

ZUMA BEACH ENTERTAINMENT INC

Consolidated Financial Statements

Years ended December 31, 2009 and 2008

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ZUMA BEACH ENTERTAINMENT, INC.
(A Development Stage Company)
CONSOLIDATED BALANCE SHEETS

	December 31	
	2009	2008
ASSETS		
Current assets		
Cash and cash equivalents	\$ -	\$ 1,665
Short-term note receivable	109,625	-
Accounts receivable (net of allowance)	6,630	-
Accrued interest receivable	634	-
Employee advances	98,978	-
Prepared expenses	16,746	-
Loan receivable	23,150	-
Due from related party	382,686	243,067
Total current assets	\$ 638,449	\$ 244,732
Property and equipment (net of accumulated depreciation)	\$ 15,574	\$ 5,741
Long term investments		
Investments in "The Sam Giancana"	\$ 75,000	\$ 75,000
Investments in "MOMO"	75,000	75,000
Investments in Sea of Darkness	75,000	75,000
Investments in 20% Fiction	75,000	75,000
Investments in FNIN	1,590,476	-
Total investments	\$ 1,890,476	\$ 300,000
Other Assets		
Angel babies production	\$ 169,780	\$ 169,780
The Winged Angels Production	3,251	-
Total other assets	\$ 173,031	\$ 169,780
Trademark	\$ 310,091	\$ 310,091
TOTAL ASSETS	\$ 3,027,621	\$ 1,030,344
LIABILITIES AND STOCKHOLDERS' EQUITY (CAPITAL DEFICIT)		
Current liabilities		
Bank overdraft	\$ 9,905	\$ -
Current portion of convertible notes payable of \$5,000 (Note XX)	5,000	5,000
Accounts payable	932,378	317,985
Accrued expenses (Note XX)	45,277	2,959
Payables	147,411	-
Total current liabilities	\$ 1,139,971	\$ 325,944
Long Term Liabilities		
Loan payable	\$ 1,078,262	\$ 25,500
Intercompany transactions	120,379	-
Due to related party	103,092	1,385,896
Advances from related party	145,811	-
Total long-term liabilities	\$ 1,447,544	\$ 1,411,396
Total Liabilities	\$ 2,587,515	\$ 1,737,340
STOCKHOLDERS' EQUITY		
Common stock, \$ 0.001 par value, 750,000,000 shares authorized, share issued 379,340,803 in 2009 and 148,195,953 in 2008	\$ 380,831	\$ 149,686
Additional paid-in capital	8,125,649	6,332,083
Deficit accumulated during development stage	(8,064,884)	(7,187,275)
	441,596	(705,506)
Cost of 1,395,281 shares of common stock held by the Company	(1,490)	(1,490)
Total Equity	\$ 440,106	\$ (706,996)
TOTAL LIABILITIES & STOCKHOLDERS' EQUITY	\$ 3,027,621	\$ 1,030,344

See accountant's report on financial statements

ZUMA BEACH ENTERTAINMENT, INC.
(A Development Stage Company)
CONSOLIDATED STATEMENTS OF OPERATIONS
For the year ended December 31
(Unaudited)

	Cumulative from the beginning of development state (January 1, 2003)	2009	2008
REVENUE	\$ 803,159	803,159 ¹	\$ -
COST OF SALES	\$ 236,575	236,575	\$ -
GROSS PROFIT	\$ 566,584	566,584	\$ -
EXPENSES			
General and Administrative	\$ 497,242	425,519	\$ 4,375
Advertising/Promotion Expense	486,091	1,429	(48,670)
Interest Expense	178,060	16,797	3,726
Professional Fees	2,384,841	196,218	58,641
Management Fee	259,038	9,038	0
Syndication Cost	1,002,445	10,960	36,970
Rent	69,241	20,241	0
Telephone	67,388	39,989	1,747
Travel & Entertainment	143,509	7,369	4,879
Salaries & Wages	3,539,256	714,152	174,000
Total Expenses	\$ 8,627,110	1,441,712	\$ 235,668
Loss before income taxes	\$ (8,060,526)	\$ (875,128)	\$ (235,668)
OTHER INCOME AND EXPENSES			
Other income and expenses	\$ (4,223)	(2,345)	\$ (1,878)
Provision for income taxes	-	0	-
NET LOSS	\$ (8,064,749)	(877,473)	(237,546)
Basic and diluted loss per common share		\$ (0.002)	\$ (0.002)
Basic and diluted weighted average number of common shares outstanding		377,044,803	148,195,953

See accountants' report on financial statements

ZUMA BEACH ENTERTAINMENT, INC.

(A Development Stage Company)

STATEMENTS OF CASH FLOWS

For the years ended December 31

(Unaudited)

	Cumulative from the beginning of development stage (January 1, 2003)	2009	2008
CASH FLOWS FROM OPERATING ACTIVITIES			
Net loss from operations	\$ (8,064,748)	\$ (877,473)	\$ (237,546)
Adjustments to reconcile net loss to net cash used in operating activities			
Depreciation	33,403	32,228	1,175
(Increase) decrease in:			
Employee advances	(319,463)	(98,978)	-
Short-term note receivable	(109,625)	(109,625)	-
Accounts receivable (net of allowance)	(6,630)	(6,630)	-
Accrued interest receivable	(634)	(634)	-
Prepared expenses	(16,746)	(16,746)	-
Loan receivable	(23,150)	(23,150)	-
Due from related party	(162,202)	(139,619)	(17,583)
Increase (decrease) in:			
Bank overdraft	9,903	9,904	(76,588)
Accounts payable	932,378	614,393	47,273
Accrued expenses	45,277	42,318	2,959
Intercompany transactions	120,379	120,379	-
Payables	147,411	147,411	-
Due to related party	(1,022,271)	(1,136,993)	-
Loan payable	1,078,262	1,052,762	25,500
Net cash used by operating activities	<u>\$ (7,358,456)</u>	<u>\$ (390,453)</u>	<u>\$ (254,810)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of asset net of liabilities	(48,977)	(42,061)	(6,916)
Investment in "MOMO"	(75,000)	-	(75,000)
Investment in 20% Fiction	(75,000)	-	(75,000)
Investment in Sea of Darkness	(75,000)	-	(75,000)
Investment in "The Sam Giancana"	(75,000)	-	(75,000)
Investment in FNIN	(1,590,476)	(1,590,476)	-
Trademarks	(310,091)	-	(310,091)
The Winged Angels Production	(3,251)	(3,251)	-
Angel Babies Production	(169,780)	-	-
Net cash used in investing activities	<u>\$ (2,422,575)</u>	<u>\$ (1,635,788)</u>	<u>\$ (617,007)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceed from issuance of debt note	5,000		5,000
Proceed from issuance of common stock for cash	8,504,855	2,024,576	678,452
Advances from related parties	1,271,176	-	190,030
Net cash provided in financing activities	<u>\$ 9,781,031</u>	<u>\$ 2,024,576</u>	<u>\$ 873,482</u>
Net decrease in cash	<u>\$ -</u>	<u>\$ (1,665)</u>	<u>\$ 1,665</u>
Cash at the beginning of the year	<u>-</u>	<u>1,665</u>	<u>-</u>
Cash at the end of the year	<u>\$ -</u>	<u>\$ -</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	315,000			
Common stock issued for salaries	809,267			
Interest paid	\$ 178,060	\$ 16,797	\$ 3,726	

¹ Zuma Beach Entertainment, Inc ("Zuma") (Pink Sheets: ZMBC) entered into an equity acquisition agreement to acquire the assets of Exchangemall.com, Inc ("Exchangemall") including all of First National Information Network, Inc., ("FNIN") along with SalesRide.com, Investor Concepts, Fast Info 1, and the URL of Exchangemall.com, Inc. The all-stock transaction is valued at \$8.5M, a purchase price that represents a premium of approximately 50% over the \$0.21 valuation assigned by ERISA Valuation Associates within their 2008 Limited Scope Fractional Interest Market Valuation Report of Exchangemall. The acquisition was finalized on May 27, 2009.

The accompanying Consolidated Financial Statements of Zuma Beach Entertainment, Inc. which comprise of the Consolidated Balance Sheet starting May 28th, 2009 and ending December 31st, 2009 with the corresponding Consolidated Statement of Operations and Consolidated Statement of Cash Flows are unaudited. The consolidated revenue as of December 31, 2009 is \$803,159.00.