (2)	Trading Status of Shares (3)	Certificates Issued with Restrictive Legends
02/01/08	Services	Director	700,000	0	Restricted	X
02/01/08	Services	Consultant	1,600,000	0	Restricted	X
02/01/08	Services	Consultant	1,000,000	0	Restricted	X

On February 1, 2008, the company issued 700,000 Shares @ \$0.03 per share to Roy Escosar, Director of Zuma for accounting services rendered from Dec 2005 to Jun 2006.

Shares issuance to Ernest E. Staggs, an unrelated party, 1,600,000 Shares @ \$0.03 per share for legal services rendered from Dec 2005 to Jun 2006.

On February 7, 2008, the company issued Shares to Dan Cannon, a shareholder of the company, 1,000,000 Shares @ \$0.03 per share as syndication cost regarding the acquisition of assets of from Deco and Julian.

(1) The number of Shares issued based on the nature of offering on the date of issuance.

(2) Represents the dollar amount paid to issuer. No cash payment was paid to issuer.

(3) Shares acquired in a private placement are considered restricted Shares and may not be sold in a public offering absent registration, or after an appropriate holding period has expired. Non-affiliates must wait one year after purchasing the Shares, after which time they may sell less than 1% of their outstanding Shares each quarter. For affiliates, there is a two-year holding period. In addition, Shares acquired with restrictive legends are considered restricted Shares and may not be sold in a public offering absent registration, or after an appropriate holding period has expired. Non-affiliates must wait one year after purchasing the Shares, after which time they may sell less than 1% of their outstanding Shares each quarter. For affiliates, there is a two-year holding period.

(4) No market currently exists for the Shares due to the fact that a period of three (3) consecutive days lapsed without a bid from a Market Maker. Thus, the Shares currently trade in a Grey Market.

## 2009

On May 27, 2009, we entered into an equity purchase agreement (the "Agreement") by and between Zuma Beach Entertainment, Inc., a Nevada corporation ("Buyer"), and Exchangemall.com, Inc., a California corporation ("Seller"). whereas, Seller, owns and desires to sell i) First National Information Network, Inc., ("FNIN"), a wholly owned subsidiary of Seller, which includes all the assets and liabilities of FNIN, including but not limited to, its operating division, employees, intellectual property, proprietary information, patents and trademarks, websites, records and databases, accounts payables and accounts receivables, cash flow revenues etc., along with SalesRide.com, Investor Concepts, Lead Manager and Fast Info 1 and ii) the uniform resource locator (URL) of Seller which is "www.exchangemall.com", collectively defined as (the "FNIN Subsidiary and Assets") and whereas, Buyer desires to purchase the FNIN subsidiary and assets for use on a nonexclusive basis on the terms and subject to the conditions set forth in the agreement.

As consideration for the sale, conveyance, assignment, transfer and delivery of the FNIN subsidiary and assets to Buyer, Buyer agrees to pay a total purchase price of one hundred seventy million (170,000,000) Shares of Zuma (the "Share Consideration"). The Share Consideration corresponds to a purchase price of eight million, five hundred thousand dollars (\$8,500,000) calculated based on a \$0.05 per share trading price. The purchase price represents a premium of approximately fifty percent (50%) over the value of \$0.21 per share assigned by ERISA Valuation Associates in their Limited Scope Fractional Interest Market Valuation Report of Exchangemall.com for the calendar year ended December 31, 2008.

On June 17, 2009, we entered into a share for debt and settlement agreement with a Zuma shareholder by issuing 180,000 Shares at \$0.05 per share in exchange for \$9,000 payable to the shareholder.

On June 17, 2009, we issued a total of 50,162,850 Shares to our executive officers (Mark Savoy, Jason Spasaro and Roy Escosar) in lieu of salaries from January 1, 2005 to March 31, 2009. (See Appendix)

Pursuant to Regulation D, Rule 506 of the Securities Act, Zuma launched a Private Offering to raise \$5,000,000 via the offering of 1,000 units (the “Units”) at \$5,000 per Unit. Each Unit consists of 100,000 Shares of restricted common stock (the “Shares”) and a common share purchase warrant (the “Warrant”) to purchase up to 100,000 Shares exercisable at \$0.05 per share for a period of 2 years. As of December 31, 2009, we issued 10,506,000 Shares at \$0.05 per Share representing total subscription proceeds of \$520,300.00. (See Appendix)

#### **Item 6. Selected Financial Data**

Not applicable.

#### **Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operation**

Unless the context otherwise requires, the use of the terms “Zuma”, “we”, “us” and “our” in the following refers to Zuma Beach Entertainment, Inc. and its consolidated subsidiaries.

Management’s Discussion and Analysis of Financial Condition and Results of Operation (“MD&A”) is intended to provide a reader of our financial statements with a narrative from the perspective of the management on our financial condition, results of operations, liquidity and certain other factors that may affect our future results. Our MD&A is presented in four sections:

1. Overview
2. Plan of Operations
3. Results of Operations
4. Liquidity and Capital Resources
5. Off-Balance-Sheet Arrangements and Contractual Obligations
6. Critical Accounting Estimates
7. New Accounting Standards

Our MD&A should be read in conjunction with our other quarterly filings on Pink OTC Markets and other publicly available information.

##### **1. Overview**

Zuma was incorporated in May of 2001 as Princeton Capital by its legal counsel David B. Stocker (“Mr. Stocker”) and its effective control person Michael Paloma (“Mr. Paloma”). In February of 2003, our name was changed to Carry Walker Inc. and we issued 6,000,000 Shares of its common stock to Gary Heath (“Mr. Heath”) as compensation for his services as Director, President, Secretary and Treasurer of Company. On June 27, 2003, Mr. Heath resigned such positions, which were then filled by Daniel P. Cannon (“Mr. Cannon”). Concurrently, the 6,000,000 Shares that had been issued to Mr. Heath were cancelled and reissued to Mr. Cannon. In July of 2003, Mr. Cannon executed a certificate of amendment to our Articles of Incorporation, changing our name to Zuma Beach Entertainment, Inc.

On April 2, 2007 Zuma formally signed an exclusive distribution agreement with Angel Babies, LLC. The terms of the agreement grant Zuma exclusive rights to license and distribute Angel Babies and all related products for up to 20 years.

On February 8, 2008 Zuma entered into an agreement to purchase all of the assets of World Arena Rugby Union, LLC (“WAR”) in exchange for newly issued Shares of Zuma representing forty-six 46% of the issued and outstanding Shares at the effective time of the transaction.

On March 27, 2008 Zuma acquired a 5% participating ownership interest in a slate of films from Deco Entertainment, LLC (“Deco”) and C. Julian Productions, Inc. (“Julian”).

On May 27, 2009 Zuma closed an asset purchase transaction to acquire the assets of Exchangemall.com, Inc. (“Exchangemall”) including First National Network, Inc., (“FNIN”) along with SalesRide.com, Investor Concepts, Fast Info 1 and the URL of Exchangemall, an asset purchase transaction valued at \$8.5M.

## 2. Plan of Operations

Following is our plan of operations for the next twelve months:

1. We do not have any available credit, bank financing, or other external sources of liquidity. Due to historical operating losses, operations have not been a source of liquidity. In order to obtain capital and to satisfy our cash needs for the next twelve months, we may need to sell additional Shares or to borrow funds from private lenders. There can be no assurance that we will be successful in obtaining additional funding to meet our cash needs for the next twelve months.
2. No extensive product research and development is necessarily expected to be performed over the term of the plan.
3. For the calendar year 2010, we are not anticipating any purchase or sale of plant or significant equipment.
4. We have significantly increased the number of employees in 2009 and will continue to hire in the first quarter of 2010 if we will be successful in our effort to raised additional funds to fund our projects. As of December 31, 2009, we have twenty eight (28) employees.

## 3. Results of Operations

The following information was extracted from our unaudited consolidated statement of income to reflect changes in our financial condition.

For the year ended December 31, 2009

	2009	2008	Change	
			Amount	Percentage
Sales	\$ 811,105	\$ -	\$ -	-
Cost of Good Sold	236,575			
Gross Profit	574,530	-	-	-
Operating expenses	1,467,006	235,668	(1,231,338)	-522.5%
Income before other income (expense)	(892,476)	(235,668)	1,231,338	522.5%
Other income (expenses)	135,790	(1,878)	(137,668)	7330.6%
Total	135,790	(1,878)	(137,668)	-6808.1%
Income before income taxes and minority interests	(756,686)	(237,546)	1,093,670	-460.4%
Provision for income taxes	(800)	-	(800)	
Net income before minority interest	(757,486)	(237,546)	1,092,870	-460.1%
Minority interest in net loss of consolidated entity	-	-	-	-
Net income (loss)	\$ (757,486)	\$ (237,546)	\$ 1,092,870	-460.1%

## Revenue

The following table presents unaudited consolidated revenue mix percentages by revenue category in fiscal 2009 and 2008.

	Revenue Mix Summary	
	December 31	
	2009	2008
Business Services	7%	-
Leads Generation	93%	-
Total	100%	-

Since inception of the business, the company generated consolidated revenue of \$811,105 of which 7% represents business services and 93% represents revenue from leads generation. The company has continued to incur expenses and has very little internal or external sources of liquidity as of the year ended.

#### Operating Expenses

Total operating expenses increased significantly in 2009 since the company launched a Private Offering to raise \$5,000,000 via the offering of 1,000 units (the “Units”) at \$5,000 per Unit. The increase of \$1,231,338, or 522.5% as of the year ended December 31, 2009 compared to the same period last year was caused primarily in the hiring of new employees. Our salaries and wages increased from \$174,000 to \$730,274. As of the year ended December 31, 2009, we hired twenty five salaried and hourly employees as specified in our use of proceeds in the private offering memorandum. Professional fees have significantly increased as well from \$58,641 to \$221,257 compared to the prior period. The increase in total professional fees was mainly due to an increase in Accounting and Director’s fees to complete audit and file a form 10 with the SEC. General administrative (“G&A”) fees also increase pretty significant from \$4,375 to \$399,725. G&A consists of expenses such as rent, bank charges, utilities and other administrative expenses necessary for the operations of the business.

Other income and expenses consists of miscellaneous income and other expenses not classified under any other regular expenses in the profit and loss statement. The miscellaneous income of \$135,790 is a consolidated amount from First National Information Network (“FNIN”), a wholly owned subsidiary of Zuma at the time of acquisition.

Other Income and Expenses	Zuma	FNIN	Consolidated
Loss on subsidiary	\$ -	\$ -	
Other expense		(3,530)	
Interest income		477	
Debt settlement		127,565	
Other income		11,278	
	\$ -	\$ 135,790	\$ 135,790

#### Provision for Income Taxes

A provision for income taxes in the amount of \$800.00 was made to cover the minimum tax for operating a business in California.

#### 4. Liquidity and Capital Resources

##### SUMMARY OF CASH FLOWS (Unaudited) (in thousands)

	For the Year Ended December 31		Change	
	2009	2008	Amount	Percentage
Cash provided by or (used in):				
Operating activities	\$ (428,311)	\$ (254,810)	\$ 173,501	-68%
Investing activities	(15,539)	(617,007)	(601,468)	97%
Financing activities	437,608	873,482	435,874	50%
Net change in cash & cash equivalents	\$ (6,242)	\$ 1,665	\$ (4,577)	-275%

Operating Activities. Change in net cash provided by operating activities increased in the fiscal year ended December 31, 2009 by approximately 68% compared to the same period the previous year. The increase of \$173,501 is a result of an increased loss in 2009 compared to 2008 offset by an increase in due to related parties for services.

Financing Activities. Our change in net cash used by financing activities was \$437,608 as of the fiscal year ended December 31, 2009. The decrease of 50% or \$435,874 in net cash used by financing activities was primarily attributable to a decrease in our Private Offering to raise \$5,000,000 via the offering of 1,000 units (the “Units”) at \$5,000 per Unit.

Investing Activities. Our change in net cash used by investing activities was \$15,539 as of the fiscal year ended December 31, 2009. In 2009, we started developing our “winged angel production”, a children’s publication designed for kids’ ages 6-9 years old. In 2009, we capitalized those expenses for a total of \$3,375. We also acquired FNIN in 2009. The acquisition of assets net of liabilities was \$12,164.

#### Other Credit Lines and Liquidity Requirements

We do not have any available credit, bank financing, or other external sources of liquidity. There can be no assurance that we will be successful in obtaining additional funding to meet our cash needs for the next twelve months.

#### Note regarding projections and forward looking statements

Except for historical information contained herein, this report contains express or implied forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Exchange Act. We may make written or oral forward-looking statements from time to time, in press releases, quarterly conference calls or otherwise. The words “believes,” “expects,” “anticipates,” “intends,” “forecasts,” “project,” “plans,” “estimates” and similar expressions identify forward-looking statements. These statements reflect our current views with respect to future events and financial performance or operations and speak only as of the date the statements are made.

Forward-looking statements involve risks and uncertainties and readers are cautioned not to place undue reliance on forward-looking statements. Our actual results may differ materially from such statements. Factors that cause or contribute to such differences include, but are not limited to, those discussed elsewhere in this report.

Although we believe that the assumptions underlying the forward-looking statements are reasonable, any of the assumptions could prove inaccurate with the result that there can be no assurance the results contemplated in such forward-looking statements will be realized. The inclusion of such forward-looking information should not be regarded, as a representation that the future events, plans, or expectations contemplated will be achieved. We undertake no obligation to publicly update, review, or revise any forward-looking statements to reflect any change in our expectations or any change in events, conditions, or circumstances on which any such statements are based.

### **5. Off-Balance-Sheet Arrangement and Contractual Obligations**

We have not entered into any off-balance sheet arrangements that have or are reasonably likely to have a current or future effect on our financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources and would be considered material to investors.

### **6. Critical Accounting Estimates**

#### **Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amount of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates. Significant estimates include the accounting for income taxes, and uncertainty in income taxes and depreciation and amortization.

#### **Goodwill and Intangible Assets**

We evaluate goodwill and other intangible assets for impairment annually and whenever events or changes in circumstances indicate the carrying value of the goodwill or other intangible assets may not be recoverable. As of December 31, 2009, we posted goodwill of \$9,917,102 in the balance sheet as a result of an equity purchase of FNIN on May 27, 2009.

We will complete our impairment evaluation by performing internal valuation analyses, considering other publicly available market information and using an independent valuation firm, as appropriate by the year end December 31, 2010.

## Revenue Recognition

See Note 1, Summary of Significant Accounting Policies, to the Notes to the Consolidated Financial Statements, included in Item 8, Financial Statements and Supplementary Data, of this Annual Report of Form 10-K, for a complete discussion of our revenue recognition policies.

We recognize revenue, after the customer receives services. Zuma provides business services to other related and unrelated entities for handling bookkeeping, mailing, janitorial, purchasing, payroll and consulting services.

## Acquisitions – Purchase Price Allocation

In accordance with accounting for business combinations, we allocate the purchase price of an acquired business to its identifiable assets and liabilities based on estimated fair values. Minority interests' proportionate ownership of assets and liabilities are recorded at historical carrying values. The excess of the purchase price over the amount allocated to the assets and liabilities, if any, is recorded as goodwill.

During the last two years, we completed two significant transactions:

- On February 8, 2008, we purchased all of the assets of World Arena Rugby Union, LLC (“WAR”) consisting of various intellectual properties in exchange for forty-six percent (46%) of the issued and outstanding common Shares of Zuma. The purchase agreement closed with the issuance of forty six million seven hundred fifty thousand, one hundred seventy-one (46,750,171) Shares @ \$0.006942 per share to interest holders of the WAR LLC.
- On May 27, 2009, we entered into an asset purchase agreement (the “Agreement”) by and between Zuma Beach Entertainment, Inc., a Nevada corporation (“Buyer”), and Exchangemall.com, Inc., a California corporation (“Seller”). Whereas, Seller, owns and desires to sell i) First National Information Network, Inc., (“FNIN), a wholly owned subsidiary of Seller, which includes all the assets and liabilities of FNIN, including but not limited to, its operating division, employees, intellectual property, proprietary information, patents and trademarks, websites, records and databases, accounts payables and accounts receivables, cash flow revenues etc., along with SalesRide.com, Investor Concepts, Lead Manager and Fast Info 1 and ii) the uniform resource locator (URL) of Seller which is “www.exchangemall.com”, collectively defined as (the “FNIN Subsidiary and Assets”)

We do not believe there is a reasonable likelihood that there will be a material change in the future estimates or assumptions we use to complete the purchase price allocation and estimate the fair value of acquired assets and liabilities. However, if actual results are not consistent with our estimates or assumptions, we may be exposed to losses or gains that could be material.

## 7. New Accounting Standards

In September 2006, the FASB issued SFAS No. 157, “Fair Value Measurements”. This statement defines fair value, establishes a framework for measuring fair value in generally accepted accounting principles, and expands disclosure about fair value measurements. The statement does not require any new fair value measurements, but for some entities, the application of the statement will change current practice. This statement is effective for financial statements issued for fiscal years beginning after November 15, 2007, and interim periods within those fiscal years. The Company does not expect the adoption of SFAS No. 157 to have a material impact on its financial statements.

In September 2006, the FASB issued Statement of Financial Accounting Standards No. 158, “Employers’ Accounting for Defined Benefit Pension and Other Postretirement Plans, an amendment of PASS Statements No. 87, 106, and 132(R)” (SFAS No. 158). SFAS No. 158 requires companies to recognize a net liability or asset and an offsetting adjustment to accumulate other comprehensive income to report the funded status of defined benefit pension and other postretirement benefit plans. SFAS No. 158 requires prospective application, recognition and disclosure requirements effective for the company’s fiscal year ending December 31, 2008. Additionally, SFAS No. 158 requires companies to measure plan assets and obligations at their year-end balance sheet date. This requirement is effective for the company’s fiscal year ending December 31, 2010. The company is currently evaluating the impact of the adoption of SFAS No. 158 and does not expect that it will have a material impact on its financial statements.

In February 2007, the FASB issued SFAS No. 159, the “Fair Value Option for Financial Assets and Financial Liabilities”. SFAS 159 provides entities with an option to report selected financial assets and liabilities at fair value and establishes presentation and disclosure requirements designed to facilitate comparisons between companies that select different measurement attributes. SFAS 159 is effective for fiscal years beginning after November 15, 2007. The Company does not expect the adoption of SFAS No. 159 to have a material impact on its financial statements.

In June 2007, the Emerging Issues Task Force (“EITF”) issued Issue No. 07-3, “Accounting for Nonrefundable Advance Payments for Goods or Services To Be Used in Future Research and Development Activities” (“EITF 07-3”) which concluded that nonrefundable advance payments for goods or services to be received in the future for use in research and development activities should be deferred and capitalized. The capitalized amounts should be expensed as the related goods are delivered or services are performed. Such capitalized amounts should be charged to expense if expectations change such that the goods will not be delivered or services will not be performed. The provisions of EITF 07-3 are effective for new contracts entered into during fiscal years beginning after December 15, 2007. The consensus on EITF 07-3 may not be applied to earlier periods and early adoption is not permitted. The Company is currently evaluating the effect of this pronouncement on its financial statements.

In December 2007, the FASB issued SFAS No. 141 (Revised 2007), “Business Combinations - Revised 2007”. SFAS 141 (R) provides guidance on improving the relevance, representational faithfulness, and comparability of information that a reporting entity provides in its financial reports about a business combination and its effects. SFAS 141R applies to business combinations where the acquisition date is on or after the beginning of the first annual reporting period beginning on or after December 15, 2008. The Company does not expect the adoption of SFAS No. 141 to have a material impact on its financial statements.

In December 2007, the FASB issued SFAS No. 160, “Noncontrolling Interests in Consolidated Financial Statements - an Amendment of Accounting Research Bulletin No. 51” (“SFAS No. 160”), which establishes accounting and reporting standards for ownership interests in subsidiaries held by parties other than the parent, the amount of consolidated net income attributable to the parent and to the noncontrolling interest, changes in a parent’s ownership interest and the valuation of retained noncontrolling equity investments when a subsidiary is deconsolidated. SFAS No. 160 also establishes reporting requirements that provide sufficient disclosures that clearly identify and distinguish between the interests of the parent and the interests of the non-controlling owners. SFAS No. 160 is effective for fiscal years, and interim periods within those fiscal years, beginning on or after December 15, 2008. The Company is currently evaluating the effect of this pronouncement on its financial statements.

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

In May 2008, the FASB issued SFAS No. 163, “Accounting for Financial Guarantee Insurance Contracts – an interpretation of FASB Statement No. 60.” SFAS 163 requires that an insurance enterprise recognize a claim liability prior to an event of default (insured event) when there is evidence that credit deterioration has occurred in an insured financial obligation. This Statement also clarifies how Statement 60 applies to financial guarantee insurance contracts, including the recognition and measurement to be used to account for premium revenue and claim liabilities. Those clarifications will increase comparability in financial reporting of financial guarantee insurance contracts by insurance enterprises. This Statement requires expanded disclosures about financial guarantee insurance contracts. The accounting and disclosure requirements of the Statement will improve the quality of information provided to users of financial statements. SFAS 163 will be effective for financial statements issued for fiscal years beginning after December 15, 2008. The Company does not expect the adoption of SFAS 163 will have a material impact on its financial condition or results of operation.

In May 2009, the FASB issued SFAS No. 165, Subsequent Events. SFAS 165 establishes general standards of accounting for and disclosure of events that occur after the balance sheet date but before financial statements are issued or are available

to be issued. Although there is new terminology, the standard is based on the same principles as those that currently exist in the auditing standards. The standard also includes a required disclosure of the date through which the entity has evaluated subsequent events and whether the evaluation date is the date of issuance or the date the financial statements were available to be issued. The standard is effective for interim or annual periods ending after June 15, 2009. The Company has complied with the disclosure requirements.

In June 2009, the FASB issued SFAS No. 166 “Accounting for Transfers of Financial Assets — an amendment of FASB Statement No. 140” (“SFAS 166”). SFAS 166 improves the relevance, representational faithfulness, and comparability of the information that a reporting entity provides in its financial statements about a transfer of financial assets; the effects of a transfer on its financial position, financial performance, and cash flows; and a transferor’s continuing involvement, if any, in transferred financial assets. SFAS 166 is effective as of the beginning of each reporting entity’s first annual reporting period that begins after November 15, 2009, for interim periods within that first annual reporting period and for interim and annual reporting periods thereafter. The Company does not expect the adoption of SFAS No. 166 to have a material impact on its financial statements.

In June 2009, the FASB issued SFAS No. 168 “The FASB Accounting Standards Codification and the Hierarchy of Generally Accepted Accounting Principles — a replacement of FASB Statement No. 162”. The FASB Accounting Standards Codification (“Codification”) will be the single source of authoritative nongovernmental U.S. generally accepted accounting principles. Rules and interpretive releases of the SEC under authority of federal securities laws are also sources of authoritative GAAP for SEC registrants. SFAS 168 is effective for interim and annual periods ending after September 15, 2009. All existing accounting standards are superseded as described in SFAS 168. All other accounting literature not included in the Codification is non authoritative.

#### **Item 7A. Quantitative and Qualitative Disclosures about Market Risk**

Not applicable.

#### **Item 8. Financial Statements and Supplementary Data**

Our management is responsible for the preparation, integrity and objectivity of the accompanying consolidated financial statements and the related financial information. The consolidated financial statements have been prepared in conformity with GAAP and necessarily include certain amounts that are based on estimates and information judgments. Our management also prepared the related financial information included in this Annual Report on 10-K and is responsible for its accuracy and consistency with the consolidated financial statements.

#### **Management’s Report on Internal Control over Financial Reporting**

Our Management is responsible for establishing and maintaining adequate internal control over financial reporting. Our internal control over financial reporting has been designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles generally accepted in the United States of America.

Our internal control over financial reporting includes policies and procedures that pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect transactions and disposition of assets of the Company; provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with accounting principles generally accepted in the United States of America, and that receipts and expenditures are being made only in accordance with authorization of management and directors of the Company; and provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of our assets that could have a material effect on our financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation. Projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Management assessed the effectiveness of our internal control over financial reporting at December 31, 2009. Based on that assessment, management has determined that, at July 31, 2009, internal controls over financial reporting were not effective:

This annual report does not include an attestation report nor audited by any independent public accounting firm pursuant to temporary rules of the SEC that permit the Company to provide only management's report in this annual report.

The accompanying consolidated financial statements have not been audited and prepared by management.

Our financial statements for the years ended December 31, 2009 and 2008 begin on page 30.

**Zuma Beach Entertainment, Inc. and Subsidiaries**  
(A Development Stage Company)

**Consolidated Financial Statements  
for the Years Ended 2009 and 2008**

<u>Statements</u>	Pages
Unaudited Consolidated Balance Sheets as of December 31, 2009 and 2008	30
Unaudited Consolidated Statements of Operations for the fiscal years ended July 31, 2009 and 2008 and Cumulative from the beginning of the development stage (August 1, 2002) to July 31, 2009 (unaudited)	31
Unaudited Consolidated Statement of Stockholders' Deficit Cumulative from the beginning of the development stage (April 10, 2003) to December 31, 2009	32-33
Unaudited Consolidated Statements of Cash Flows for the fiscal years ended December 31, 2009 and 2008 and Cumulative from the beginning of the development stage (August 1, 2002) to December 31, 2009 (unaudited)	34
Notes to the Consolidated Financial Statements	35

**ZUMA BEACH ENTERTAINMENT, INC.**  
**Zuma Beach Entertainment, Inc. and Subsidiaries**  
**(A Development Stage Company)**  
**Consolidated Balance Sheets**  
**For the year ended December 31, 2009 and 2008**  
**(Unaudited, Prepared by Management)**

	December 31	
	2009	2008
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	\$ (4,577)	\$ 1,665
Other current assets	525,774	243,067
Total current assets	<u>521,197</u>	<u>244,732</u>
<b>Property and equipment (net of accumulated depreciation)</b>	15,574	5,741
<b>Goodwill</b>	10,227,193	310,091
<b>Long term investments</b>	303,375	300,000
<b>Other Assets</b>	<u>178,030</u>	<u>169,780</u>
<b>TOTAL ASSETS</b>	<u><b>11,245,369</b></u>	<u><b>1,030,344</b></u>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY (CAPITAL DEFICIT)</b>		
<b>Current liabilities</b>		
Current portion of convertible notes payable of \$5,000 (Note 1)	5,000	5,000
Accounts payable	807,626	317,985
Accrued expenses	979,267	2,959
Total current liabilities	<u>1,791,893</u>	<u>325,944</u>
<b>Long Term Liabilities</b>		
Loan payable	266,025	25,500
Due to related party	297,224	1,385,896
Total long-term liabilities	<u>563,249</u>	<u>1,411,396</u>
<b>Total Liabilities</b>	2,355,142	1,737,340
<b>STOCKHOLDERS' EQUITY</b>		
Common stock, \$ 0.001 par value, 750,000,000 Shares authorized, Shares issued 379,044,803 in 2009 and 148,195,953 in 2008	380,831	149,686
Additional paid-in capital	16,455,648	6,332,083
Deficit accumulated during development stage	<u>(7,944,762)</u>	<u>(7,187,275)</u>
	8,891,717	(705,506)
Cost of 1,395,281 Shares of common stock held by the Company	(1,490)	(1,490)
<b>Total Equity</b>	<u>8,890,227</u>	<u>(706,996)</u>
<b>TOTAL LIABILITIES &amp; STOCKHOLDERS' EQUITY</b>	<u><b>\$11,245,369</b></u>	<u><b>\$ 1,030,344</b></u>

**Zuma Beach Entertainment, Inc. and Subsidiaries**  
(A Development Stage Company)  
**Consolidated Statements of Operations**  
**For the year ended December 31, 2009**  
(Unaudited, Prepared by Management)

	Cumulative from the beginning of development state (January 1, 2003)	2009	2008
<b>REVENUE</b>	\$ 811,105	\$ 811,105	\$ -
<b>COST OF GOODS SOLD</b>	236,575	236,575	-
<b>GROSS PROFIT</b>	574,530	574,530	-
<b>EXPENSES</b>			
General and Administrative	471,448	399,725	4,375
Advertising/Promotion Expense	487,230	2,568	(48,670)
Interest Expense	178,061	16,798	3,726
Professional Fees	2,409,880	221,257	58,641
Management Fee	250,000	-	-
Syndication Cost	1,002,445	10,960	36,970
Rent	81,331	32,331	-
Telephone	67,943	40,544	1,747
Travel & Entertainment	148,689	12,549	4,879
Salaries & Wages	3,555,378	730,274	174,000
<b>Total Expenses</b>	8,652,404	1,467,006	235,668
Loss before income taxes	(8,077,874)	(892,476)	(235,668)
<b>OTHER INCOME AND EXPENSES</b>			
Other income and expenses	133,912	135,790	(1,878)
Provision for income taxes	(800)	(800)	-
<b>NET LOSS</b>	\$ (7,944,762)	\$ (757,486)	\$ (237,546)
<b>Basic and diluted loss per common share</b>		\$ (0.002)	\$ (0.002)
<b>Basic and diluted weighted average number of common Shares outstanding</b>		376,263,933	140,737,590

**Zuma Beach Entertainment, Inc. and Subsidiaries**  
(A Development Stage Company)  
**Consolidated Statements of Stockholders' Equity (Capital Deficit)**  
**Period from April 10, 2003 (Inception) to December 31, 2009**  
(Unaudited, Prepared by Management)

	<u>Common Stock</u>		Deficit	Total
	Number of Shares	Amount		
<b>Balance at April 10, 2003</b>	172,422	\$ -	\$ -	\$ -
Net loss			(2,512,353)	(2,512,353)
Shares spun off via Carry Walker acquisition	3,002,000	-	-	-
Shares issued in 2003 pursuant to allotment by Dan Cannon	32,394,500	-	-	-
Shares issued for debt	1,500,000	-	-	-
Shares issued for treasury	(1,395,181)	-	-	-
Shares issued for services	2,783,000	1,959,400	-	1,959,400
Shares issued for cash	982,062	491,031	-	491,031
<b>Balance at December 31, 2003</b>	39,438,803	2,450,431	(2,512,353)	(61,922)
Net loss			(1,295,710)	(1,295,710)
Shares issued for debt	1,000,000	-	-	-
Shares issued for services	830,200	593,465	-	593,465
Shares issued for cash	536,150	268,075	-	268,075
Shares issued for cash	2,750,000	110,000	-	110,000
<b>Balance at December 31, 2004</b>	44,555,153	3,421,971	(3,808,063)	(386,092)
Net loss			(1,994,169)	(1,994,169)
Shares issued for debt	3,500,000	315,000	-	315,000
Shares issued for services	9,962,000	860,580	-	860,580
Shares issued for salaries	21,385,586	809,267	-	809,267
Shares issued for cash	8,622,744	344,910	-	344,910
<b>Balance at December 31, 2005</b>	88,025,483	5,751,728	(5,802,231)	(50,504)
Net loss			(661,838)	(661,838)
Shares issued for treasury	(100)			
Shares issued for cash	125,000	5,000	-	5,000
<b>Balance at December 31, 2006</b>	88,150,383	5,756,728	(6,464,069)	(707,341)
Net loss			(485,660)	(485,660)

Shares issued for services	90,200	45,100	-	45,100
<b>Balance at December 31, 2007</b>	88,240,583	5,801,828	(6,949,729)	(1,147,901)
Net loss			(237,546)	(237,546)
Shares investment/acquisition	56,750,171	624,551		624,551
Shares issued for services	3,300,000	99,000		99,000
Shares issued for services	(90,200)	(45,100)		(45,100)
Shares issued for treasury	(4,601)	-		-
<b>Balance at December 31, 2008</b>	148,195,953	6,480,279	(7,187,275)	(706,996)
Net loss			(757,486)	(757,486)
Shares issued for cash	10,506,000	520,300		520,300
Shares issued for investment	170,000,000	8,500,000		8,500,000
Shares issued for debt	180,000	9,000		9,000
Shares issued for services	50,162,850	1,325,411		1,325,411
<b>Balance at December 31, 2009</b>	379,044,803	\$ 16,834,989	\$ (7,944,762)	\$ 8,890,229

**ZUMA BEACH ENTERTAINMENT, INC.**  
(A Development Stage Company)  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**For the year ended December 31, 2009**  
**(Unaudited, Prepared by Management)**

	Cumulative from the beginning of development stage (January 1, 2003)	2009	2008
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Net loss from operations	\$ (7,944,761)	\$ (757,486)	\$ (237,546)
Adjustments to reconcile net loss to net cash used in operating activities			
Depreciation	3,506	2,331	1,175
(Increase) decrease in:			
Employee advances	(220,485)	-	-
Other current assets	(282,707)	(282,707)	-
Other assets	(8,251)	(8,251)	-
Due from related party	(22,583)	-	(17,583)
Increase (decrease) in:			
Bank overdraft			(76,588)
Accounts payable	807,626	489,641	47,273
Accrued expenses	979,267	976,308	2,959
Due to related party	(973,950)	(1,088,672)	-
Loan payable	266,025	240,525	25,500
Net cash used by operating activities	<u>\$ (7,396,314)</u>	<u>\$ (428,311)</u>	<u>\$ (254,810)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Acquisition of asset net of liabilities	(19,080)	(12,164)	(6,916)
Trademarks	(310,091)	-	(310,091)
Long-term investments	(3,375)	(3,375)	-
Other investments	(469,780)	-	(300,000)
Net cash used in investing activities	<u>\$ (802,326)</u>	<u>\$ (15,539)</u>	<u>\$ (617,007)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceed from issuance of debt note	5,000	-	5,000
Proceed from issuance of common stock for cash	7,000,579	520,300	678,452
Advances from related parties	1,188,484	(82,692)	190,030
Net cash provided in financing activities	<u>\$ 8,194,063</u>	<u>\$ 437,608</u>	<u>\$ 873,482</u>
<b>Net decrease in cash</b>	<u>\$ (4,577)</u>	<u>\$ (6,242)</u>	<u>\$ 1,665</u>
<b>Cash at the beginning of the year</b>	<u>-</u>	<u>1,665</u>	<u>-</u>
<b>Cash at the end of the year</b>	<u>\$ (4,577)</u>	<u>\$ (4,577)</u>	<u>\$ 1,665</u>

**SUPPLEMENTAL DISCLOSURES**

Schedule of Noncash Investing and Financing Transactions

Common stock issued for services	\$ 3,458,545	\$ -	\$ -
Common stock issued for debt	324,000	9,000	-
Common stock issued for salaries	2,134,678	1,325,411	-
Common stock issued for FNIN	170,000	170,000	-
Interest paid	\$ 178,061	\$ 16,798	\$ 3,726

## **Notes to Consolidated Financial Statements**

### **1. Summary of Significant Accounting Policies**

#### **Description of Business**

Unless the context otherwise requires, the use of the terms “Zuma”, “we”, “us” and “our” in this Annual Report on Form 10-K refers to Zuma Beach Entertainment, Inc. and, as applicable, its consolidated subsidiaries. We are a diversified company operating in the entertainment and information industries. We are engaged in the acquisition, development, marketing, licensing and distribution of motion picture and television, film and animation, and sports entertainment properties. We also procure and sell accredited and pre-qualified sales leads, publish financial and investing coverage for the active investor.

We aim to build a comprehensive entertainment library that exceeds consumer demand for high quality, captivating entertainment and aspires to offer an unparalleled compilation of investor data and information. Our mission is to create and operate a profitable business that meets our objectives and maximize shareholder value.

Last year, we acquired First National Information Network Inc. (“FNIN”), a company with nearly two decades of service, have developed a system and experience in procuring leads for entrepreneurs, financial planners, stock brokers, oil drilling companies and movie producers. In addition, FNIN has Accredited Investor leads, Pre-Qualified Investor leads, Consumer leads, Business leads, Internet leads, and several other types of leads that are specific to any industry.

#### **Going concern**

The Company’s consolidated financial statements are prepared in conformity with generally accepted accounting principles in the United States of America applicable to a going concern, which contemplates the realization of assets and liquidation of liabilities in the normal course of business. However, as shown in the accompanying consolidated financial statements, the Company has sustained substantial losses from operations since inception, and as of December 31, 2009, had an accumulated deficit of \$7,944,762 and a working capital deficit of \$1,270,696. The Company has no current source of revenue. These factors, among others, raise substantial doubt that the Company will be able to continue as a going concern for a reasonable amount of time. These consolidated financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue operations. The Company’s continuation as a going concern is contingent upon its ability to obtain additional financing, and to generate revenue and cash flow to meet its obligations on a timely basis. It is management’s plan in this regard to obtain additional working capital through equity financing.

#### **Basis of Presentation**

These consolidated financial statements include the accounts of the Company and its wholly-owned subsidiary First National Information Network, Inc a Company incorporated in the state of California. All material inter-company balances and transactions were eliminated upon consolidation.

#### **Use of Estimates in the Preparation of Financial Statements**

The preparation of financial statements in conformity with accounting principles generally accepted in the U.S. (“GAAP”) requires us to make estimates and assumptions. These estimates and assumptions affect the reported amounts in the consolidated balance sheets and statements of earnings. Future results could be materially affected if actual results were to differ from these estimates and assumptions.

#### **Unaudited Cumulative Financial Statements**

The financial information included on the accompanying consolidated statements of operations and comprehensive loss, consolidated statements of changes in stockholders' equity (capital deficit) and consolidated statements of cash flows for the cumulative period from the beginning of the development stage (April 10, 2002) to December 31, 2009 is considered unaudited. The financial information included in this cumulative period for the years ended December 31, 2009 and 2008 were never audited by an independent auditor.

## Cash and cash equivalents

For purposes of reporting cash flows, cash and cash equivalents consist of time deposits and all liquid instruments with original maturities of three months or less.

## Property and Equipment

Property and equipment are recorded at costs and consists of furniture and fixtures, computers and office equipments. We compute depreciation using the straight-line method over the estimated useful lives of the assets. Expenditures for major betterments and additions are charged to the property accounts, while replacements, maintenance, and repairs that do not improve or extend the lives of the respective assets are charged to expense.

## Goodwill and Intangible Assets

Goodwill is the excess of the purchase price over the fair value of identifiable net assets acquired in business combinations accounted for under the purchase method. We do not amortize goodwill but test it for impairment annually or when indications of potential impairment exist. These indicators would include a significant change in operating performance, the business climate, legal factors, competition or a planned sale or disposition of a significant portion of the business, among other factors.

As of December 31, 2009, we posted goodwill and intangible assets of \$10,227,192 in the balance sheet as a result of an equity purchase of First National Information Network on May 27, 2009 and an asset purchase of World Arena Rugby Union, LLC. We will complete our impairment evaluation by performing internal valuation analyses, considering other publicly available market information and using an independent valuation firm, as appropriate by the year end December 31, 2010.

## Long-term Investments

Our long-term investments are comprised of a 5% participating ownership interest in a slate of films from Deco Entertainment, LLC (“Deco”) and C. Julian Productions, Inc. (“Julian”).

1. Ownership interest in the film “Sea of Darkness (USA) (working title) (known as “Dark Tracks” in European Film” from Deco Entertainment, LLC whose principal is Freddy Braidy;
2. Ownership interest in additional film titles that comprise the entire slate of films (Note: The titles of such additional films remains undetermined at this time); and
3. Investment in URL ([www.exchangemall.com](http://www.exchangemall.com)) are carried at fair value.

In accordance with SFAS No. 115, Accounting for Certain Investments in Debt and Equity Securities, we classify these investments as investment in equity securities using the fair value method and have no maturity date.

## Other Assets

Other assets comprised of capitalized expenses from various slate of projects currently under production and a loan receivable from a related company.

Other Assets	
Angel Babies Production	\$ 169,780
Winged Angels Production	3,251
Loan Receivable from a related entity	5,000
	<u>\$ 178,030</u>

## Current Liabilities

- Convertible Promissory Notes

We made an offering of a minimum of two (2) and up to a maximum of twenty (20) notes at twenty five thousand (\$25,000) dollars per note, with a minimum subscription of one (1) note (the “offering”). The funds generated from this Offering were used to promote the growth of the company by assisting in the funding of film production, acquisitions, and distribution. As of December 31, 2009, the current portion of the convertible promissory note payable is \$5,000. No change since the initial offering February 7, 2008.

### Related Party Transactions

Related Party Transactions	2009	2008
Related Entities	\$ 71,566	\$ 8,320
Directors & Officers	225,657	1,377,576
	\$ 297,224	\$ 1,385,896

As of the year ended December 31, 2009 and 2008, we entered into the following related party transactions:

At December 31, 2009 and 2008, we had amounts of \$225,657 and \$1,377,576 due to directors, former directors and officers, and related parties for services provided, expenses incurred on behalf of the Company, and for cash advances made to the Company. These amounts are unsecured, without interest and have no specific terms of repayment. A majority of the balance due represents accruals for services rendered during 2008 and prior. Due to historical operating losses, operations have not been a source of liquidity. In order to obtain capital and to satisfy our cash needs for the next twelve months, we may need to raise additional capital through via private offering of common stock. There can be no assurance that we will be successful in obtaining additional funding to meet our cash needs for the next twelve months.

### Revenue Recognition

Our revenue arises from two sources, one from business services and two from leads sales. Our business services record revenue from sales of service contracts. We recognize revenue when the sales price is fixed and determinable and the customer takes possession of the merchandise. Lead sales are all done online and paid by credit cards. Since all lead sales are made online, the receipt of leads are available to clients immediately. Revenue is recognized at the time we estimate the customer received the product.

Revenue from lead sales is reported net of estimated sales returns. We estimate our sales returns based on historical return rates. However, the returns are immaterial and were recorded as a reduction of revenue.

### Recent Pronouncements

In September 2006, the FASB issued SFAS No. 157, “Fair Value Measurements”. This statement defines fair value, establishes a framework for measuring fair value in generally accepted accounting principles, and expands disclosure about fair value measurements. The statement does not require any new fair value measurements, but for some entities, the application of the statement will change current practice. This statement is effective for financial statements issued for fiscal years beginning after November 15, 2007, and interim periods within those fiscal years. The adoption of SFAS No. 157 did not have a material impact on its financial statements.

In September 2006, the FASB issued Statement of Financial Accounting Standards No. 158, “Employers’ Accounting for Defined Benefit Pension and Other Postretirement Plans, an amendment of PASS Statements No. 87, 106, and 132(R)” (SFAS No. 158). SFAS No. 158 requires companies to recognize a net liability or asset and an offsetting adjustment to accumulate other comprehensive income to report the funded status of defined benefit pension and other postretirement benefit plans. SFAS No. 158 requires prospective application, recognition and disclosure requirements effective for the company’s fiscal year ending July 31, 2009. Additionally, SFAS No. 158 requires companies to measure plan assets and obligations at their year-end balance sheet date. This requirement is effective for the company’s fiscal year ending July 31, 2010. The company is currently evaluating the impact of the adoption of SFAS No. 158 and does not expect that it will have a material impact on its financial statements.

In February 2007, the FASB issued SFAS No. 159, the “Fair Value Option for Financial Assets and Financial Liabilities”. SFAS 159 provides entities with an option to report selected financial assets and liabilities at fair value and establishes

presentation and disclosure requirements designed to facilitate comparisons between companies that select different measurement attributes. SFAS 159 is effective for fiscal years beginning after November 15, 2007. The adoption of SFAS No. 159 did not have a material impact on the Company's financial statements.

In June 2007, the Emerging Issues Task Force ("EITF") issued Issue No. 07-3, "Accounting for Nonrefundable Advance Payments for Goods or Services To Be Used in Future Research and Development Activities" ("EITF 07-3") which concluded that nonrefundable advance payments for goods or services to be received in the future for use in research and development activities should be deferred and capitalized. The capitalized amounts should be expensed as the related goods are delivered or services are performed. Such capitalized amounts should be charged to expense if expectations change such that the goods will not be delivered or services will not be performed. The provisions of EITF 07-3 are effective for new contracts entered into during fiscal years beginning after December 15, 2007. The consensus on EITF 07-3 may not be applied to earlier periods and early adoption is not permitted. The adoption of EITF 07-3 did not have a material impact on the Company's financial statements.

In December 2007, the FASB issued SFAS No. 141 (Revised 2007), "Business Combinations - Revised 2007". SFAS 141 (R) provides guidance on improving the relevance, representational faithfulness, and comparability of information that a reporting entity provides in its financial reports about a business combination and its effects. SFAS 141R applies to business combinations where the acquisition date is on or after the beginning of the first annual reporting period beginning on or after December 15, 2008. The Company does not expect the adoption of SFAS No. 141 to have a material impact on its financial statements.

In December 2007, the FASB issued SFAS No. 160, "Noncontrolling Interests in Consolidated Financial Statements - an Amendment of Accounting Research Bulletin No. 51" ("SFAS No. 160"), which establishes accounting and reporting standards for ownership interests in subsidiaries held by parties other than the parent, the amount of consolidated net income attributable to the parent and to the noncontrolling interest, changes in a parent's ownership interest and the valuation of retained noncontrolling equity investments when a subsidiary is deconsolidated. SFAS No. 160 also establishes reporting requirements that provide sufficient disclosures that clearly identify and distinguish between the interests of the parent and the interests of the non-controlling owners. SFAS No. 160 is effective for fiscal years, and interim periods within those fiscal years, beginning on or after December 15, 2008. The Company does not expect the adoption of SFAS No. 160 to have a material impact on its financial statements.

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

In May 2008, the FASB issued SFAS No. 163, "Accounting for Financial Guarantee Insurance Contracts – an interpretation of FASB Statement No. 60." SFAS 163 requires that an insurance enterprise recognize a claim liability prior to an event of default (insured event) when there is evidence that credit deterioration has occurred in an insured financial obligation. This Statement also clarifies how Statement 60 applies to financial guarantee insurance contracts, including the recognition and measurement to be used to account for premium revenue and claim liabilities. Those clarifications will increase comparability in financial reporting of financial guarantee insurance contracts by insurance enterprises. This Statement requires expanded disclosures about financial guarantee insurance contracts. The accounting and disclosure requirements of the Statement will improve the quality of information provided to users of financial statements. SFAS 163 will be effective for financial statements issued for fiscal years beginning after December 15, 2008. The Company does not expect the adoption of SFAS 163 will have a material impact on its financial condition or results of operation.

In May 2009, the FASB issued SFAS No. 165, Subsequent Events. SFAS 165 establishes general standards of accounting for and disclosure of events that occur after the balance sheet date but before financial statements are issued or are available to be issued. Although there is new terminology, the standard is based on the same principles as those that currently exist in

the auditing standards. The standard also includes a required disclosure of the date through which the entity has evaluated subsequent events and whether the evaluation date is the date of issuance or the date the financial statements were available to be issued. The standard is effective for interim or annual periods ending after June 15, 2009. The Company has complied with the disclosure requirements.

In June 2009, the FASB issued SFAS No. 166 "Accounting for Transfers of Financial Assets — an amendment of FASB Statement No. 140" ("SFAS 166"). SFAS 166 improves the relevance, representational faithfulness, and comparability of the information that a reporting entity provides in its financial statements about a transfer of financial assets; the effects of a transfer on its financial position, financial performance, and cash flows; and a transferor's continuing involvement, if any, in transferred financial assets. SFAS 166 is effective as of the beginning of each reporting entity's first annual reporting period that begins after November 15, 2009, for interim periods within that first annual reporting period and for interim and annual reporting periods thereafter. The Company does not expect the adoption of SFAS No. 166 to have a material impact on its financial statements.

In June 2009, the FASB issued SFAS No. 168 "The FASB Accounting Standards Codification and the Hierarchy of Generally Accepted Accounting Principles — a replacement of FASB Statement No. 162". The FASB Accounting Standards Codification ("Codification") will be the single source of authoritative nongovernmental U.S. generally accepted accounting principles. Rules and interpretive releases of the SEC under authority of federal securities laws are also sources of authoritative GAAP for SEC registrants. SFAS 168 is effective for interim and annual periods ending after September 15, 2009. All existing accounting standards are superseded as described in SFAS 168. All other accounting literature not included in the Codification is non authoritative.

#### **Subsequent Events**

On March 31, 2010, we entered into an asset purchase agreement (the "Agreement") between Zuma Beach Entertainment, Inc., a Nevada corporation ("Buyer"), and HeyMike!! Industries, LLC, a Limited Liability Company formed pursuant to the Limited Liability Company Act of the Commonwealth of Massachusetts ("Seller"). The agreement consists of all of the assets, tangible and intangible, owned by Seller that are used in, or necessary for the conduct of its online gaming/toy business, including, without limitation: i) the patents and/or trademarks (either registered or non-registered) of Seller, including but not limited to, G. I. GERM FIGHTERS (Serial Number: 77730290), all related websites including URL's, usernames and passwords, the GIGO Beta Site all character representations, including related character models, videos, image, artwork, sound clips, voices, music, themes, slogans, catch phrases etc., all related products and intellectual property; the fixed assets of Seller, if any; all customer lists, if any; and the goodwill associated therewith, all free and clear of any security interests, mortgages or other encumbrances, collectively defined as (the "Assets").

As consideration for the sale, conveyance, assignment, transfer and delivery of the Seller's Assets to Buyer, Buyer agrees to issue 6,000,000 Shares of restricted common stock of Buyer (the "Shares") to be issued and registered to the interest holders of Seller based upon corresponding ownership percentage in Seller.

#### **Item 9. Changes in and Disagreements With Accountants on Accounting and Financial Disclosure.**

None.

#### **Item 9A. Controls and Procedures.**

Regulations under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), require public companies to maintain "disclosure controls and procedures," which are defined to mean a company's controls and other procedures that are designed to ensure that information required to be disclosed in the reports that it files or submits under the Exchange Act is recorded, processed, summarized, and reported, within the time periods specified in the SEC's rules and forms. Our management, consisting of our Chief Executive Officer, has evaluated the effectiveness of our disclosure controls and procedures (as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) as of the end of the period covered by this report. Based on such evaluation, as of December 31, 2009, our CEO believes that the Company's disclosure controls and procedures do not adequately ensure that material information relating to the Company is made known to him by others, particularly during the period in which this report is being prepared, so as to allow timely decisions regarding required disclosure. To the knowledge of our CEO, there have been no significant changes in our internal controls

or in other factors that could significantly affect our internal controls subsequent to the date of evaluation, and as a result, corrective actions with regard to significant deficiencies or material weakness in our internal controls are required.

## **Internal Control over Financial Reporting**

### **(a) Management's Annual Report on Internal Control over Financial Reporting**

Our Management is responsible for establishing and maintaining adequate internal control over financial reporting. Our internal control over financial reporting has been designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles generally accepted in the United States of America.

Our internal control over financial reporting includes policies and procedures that pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect transactions and disposition of assets of the Company; provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with accounting principles generally accepted in the United States of America, and that receipts and expenditures are being made only in accordance with authorization of management and directors of the Company; and provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of our assets that could have a material effect on our financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation. Projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Management assessed the effectiveness of our internal control over financial reporting at December 31, 2009. Based on that assessment, management has determined that, at December 31, 2009, internal controls over financial reporting were not effective:

This annual report does not include an attestation report nor audited by any registered public accounting firm pursuant to temporary rules of the SEC that permit the Company to provide only management's report in this annual report.

### **(b) Changes in Internal Control Over Financial Reporting**

There were no changes in our internal control over financial reporting (as such term is defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) during the fourth quarter of 2009 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

## **Item 9B. Other Information**

None.

## **PART III**

### **Item 10. Directors, Executive Officers and Corporate Governance.**

Information concerning our officers and directors follows:

<u>Name</u>	<u>Age</u>	<u>Position</u>
Mark Savoy	46	Chief Executive Officer ("CEO") and Director
Jason Spasaro	32	Chief Operations Officer ("COO") and Director
Roy Escosar	43	Chief Financial Officer ("CFO") and Director

Each director holds office until his successor is duly elected by the stockholders. Our officers serve at the pleasure of the Board of Directors.

Mark Savoy has served as the Chairman and Chief Executive Officer of Zuma since April 2007. Mark Savoy has served as our Chairman and CEO since April 1, 2007. Previously Mr. Savoy was our Director from April 1, 2005 till March 31, 2007 until he succeeded our former CEO in April 1, 2007. Mark Savoy has over 20 years of experience in the finance and business management, as well as 18 years in securities trading and brokerage industry. From 1990 to 1992, Mr. Savoy acted as president of the World Trade Consortium, an international trading company, and currently sits on the Board of Directors of several public trading companies.

Jason Spasaro joined Zuma upon its inception in 2003 and has served in various executive capacities over the past 5 years. Currently serving as Chief Operating Officer and Secretary and Director, he works in liaison with the CEO and CFO and plays an integral role in continued business plan development and focuses on the strategic direction of the Company. As a Relationship Manager at Computershare Investor Services Inc, the largest transfer in the world and the only global registry, he has guided several public companies through the operational mechanics of their mergers and acquisitions. Jason managed the 2006 \$17 billion takeover of Canadian nickel miner Inco Limited by Companhia Vale do Rio Doce (CVRD) of Brazil. The deal transformed CVRD into the world's second-largest mining company. Jason managed the 2005 privatization of Tesma International Inc, Decoma International Inc and Intier Automotive Inc by Magna International Inc. The transactions, which were collectively valued at \$1.3 billion, resulted in each entity becoming a wholly owned subsidiary of Magna International Inc. Jason was the primary contact for the 2004 \$2.8 billion merger of R.R. Donnelley & Sons Company and Moore Wallace Inc, creating the largest printing company in North America. Jason facilitated the role of a Communication Specialist for the 2003 Ontario Savings Bonds campaign, which raised a total of \$3.8 billion, the second highest sales in the history of Canadian Provincial bond issues. In 2001, Jason attained an Honors Bachelor of Commerce and a Minor of Economics at the Michael G. DeGroote School of Business at McMaster University of Ontario, Canada.

Roy Escosar presently serves as CFO and Director of Zuma. Prior to joining Zuma he held the title of Chief Financial Officer for several private companies. Throughout his career, he has served as Business Technical Adviser with Alpha Pioneer Enterprises Pte. Ltd, Singapore, Business & Finance Manager with Hobbies & Crafts, Inc., Philippines, and Executive Secretary/Accountant at Chevron Transport Corporation in Pascagoula, MS. While working at Alpha Pioneer Enterprises Pte. Ltd., Singapore, he led a successful business proposal for sole distribution rights in Singapore with Procter and Gamble. In addition, Mr. Escosar also restructured the compensation management and total training plans, which improved overall productivity by 50%. On a daily basis, he managed corporate and business development, finance, and marketing/sales. Mr. Escosar is also an accredited trainer for the DISC Dimensions of Behavior profiling methodology, necessary for human resource management, development and organizational diagnosis. Mr. Escosar received his Master's Degree in Accounting and Financial Management from Keller Graduate School of Management, where he graduated with distinction. He also graduated at the University of the Philippines (UP), on scholarship, with a degree in Business Administration, concentration in Accounting.

### **Family Relationships**

There are no family relationships among our directors and executive officers.

### **Involvement in Certain Legal Proceedings**

None of our directors or executive officers has, during the past five years:

Had any petition under the federal bankruptcy laws or any state insolvency law filed by or against, or had a receiver, fiscal agent, or similar officer appointed by a court for the business or property of such person, or any partnership in which he was a general partner at or within two years before the time such filing, or any corporation or business association of which he was an executive officer at or within two years before the time of such filing;

Been convicted in a criminal proceeding or named subject of a pending criminal proceeding (excluding traffic violations and other minor offenses);

Been the subject of any order, judgment, or decree, not subsequently reversed, suspended or vacated, of any court of competent jurisdictions, permanently or temporarily enjoining him from, or otherwise limiting, the following activities:

1. Acting as a futures commission merchant, introducing broker, commodity trading advisor, commodity pool operator, floor broker, leverage transaction merchant, any other person regulated by the Commodity Futures Trading Commission, or an associated person of any of the foregoing, or as an investment adviser, underwriter, broker or dealer in securities, or as an affiliated person, director or employee of any investment company, bank, savings and loan association or insurance company, or engaging in or continuing any conduct or practice in connection with such activity
2. Engaging in any type of business practice; or
3. Engaging in any activity in connection with the purchase or sale of any security or commodity or in connection with any violation of federal or state securities laws or federal commodities laws;
4. Been the subject of any order, judgment, or decree, not subsequently reversed, suspended, or vacated, of any federal or state authority barring, suspending, or otherwise limiting for more than 60 days the right of such person to engage in any activity described in (i) above, or to be associated with persons engaged in any such activity;
5. Been found by a court of competent jurisdiction in a civil action or by the SEC to have violated any federal or state securities law, where the judgment in such civil action or finding by the SEC has not been subsequently reversed, suspended, or vacated ; or
6. Been found by a court of competent jurisdiction in a civil action or by the Commodity Futures Trading Commission to have violated any federal commodities law, where the judgment in such civil action or finding by the Commodity Futures Trading Commission has not been subsequently reversed, suspended, or vacated.

#### **Compliance with Section 16(a) of the Securities Exchange Act of 1934**

Section 16(a) of the Exchange Act requires our executive officers, directors, and persons who beneficially own more than 10% of a registered class of our equity securities to file with the SEC initial statements of beneficial ownership, reports of changes in ownership, and annual reports concerning their ownership of our common shares and other equity securities on Forms 3, 4, and 5 respectively. Executive officers, directors, and greater than 10% stockholders are required by SEC regulations to furnish us with copies of all Section 16(a) reports they file. Based on a review of the copies of such forms received by us, and to the best of our knowledge, all executive officers, directors, and greater than 10% stockholders have not filed the required reports during the fiscal year ended December 31, 2009.

#### **Recommendation of Nominees to the Board**

There were no changes to the procedures by which our stockholders may recommend nominees to our Board of Directors.

#### **Audit Committee; Audit Committee Financial Expert**

We do not currently have a separately designated standing audit committee established in accordance with section 3(a)(58)(A) of the Securities Exchange Act of 1934, as amended. We are not a “listed company” under SEC rules and are not currently required to have an audit committee.

#### **Others**

We do not have a Code of Ethics. We do not have a compensation committee. The directors of the Company approve their own compensation since decisions regarding compensation to be paid to the officers and directors are made by the directors. We do not have any policy which prohibits or limits the power of directors to approve their own compensation.

#### **Item 11. Executive Compensation.**

The following table sets forth in summary form, the compensation received by (i) each person serving as Chief Executive Officer and (ii) each other executive officers of the Company during the fiscal years indicated. Our fiscal year ends on December 31.

Name and Principal Position	Fiscal Year	Salary (1)	Bonus (2)	Stock Awards (3)	Option Awards (4)	All Other Compen- sation (5)	Total
Mark Savoy Executive Vice President from April 1, 2005 to March 31, 2007	2008	-0-	-0-	-0-	-0-	-0-	\$-0-
Chief Executive Officer from April 1, 2007 to September 30, 2009 Chief Executive Officer from October 1, 2009 to current date	2009	\$66,846	-0-	\$395,500	-0-	-0-	\$462,346
Jason Spasaro Vice President from Aug 4, 2003 to March 31, 2007 COO and Secretary from April 1, 2007 to current date	2008	-0-	-0-	-0-	-0-	-0-	-0-
	2009	-0-	-0-	\$473,500	-0-	\$5,192	\$478,692
Roy Escosar Chief Financial Officer from April 1, 2007 to September 30, 2009 Chief Financial Officer from October 1, 2009 to current date	2008	-0-	-0-	-0-	-0-	-0-	\$-0-
	2009	\$21,323	-0-	\$113,500	-0-	-0-	\$134,823

(1) The dollar value of base salary (cash and non-cash) earned during the fiscal year.

(2) The dollar value of bonus (cash and non-cash) received.

(3) During the periods covered by the table, the value of Shares issued as compensation for services to the person listed in the table.

(4) The Shares to be received upon the exercise of all stock options granted during the periods covered by the Table.

(5) All other compensation received that we could not properly report in any other column of the Table.

Our board of directors may increase the compensation paid to its officers depending upon a variety of factors, including the results of future operations.

We do not have a compensation committee separate from our Board of Directors. The Board of Directors has reviewed and discussed the compensation discussion and analysis with management, and based on the review and discussion, the Board of Directors recommends that the compensation discussion and analysis be included in the our annual report on Form 10-K. The Board of Directors consists of Mark Savoy, Jason Spasaro, and Roy Escosar.

### Employment Contracts

The Company has no employment contracts with any officer or director at this time.

### Long-Term Incentive Plans - Awards in Last Fiscal Year

None.

## Employee Pension, Profit Sharing or Other Retirement Plans

None.

## Stock Option and Bonus Plans

None.

## Compensation of Directors

The following table sets forth in summary form, the compensation received for serving as a director by each person who was a director during the fiscal years indicated. These amounts do not include compensation received as an officer of the Company, which amounts are set forth in the foregoing table for "Executive Compensation." Our fiscal year ends on December 31.

Name and Principal Position	Fiscal Year	Salary (1)	Bonus (2)	Stock Awards (3)	Option Awards (4)	All Other Compen- sation (5)	Total
Mark Savoy	2008	-0-	-0-	-0-	-0-	-0-	\$-0-
Director from April 1, 2005 to current date	2009	-0-	-0-	-0-	-0-	-0-	-0-
Jason Spasaro	2008	-0-	-0-	-0-	-0-	-0-	-0-
Director from August 4, 2003 to current date	2009	-0-	-0-	-0-	-0-	-0-	-0-
Roy Escosar	2008	-0-	-0-	-0-	-0-	-0-	-0-
Director from April 1, 2007 to current date	2009	-0-	-0-	-0-	-0-	-0-	-0-

(1) The dollar value of base salary (cash and non-cash) earned during the fiscal year.

(2) The dollar value of bonus (cash and non-cash) received.

(3) During the periods covered by the table, the value of Shares issued as compensation for services to the person listed in the table.

(4) The Shares to be received upon the exercise of all stock options granted during the periods covered by the Table.

(5) All other compensation received that we could not properly report in any other column of the Table.

## Standard Arrangements.

Currently we do not pay our directors for serving as directors. We have no standard arrangement pursuant to which our directors are compensated for any services provided as a director or for committee participation or special assignments. In the future, the Company may pay its directors a fee for service.

## Other Arrangements.

None.

## Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters.

The following table shows, as of December 31, 2009, the shareholdings of (i) each person owning beneficially 5% or more of the Company's common stock (ii) each officer and director of the Company (iii) all officers and directors as a group. Unless otherwise indicated, each owner has sole voting and investment powers over his shares.

Name of Beneficial Owner	Amount of Beneficial Ownership	Percent of Common Stock
Mark Savoy (1) (2)	41,238,903	10.89%
Jason Spasaro (2)	25,956,338	6.85%
Roy Escosar (2)	4,477,500	1.18%
Daniel Cannon	43,378,098	11.45%
All officers and directors as a group of three (3) persons	71,672,741	18.92%

(1) 28,050,103 of the 28,061,403 Shares are held in Norfield Group

(2) Represents Officers and Directors of Zuma

### Item 13. Certain Relationships and Related Transactions, and Director Independence.

During the fiscal year ended December 31, 2009, the Company entered into the following related party transactions:

At December 31, 2009 and 2008, we had amounts of \$225,657 and \$1,377,576 due to directors, former directors and officers, and related parties for services provided, expenses incurred on behalf of the Company, and for cash advances made to the Company. These amounts are unsecured, without interest and have no specific terms of repayment. A majority of the balance due represents accruals for services rendered during 2008 and prior. Due to historical operating losses, operations have not been a source of liquidity. In order to obtain capital and to satisfy our cash needs for the next twelve months, we may need to raise additional capital through via private offering of common stock. There can be no assurance that we will be successful in obtaining additional funding to meet our cash needs for the next twelve months.

On June 17, 2009, we entered into a share for debt and settlement agreement with the Directors of Zuma by agreeing to settle a total of \$1,325,411 owed as executive compensation to the Directors in exchange for 50,162,850 shares. The amount of the settled obligation was agreed upon at \$0.03 per share for settlement purposes only, notwithstanding the acknowledgement of the parties that the actual value of each share was \$0.01 price per share.

### Item 14. Principal Accountant Fees and Services

This 10-K report was prepared by management and the financial statements were unaudited. We have not engaged, as of this reporting period ending December 31, 2009 any independent CPA firm to audit our books due to lack of financial resources.

## PART IV

Item 15. Exhibits, Financial Statement Schedules.

The following documents are filed as part of this report.

1. Amended Employment Agreements
2. Articles of incorporation and bylaws
3. Asset Purchase Agreements between ZUMA and WAR, LLC
4. Equity Purchase Agreements between ZUMA and Exchangemall.
5. Issuer's certifications

- 5.1 Chief Executive Officer
- 5.2 Chief Financial Officer

## SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) 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.

**Zuma Beach Entertainment, Inc.**  
(Registrant)

By: /s/ Mark Savoy  
Mark Savoy, Chief Executive Officer  
Date: May 25, 2010

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

<u>Signature</u>	<u>Title</u>	<u>Date</u>
<u>/s/Mark Savoy</u> Mark Savoy	Chief Executive Officer ( <i>principal executive officer</i> ) and Director	May 25, 2010
<u>/s/Jason Spasaro</u> Jason Spasaro	Chief Operations Officer & Corporate Sec ( <i>principal financial officer</i> ) and Director	May 25, 2010
<u>/s/Roy Escosar</u> Roy Escosar	Chief Financial Officer ( <i>principal accounting officer</i> ) and Director	May 25, 2010

Item 15. (5.1)

CERTIFICATIONS

I, Mark Savoy, Chief Executive Officer of Zuma Beach Entertainment, Inc. (“the Company”), certify that:

1. I have reviewed this annual disclosure statement of the Company for the period ended December 31, 2009 and December 31, 2008.
2. Based on my knowledge, this disclosure statement 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 disclosure statement; and
3. Based on my knowledge, the financial statements, and other financial information included or incorporated by reference in this disclosure statement, 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 report;

Date: May 25, 2010

/s/ Mark Savoy  
Mark Savoy  
Chief Executive Officer

Item 15. (5.2)

CERTIFICATIONS

I, Roy A Escosar, Chief Financial Officer of Zuma Beach Entertainment, Inc. (“the Company”), certify that:

4. I have reviewed this annual disclosure statement of the Company for the period ended December 31, 2009 and December 31, 2008.
5. Based on my knowledge, this disclosure statement 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 disclosure statement; and
6. Based on my knowledge, the financial statements, and other financial information included or incorporated by reference in this disclosure statement, 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 report;

Date: May 25, 2010

/s/ Roy A Escosar  
Roy A Escosar  
Chief Financial Officer