

NUVEEN ARIZONA PREMIUM INCOME MUNICIPAL FUND INC
Form N-Q
June 29, 2009

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549**

FORM N-Q

QUARTERLY SCHEDULE OF PORTFOLIO HOLDINGS OF REGISTERED MANAGEMENT INVESTMENT COMPANY

Investment Company Act file number 811-7278

Nuveen Arizona Premium Income Municipal Fund, Inc.

(Exact name of registrant as specified in charter)

Nuveen Investments

333 West Wacker Drive, Chicago, Illinois 60606

(Address of principal executive offices) (Zip code)

Kevin J. McCarthy Vice President and Secretary

333 West Wacker Drive, Chicago, Illinois 60606

(Name and address of agent for service)

Registrant's telephone number, including area code: 312-917-7700

Date of fiscal year end: 7/31

Date of reporting period: 4/30/09

Form N-Q is to be used by management investment companies, other than small business investment companies registered on Form N-5 (§§ 239.24 and 274.5 of this chapter), to file reports with the Commission, not later than 60 days after the close of the first and third fiscal quarters, pursuant to rule 30b1-5 under the Investment Company Act of 1940 (17 CFR 270.30b1-5). The Commission may use the information provided on Form N-Q in its regulatory, disclosure review, inspection, and policymaking roles.

A registrant is required to disclose the information specified by Form N-Q, and the Commission will make this information public. A registrant is not required to respond to the collection of information contained in Form N-Q unless the Form displays a currently valid Office of Management and Budget ("OMB") control number. Please direct comments concerning the accuracy of the information collection burden estimate and any suggestions for reducing the burden to the Secretary, Securities and Exchange Commission, 450 Fifth Street, NW, Washington, DC 20549-0609. The OMB has reviewed this collection of information under the clearance requirements of 44 U.S.C. § 3507.

Item 1. Schedule of Investments

Portfolio of Investments (Unaudited)

Nuveen Arizona Premium Income Municipal Fund, Inc. (NAZ)

April 30, 2009

Principal

Amount (000) Description (1)

Consumer Staples □ 1.1% (0.7% of Total Investments)

\$ 790 Puerto Rico, The Children's Trust Fund, Tobacco Settlement Asset-Backed Refunding Bonds, Series 2002, 5.375%, 5/15/33

Education and Civic Organizations □ 11.5% (7.7% of Total Investments)

2,500 Arizona Higher Education Loan Authority, Student Loan Revenue Bonds, Series 2007B, Adjustable Rate, 0.930%, 11/01/41 (4)
 1,000 Arizona State University, System Revenue Bonds, Series 2002, 5.000%, 7/01/25 □ FGIC Insured
 Arizona State University, System Revenue Bonds, Series 2005:
 1,455 5.000%, 7/01/20 □ AMBAC Insured
 750 5.000%, 7/01/21 □ AMBAC Insured
 1,500 Tempe Industrial Development Authority, Arizona, Lease Revenue Bonds, Arizona State University Foundation Project, Series 2003, 5.000%, 7/01/34 □ AMBAC Insured

7,205 Total Education and Civic Organizations

Health Care □ 22.0% (14.8% of Total Investments)

1,430 Arizona Health Facilities Authority, Hospital Revenue Bonds, Banner Health Systems, Series 2007A, 5.000%, 1/01/25
 885 Arizona Health Facilities Authority, Hospital Revenue Bonds, Banner Health Systems, Series 2007B, 1.619%, 1/02/37
 3,470 Arizona Health Facilities Authority, Hospital Revenue Bonds, Banner Health Systems, Series 2008D, 5.500%, 1/01/38
 675 Glendale Industrial Development Authority, Arizona, Revenue Bonds, John C. Lincoln Health Network, Series 2005B, 5.000%, 12/01/37
 1,110 Glendale Industrial Development Authority, Arizona, Revenue Bonds, John C. Lincoln Health Network, Series 2007, 5.000%, 12/01/42
 2,150 Maricopa County Industrial Development Authority, Arizona, Health Facility Revenue Bonds, Catholic Healthcare West, Series 2004A, 5.375%, 7/01/23
 2,800 Maricopa County Industrial Development Authority, Arizona, Health Facility Revenue Bonds, Catholic Healthcare West, Series 2007A, 5.250%, 7/01/32
 515 Puerto Rico Industrial, Tourist, Educational, Medical and Environmental Control Facilities Financing Authority, Hospital Revenue Bonds, Hospital de la Concepcion, Series 2000A, 6.375%, 11/15/15
 1,005 Winslow Industrial Development Authority, Arizona, Hospital Revenue Bonds, Winslow Memorial Hospital, Series 1998, 5.500%, 6/01/22

14,040 Total Health Care

Housing/Single Family □ 5.4% (3.6% of Total Investments)

865 Phoenix and Pima County Industrial Development Authority, Arizona, Single Family Mortgage Revenue Bonds, Series 2007-4, 5.800%, 12/01/39 (Alternative Minimum Tax)
 2,115 Tucson and Pima County Industrial Development Authority, Arizona, Joint Single Family Mortgage Revenue Bonds, Series 2007B, 5.350%, 6/01/47 (Alternative Minimum Tax)

2,980 Total Housing/Single Family

Tax Obligation/General □ 11.3% (7.6% of Total Investments)

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1,265	Gila County Unified School District 10 Payson, Arizona, School Improvement Bonds, Project 2006, Series 2008B, 3.000%, 7/01/28
1,200	Maricopa County Unified School District 95 Queen Creek, Arizona, General Obligation Bonds, Series 2008, 5.000%, 7/01/27 ☐ FSA Insured
3,530	Pinal County Unified School District 1, Florence, Arizona, General Obligation Bonds, Series 2008C, 5.250%, 7/01/28
330	Puerto Rico, General Obligation and Public Improvement Bonds, Series 2001A, 5.375%, 7/01/28

6,325 Total Tax Obligation/General

Tax Obligation/Limited ☐ 35.0% (23.5% of Total Investments)

407	Estrella Mountain Ranch Community Facilities District, Goodyear, Arizona, Special Assessment Lien Bonds, Series 2001A, 7.875%, 7/01/25
3,000	Glendale Western Loop 101 Public Facilities Corporation, Arizona, Third Lien Excise Tax Revenue Bonds, Series 2008B, 6.250%, 7/01/38
1,280	Greater Arizona Development Authority, Infrastructure Revenue Bonds, Series 2006-1, 5.000%, 8/01/22 ☐ MBIA Insured
740	Greater Arizona Development Authority, Infrastructure Revenue Bonds, Series 2006A, 5.000%, 8/01/23 ☐ MBIA Insured
575	Marana Municipal Property Corporation, Arizona, Revenue Bonds, Series 2003, 5.000%, 7/01/28 ☐ AMBAC Insured
1,574	Marana, Arizona, Tangerine Farms Road Improvement District Revenue Bonds, Series 2006, 4.600%, 1/01/26
3,400	Maricopa County Stadium District, Arizona, Revenue Refunding Bonds, Series 2002, 5.375%, 6/01/18 ☐ AMBAC Insured
3,400	Mesa, Arizona, Street and Highway User Tax Revenue Bonds, Series 2005, 5.000%, 7/01/24 ☐ FSA Insured
1,140	Pinetop Fire District of Navajo County, Arizona, Certificates of Participation, Series 2008, 7.750%, 6/15/29
1,200	Prescott Valley Municipal Property Corporation, Arizona, Municipal Facilities Revenue Bonds, Series 2003, 5.000%, 1/01/27 ☐ FGIC Insured
265	Puerto Rico Public Buildings Authority, Guaranteed Government Facilities Revenue Refunding Bonds, Series 2002D, 5.125%, 7/01/24
1,610	San Luis Civic Improvement Corporation, Arizona, Municipal Facilities Excise Tax Revenue Bonds, Series 2005, 5.000%, 7/01/25 ☐ SYNCORA GTY Insured
500	Tucson, Arizona, Certificates of Participation, Series 2000, 5.700%, 7/01/20 ☐ MBIA Insured
645	Vistancia Community Facilities District, Arizona, Restricted General Obligation Bonds, Series 2005, 5.750%, 7/15/24

19,736 Total Tax Obligation/Limited

U.S. Guaranteed ☐ 25.4% (17.1% of Total Investments) (5)

800	Arizona Health Facilities Authority, Hospital Revenue Bonds, Catholic Healthcare West, Series 1999A, 6.625%, 7/01/20 (Pre-refunded 7/01/10)
1,000	Arizona Health Facilities Authority, Hospital System Revenue Bonds, John C. Lincoln Health Network, Series 2000, 7.000%, 12/01/25 (Pre-refunded 12/01/10)
1,250	Glendale Industrial Development Authority, Arizona, Revenue Bonds, Midwestern University, Series 2001A, 5.875%, 5/15/31 (Pre-refunded 5/15/11)

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1,250	Maricopa County Industrial Development Authority, Arizona, Hospital Revenue Refunding Bonds, Samaritan Health Services, Series 1990A, 7.000%, 12/01/16 ☐ MBIA Insured (ETM)
385	Maricopa County, Arizona, Hospital Revenue Bonds, Sun Health Corporation, Series 2005, 5.000%, 4/01/16 (Pre-refunded 4/01/15)
3,000	Mesa Industrial Development Authority, Arizona, Revenue Bonds, Discovery Health System, Series 1999A, 5.750%, 1/01/25 (Pre-refunded 1/01/10) ☐ MBIA Insured
2,000	Phoenix Civic Improvement Corporation, Arizona, Junior Lien Wastewater System Revenue Bonds, Series 2000, 6.000%, 7/01/24 (Pre-refunded 7/01/10) ☐ FGIC Insured
1,000	Puerto Rico Highway and Transportation Authority, Highway Revenue Bonds, Series 2000B, 6.500%, 7/01/27 (Pre-refunded 7/01/10)
735	Puerto Rico Public Buildings Authority, Guaranteed Government Facilities Revenue Refunding Bonds, Series 2002D, 5.125%, 7/01/24 (Pre-refunded 7/01/12)
1,500	Scottsdale Industrial Development Authority, Arizona, Hospital Revenue Bonds, Scottsdale Healthcare, Series 2001, 5.800%, 12/01/31 (Pre-refunded 12/01/11)

12,920 Total U.S. Guaranteed

Utilities ☐ 19.3% (13.0% of Total Investments)

1,000	Arizona Power Authority, Special Obligation Power Resource Revenue Refunding Crossover Bonds, Hoover Project, Series 2001, 5.250%, 10/01/15
215	Pima County Industrial Development Authority, Arizona, Lease Obligation Revenue Refunding Bonds, Tucson Electric Power Company, Series 1988A, 7.250%, 7/15/10 ☐ FSA Insured
2,170	Puerto Rico Electric Power Authority, Power Revenue Bonds, Series 2005RR, 5.000%, 7/01/27 ☐ SYNCORA GTY Insured
530	Salt River Project Agricultural Improvement and Power District, Arizona, Electric System Revenue Bonds, Series 2002B, 5.000%, 1/01/22
1,000	Salt River Project Agricultural Improvement and Power District, Arizona, Electric System Revenue Refunding Bonds, Series 2002A, 5.125%, 1/01/27
	Salt Verde Financial Corporation, Arizona, Senior Gas Revenue Bonds, Series 2007:
4,500	5.500%, 12/01/29
3,500	5.000%, 12/01/37

12,915 Total Utilities

Water and Sewer ☐ 17.9% (12.0% of Total Investments)

1,005	Cottonwood, Arizona, Senior Lien Water System Revenue Bonds, Municipal Property Corporation, Series 2004, 5.000%, 7/01/24 ☐ SYNCORA GTY Insured
3,500	Glendale, Arizona, Water and Sewer Revenue Bonds, Subordinate Lien, Series 2003, 5.000%, 7/01/28 ☐ AMBAC Insured
600	Oro Valley Municipal Property Corporation, Arizona, Senior Lien Water Revenue Bonds, Series 2003, 5.000%, 7/01/23 ☐ MBIA Insured
1,000	Phoenix Civic Improvement Corporation, Arizona, Junior Lien Wastewater System Revenue Bonds, Series 2004, 5.000%, 7/01/24 ☐ MBIA Insured
1,500	Phoenix Civic Improvement Corporation, Arizona, Junior Lien Water System Revenue Bonds, Series 2002, 5.000%, 7/01/26 ☐ FGIC Insured
1,250	Phoenix Civic Improvement Corporation, Arizona, Junior Lien Water System Revenue Refunding Bonds, Series 2001, 5.500%, 7/01/21 ☐ FGIC Insured
	Surprise Municipal Property Corporation, Arizona, Wastewater System Revenue Bonds, Series 2007:

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600 4.700%, 4/01/22

695 4.900%, 4/01/32

10,150 Total Water and Sewer

\$ 87,061 Total Investments (cost \$84,385,360) □ 148.9%

Other Assets Less Liabilities □ 4.9%

Preferred Shares, at Liquidation Value □ (53.8)% (6)

Net Assets Applicable to Common Shares □ 100%

Fair Value Measurements

During the current fiscal period, the Fund adopted the provisions of Statement of Financial Accounting Standards No. 157 (SFAS No.157) "Fair Value Measurements." SFAS No. 157 defines fair value, establishes a framework for measuring fair value in generally accepted accounting principles, and expands disclosure about fair value measurements. In determining the value of the Fund's investments various inputs are used. These inputs are summarized in the three broad levels listed below:

Level 1 □ Quoted prices in active markets for identical securities.

Level 2 □ Other significant observable inputs (including quoted prices for similar securities, interest rates, prepayment speeds, credit risk, etc.).

Level 3 □ Significant unobservable inputs (including management's assumptions in determining the fair value of investments).

The inputs or methodology used for valuing securities are not an indication of the risk associated with investing in those securities. The following is a summary of the Fund's fair value measurements as of April 30, 2009:

	Level 1	Level 2	Level 3	Total
Investments	\$ □	\$81,161,764	\$1,817,250	\$82,979,014

The following is a reconciliation of the Fund's Level 3 investments held at the beginning and end of the measurement period:

	Level 3 Investments
Balance at beginning of period	\$1,278,800
Gains (losses):	
Net realized gains (losses)	□
Net change in unrealized appreciation (depreciation)	538,450
Net purchases at cost (sales at proceeds)	□
Net discounts (premiums)	□
Net transfers in to (out of) at end of period fair value	□
Balance at end of period	\$1,817,250

Income Tax Information

The following information is presented on an income tax basis. Differences between amounts for financial statement and federal income tax purposes are primarily due to timing differences in recognizing taxable market discount, timing differences in recognizing certain gains and losses on investment transactions and the treatment of investments in inverse floating rate transactions subject to Statement of Financial Accounting Standards No. 140 (SFAS No. 140), if any. To the extent that differences arise that are permanent in nature, such amounts are reclassified within the capital accounts on the Statement of Assets and Liabilities presented in the annual report, based on their federal tax basis treatment; temporary differences do not require reclassification. Temporary and permanent differences do not impact the net asset value of the Fund.

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At April 30, 2009, the cost of investments was \$84,334,675.

Gross unrealized appreciation and gross unrealized depreciation of investments at April 30, 2009, were as follows:

Gross unrealized:	
Appreciation	\$ 2,441,807
Depreciation	(3,797,468)
<hr/>	
Net unrealized appreciation (depreciation) of investments	\$(1,355,661)

- (1) All percentages shown in the Portfolio of Investments are based on net assets applicable to Common shares unless otherwise noted.
- (2) Optional Call Provisions: Dates (month and year) and prices of the earliest optional call or redemption. There may be other call provisions at varying prices at later dates. Certain mortgage-backed securities may be subject to periodic principal paydowns.
- (3) Ratings: Using the higher of Standard & Poor's Group ("Standard & Poor's") or Moody's Investor Service, Inc. ("Moody's") rating. Ratings below BBB by Standard & Poor's or Baa by Moody's are considered to be below investment grade.

The Portfolio of Investments may reflect the ratings on certain bonds whose insurer has experienced downgrades as of the end of the reporting period. Subsequent to the reporting period, and during the period this Portfolio of Investments was prepared, there may have been reductions to the ratings of certain bonds resulting from changes to the ratings of the underlying insurers both during the period and after period end. Such reductions would likely reduce the effective rating of many of the bonds insured by that insurer or insurers presented at period end.

- (4) Investment valued at fair value using methods determined in good faith by, or at the discretion of, the Board of Directors.
 - (5) Backed by an escrow or trust containing sufficient U.S. Government or U.S. Government agency securities which ensure the timely payment of principal and interest. Such investments are normally considered to be equivalent to AAA rated securities.
 - (6) Preferred Shares, at Liquidation Value as a percentage of Total Investments is 36.2%.
- N/R Not rated.
- (ETM) Escrowed to maturity.
-

Item 2. Controls and Procedures.

- a. The registrant's principal executive and principal financial officers, or persons performing similar functions, have concluded that the registrant's disclosure controls and procedures (as defined in Rule 30a-3(c) under the Investment Company Act of 1940, as amended (the "1940 Act") (17 CFR 270.30a-3(c))) are effective, as of a date within 90 days of the filing date of this report that includes the disclosure required by this paragraph, based on their evaluation of the controls and procedures required by Rule 30a-3(b) under the 1940 Act (17 CFR 270.30a-3(b)) and Rule 13a-15(b) or 15d-15(b) under the Securities Exchange Act of 1934 (17 CFR 240.13a-15(b) or 240.15d-15(b)).
- b. There were no changes in the registrant's internal control over financial reporting (as defined in Rule 30a-3(d) under the 1940 Act (17 CFR 270.30a-3(d))) that occurred during the registrant's last fiscal quarter that have materially affected, or are reasonably likely to materially affect, the registrant's internal control over financial reporting.

Item 3. Exhibits.

File as exhibits as part of this Form a separate certification for each principal executive officer and principal financial officer of the registrant as required by Rule 30a-2(a) under the 1940 Act (17 CFR 270.30a-2(a)), exactly as set forth below: See EX-99 CERT attached hereto.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

(Registrant) Nuveen Arizona Premium Income Municipal Fund, Inc.

By (Signature and Title) /s/ Kevin J. McCarthy
 Kevin J. McCarthy
 Vice President and Secretary

Date June 29, 2009

Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

By (Signature and Title) /s/ Gifford R. Zimmerman
 Gifford R. Zimmerman
 Chief Administrative Officer (principal executive officer)

Date June 29, 2009

By (Signature and Title) /s/ Stephen D. Foy
 Stephen D. Foy
 Vice President and Controller (principal financial officer)

Date June 29, 2009

02,925) (3,503) 3,503 - - Net loss - - - (1,592,469) (1,592,469) ----- Balance
 at March 31, 2005 23,107,856 \$ 23,108 \$1,860,823 \$(3,729,133) \$(1,845,202) =====
 ===== The accompanying notes are an integral part of these consolidated
 financial statements F-5 SKREEM ENTERTAINMENT CORPORATION (A DEVELOPMENT STAGE
 COMPANY) CONSOLIDATED STATEMENTS OF CASH FLOWS Year Ended Three Months Year Ended
 Inception to March 31, Ended March December 31, March 31, 2005 31, 2004 2003 2005 -----

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----- Cash flows from operating activities: Net loss \$(1,592,469) \$ (205,994) \$ (736,364) \$(3,729,133)
 Adjustments to reconcile net loss to net cash used in operating activities: Depreciation expense 8,465 1,273 6,220
 40,880 Impairment of loan receivable - - - 130,000 Accrued interest payable converted to equity - - - 208,405
 Expenses paid by shareholder and affiliate 53,026 - - 53,026 Changes in operating assets and liabilities: Increase in
 accounts receivable (114,257) - - (114,257) Decrease (increase) in prepaid expenses and deposits (15,695) 4,408
 (24,328) (35,595) Increase in accounts payable and accrued liabilities 30,159 22,580 11,307 73,300 Increase in
 interest payable to affiliates 69,236 9,453 71,095 84,873 Increase in deferred revenue 35,328 - - 35,328 -----
 ----- Net cash used in operating activities (1,526,207) (168,280) (672,070) (3,253,173)
 ----- Cash flows from investing activities: Purchase of property and equipment
 (11,440) - (3,497) (50,751) Loan receivable - - - (130,000) ----- Net cash used by
 investing activities (11,440) - (3,497) (180,751) ----- Cash flows from financing
 activities: Proceeds from issuance of common stock 301,928 - - 301,928 Proceeds from notes payable-other 365,000 -
 - 365,000 Proceeds from notes payable-shareholder 880,000 - - 880,000 Proceeds from notes payable to affiliates
 475,000 156,591 687,000 2,424,191 Principal payments on notes payable to affiliates (90,000) - - (140,000) Principal
 payments on notes payable-other (265,000) - - (265,000) Principal payments on notes payable- shareholder (80,000) -
 - (80,000) ----- Net cash provided by financing activities 1,586,928 156,591 687,000
 3,486,119 ----- Net increase (decrease) in cash and cash equivalents 49,281 (11,689)
 11,433 52,195 Cash and cash equivalents, beginning of year 2,914 14,603 3,170 - -----
 ----- Cash and cash equivalents, end of year \$ 52,195 \$ 2,914 \$ 14,603 \$ 52,195 =====

===== The accompanying notes are an integral part of these consolidated financial statements
 F-6 SKREEM ENTERTAINMENT CORPORATION (A DEVELOPMENT STAGE COMPANY) NOTES TO
 CONSOLIDATED FINANCIAL STATEMENTS 1. Nature of Operations and Summary of Significant Accounting
 Policies Nature of the Business and Merger Stanford Capital Corporation (Stanford) was incorporated under the laws
 of the State of Delaware on June 11, 1992. During January 2004, Stanford acquired all of the issued and outstanding
 shares of common stock of Skreem Entertainment Corporation (Skreem) in exchange for 22,000,000 post reverse split
 shares of common stock, par value \$0.001 per share, to the holders of Skreem's common stock. The transaction is
 considered a reverse merger and Skreem became a wholly owned subsidiary of Stanford. Stanford and Skreem are
 collectively referred to as "the Company". On March 16, 2004 the Company filed a Certificate of Amendment with
 the Delaware Secretary of State changing the Company's name to Skreem Entertainment Corporation and reverse
 splitting the Company's shares on a one (1) for five (5) basis. The financial statements herein reflect the effect of the
 reverse stock split. The proforma effects of the reverse merger are not material to the consolidated financial
 statements. Skreem is a development stage company that was incorporated in Nevada on August 19, 1999. Skreem
 was formed to promote, finance and manage artists and projects in the music industry and is located in the State of
 Florida. Basis of Presentation and Consolidation The consolidated financial statements have been prepared in
 accordance with accounting principles generally accepted in the United States of America. The Company has elected
 to continue the fiscal year of the legal acquirer (registrant). As the transaction is deemed a reverse merger, this gives
 rise to the three month transition period ended March 31, 2004. The consolidated financial statements include the
 financial statements of the Company and its wholly owned subsidiary. All significant intercompany balances and
 transactions, including intercompany profits and unrealized profits and losses are eliminated on consolidation. Cash
 and Cash Equivalents Cash and cash equivalents consist of cash on hand and on deposit at a major financial
 institution. The Company considers highly liquid investments with original maturities of three months or less when
 purchased to be cash equivalents. Advances to Artists The Company advances monies to artists upon the artist signing
 the "Exclusive Recording Artist Agreement." An advance paid to an artist shall be reported as an asset if the past
 performance and current popularity of the artist to whom the advance is made provide a sound basis for estimating
 that the amount of the advance will be recoverable from future royalties to be earned by the artist. Any portion of
 advances that subsequently appear not to be fully recoverable from future royalties to be earned by the artist shall be
 charged to expense during the period in which the loss becomes evident. F-7 SKREEM ENTERTAINMENT
 CORPORATION (A DEVELOPMENT STAGE COMPANY) NOTES TO CONSOLIDATED FINANCIAL
 STATEMENTS 1. Nature of Operations and Summary of Significant Accounting Policies, Continued Property and
 Equipment Property and equipment are stated at cost. Provisions for depreciation are computed using the
 double-declining method based on the estimated useful lives of the assets, generally three to seven years. Expenditures

that increase the value or extend the life of the asset are capitalized, while cost of maintenance and repairs are expensed as incurred. Leasehold improvements are amortized on a straight-line basis over the shorter of the useful life of the improvement or the term of the lease. When assets are retired or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts, and any resulting gain or loss is recognized. In accordance with Statement of Financial Accounting Standards (SFAS) No. 144, "Accounting for the Impairment or Disposal of Long-lived Assets," the Company examines the possibility of decrease in value of fixed assets when events or changes in circumstances reflect the fact that their recorded value may not be recoverable. Record Masters A record master borne by the Company is reported as a cost of production when the past performance and current popularity of the artist does not provide a sound basis for estimating that the cost will be recovered from future sales. Revenue Recognition Revenue is recognized in accordance with Staff Accounting Bulletin No. 104 (SAB 104) when persuasive evidence of an arrangement exists, the price to the buyer is fixed or determinable; delivery has occurred or services have been rendered or the license period has begun; and collectibility is reasonably assured. Revenue from the distribution of recordings under license and distribution agreements is recognized as earned under the criteria established by Statement of Financial Accounting Standard No. 50. Revenue is generally recognized when the Company receives an "accounting" of recordings sold with payment from the licensee. In the event the Company has not received an "accounting" from the licensee and if the Company has information related to the licensed use of recordings that would result in the revenue being fixed and determinable, and collection is reasonably assured, then revenue is recognized in the periods in which the license revenue is earned. Minimum guarantees (advances) received from licensees are recorded as deferred revenue and are amortized over the performance period, which is generally the period covered by the agreement. Advertising Costs All costs related to general advertising are charged to expense as incurred. For the year ended March 31, 2005, the Company recorded total advertising expense of \$116,046. There were no significant advertising expenses incurred during the three months ended March 31, 2004 and year ended December 31, 2003. F-8 SKREEM ENTERTAINMENT CORPORATION (A DEVELOPMENT STAGE COMPANY) NOTES TO CONSOLIDATED FINANCIAL STATEMENTS 1. Nature of Operations and Summary of Significant Accounting Policies, Continued Operating expenses Operating expenses include music production costs, artist compensation costs, and other operating expenses. The Company enters into production, promotion and related consulting agreements in the ordinary course of business. Use of Estimates The preparation of financial statements in conformity with general accepted accounting principles in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Income Taxes From inception of the Company through August 31, 2003, the Company had elected to be taxed under Subchapter S of the Internal Revenue Code. As a result, corporate income or loss passes through to the shareholder and therefore, no provision for federal or state income taxes has been recorded by the Company. On August 31, 2003, the Company converted certain debt and accrued interest owed to affiliates to equity. The affiliates were a corporation and a partnership that made the Company ineligible to be taxed under subchapter S of the Internal Revenue Code. Subsequent to August 31, 2003, the Company accounts for income tax using Statements of Financial Accounting (SFAS) No. 109 "Accounting for Income Taxes." Recent Accounting Pronouncements In December 2004, the Financial Accounting Standards Board, or FASB, issued Statement of Financial Accounting Standards No. 123R "Share-Based Payment" (SFAS 123R). This statement revises SFAS No. 123, supercedes APB No. 25, and requires companies to recognize the cost of employee stock options and other awards of stock-based compensation based on the fair value of the award as of the grant date. Currently, this type of compensation expense is not reflected in the Company's Consolidated Statements of Operations. The effective date of this pronouncement is as of the beginning of the first interim or annual period that begins after December 15, 2005. The Company plans to adopt the requirements of SFAS 123R effective January 1, 2006. F-9 SKREEM ENTERTAINMENT CORPORATION (A DEVELOPMENT STAGE COMPANY) NOTES TO CONSOLIDATED FINANCIAL STATEMENTS 1. Nature of Operations and Summary of Significant Accounting Policies, Continued Recent Accounting Pronouncements, continued In December 2004, FASB published the following two final FASB Staff Positions, effective immediately. FAS 109-1, "Application of FASB Statement No. 109, Accounting for Income Taxes, to the Tax Deduction on Qualified Production Activities Provided by the American Jobs Creation Act of 2004," giving guidance on applying FASB Statement No. 109, Accounting for Income Taxes, to the tax deduction on qualified production activities provided by the American Jobs Creation Act of 2004. FAS 109-2 "Accounting and

Disclosure Guidance for the Foreign Earnings Repatriation Provision within the American Jobs Creation Act of 2004" provides guidance on the Act's repatriation provision. The Company is in the process of reviewing FAS 109-1 and FAS 109-2; however, at this time the Company does not believe that the adoption of FAS 109-1 or FAS 109-2 will have a material impact on its consolidated financial position, results of operations or cash flows. In November 2004, FASB Emerging Issues Task Force (EITF) reached a consensus in applying the conditions in Paragraph 42 of SFAS No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets, in Determining Whether to Report Discontinued Operations" (EITF 03-13). Evaluation of whether operations and cash flows have been eliminated depends on whether (1) continuing operations and cash flows are expected to be generated, and (2) the cash flows, based on their nature and significance, are considered direct or indirect. This consensus should be applied to a component that is either disposed of or classified as held for sale in fiscal periods beginning after December 15, 2004. The Company does not believe that the adoption of EITF 03-13 will have a material impact on its consolidated financial position, results of operations or cash flows. In November 2004, FASB issued SFAS No. 151, "Inventory Costs - An Amendment of ARB No. 43, Chapter 4" (SFAS No. 151). SFAS No. 151 amends the guidance in ARB No. 43, Chapter 4, "Inventory Pricing," to clarify the accounting for abnormal amounts of idle facility expense, handling costs, and wasted material (spoilage). Among other provisions, the new rule requires that items such as idle facility expense, excessive spoilage, double freight, and rehandling costs be recognized as current-period charges regardless of whether they meet the criterion of "so abnormal" as stated in ARB No. 43. SFAS No. 151 is effective for fiscal years beginning after June 15, 2005 and is required to be adopted by the Company in the first quarter of fiscal 2006, beginning on January 1, 2006. The Company is currently evaluating the effect that the adoption of SFAS No. 151 will have on its consolidated financial position, results of operations and cash flows, but do not expect SFAS No. 151 to have a material impact.

F-10 SKREEM ENTERTAINMENT CORPORATION (A DEVELOPMENT STAGE COMPANY) NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Nature of Operations and Summary of Significant Accounting Policies, Continued Going Concern The accompanying financial statements have been prepared on a going concern basis, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business. The Company sustained losses of \$1,592,469, \$205,994, and \$736,364, for the year ended March 31, 2005, the three months ended March 31, 2004, and the year ended December 31, 2003 respectively. The Company had an accumulated deficit of \$3,729,133 at March 31, 2005. These factors raise substantial doubt about the ability of the Company to continue as a going concern for a reasonable period of time. The Company is highly dependent on its ability to continue to obtain investment capital and loans from an affiliate and shareholder in order to fund the current and planned operating levels. The consolidated financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts or the amounts and classification of liabilities that might be necessary should the Company be unable to continue as a going concern. The Company's continuation as a going concern is dependent upon its ability to continue receiving investment capital and loans from an affiliate and shareholder to complete promotion of the Company's artists, continue production of music and achieve a level of success that will enable it to sustain its operations. No assurance can be given that the Company will be successful in these efforts.

2. Property and Equipment Property and equipment is comprised of the following at March 31, 2005: Furniture \$ 18,161 Music and computer equipment 28,604 ----- 46,765 Less: accumulated depreciation (36,894) ----- \$ 9,871 ===== Depreciation expense was \$ 8,465, \$1,273, and \$6,220, for the year ended March 31, 2005, the three months ended March 31, 2004, and the year ended December 31, 2003, respectively.

3. Deposits At March 31, 2005, the Company had deposits of \$15,366 for the rental of a vehicle and \$11,006 for the rental of housing for the Artists and Manager of "3rd Wish" and "Pat Moe".

F-11 SKREEM ENTERTAINMENT CORPORATION (A DEVELOPMENT STAGE COMPANY) NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

4. Income Taxes From inception of the Company through August 31, 2003, the Company had elected to be taxed under Subchapter S of the Internal Revenue Code. As a result, corporate income or loss passes through to the shareholder and therefore, no provision for federal or state income taxes was recorded by the Company. On August 31, 2003, the Company converted certain debt and accrued interest owed to affiliates to equity. The affiliates were a corporation and a partnership that made the Company ineligible to be taxed under subchapter S of the Internal Revenue Code. Subsequent to August 31, 2003, the Company accounts for income tax using Statements of Financial Accounting (SFAS) No. 109 "Accounting for Income Taxes." The following table sets forth a reconciliation of federal income tax for the year ended March 31, 2005, the three months ended March 31, 2004, and the year ended December 31, 2003:

Year Ended	Three Months Year Ended	Year Ended	March 31, 2005	March 31, 2004	December 31, 2003
-----	-----	-----	-----	-----	-----

----- Loss before income taxes \$(1,592,469) \$ (205,994) \$ (736,364) -----
 Income tax benefit computed at statutory rates (541,439) (70,038) (250,363) Valuation allowance 540,596 69,322
 83,210 Losses passed through to Shareholders - - 167,153 Permanent differences, non- deductible expenses 843 716 -
 ----- Tax benefit \$ - \$ - \$ - ===== As of March 31, 2005,

the Company has net operating loss carryforwards of approximately \$2,038,613. The carryforwards begin to expire in the year 2023. The Company's net operating loss carry forwards may be subject to annual limitations, which could reduce or defer the utilization of the losses as a result of an ownership change as defined in section 382 of the Internal Revenue Code. The tax effects of the temporary differences between reportable financial statement income and taxable income are recognized as a deferred tax asset and liability. Significant components of the deferred tax assets are set out below along with a valuation allowance to reduce the net deferred tax asset to zero. In order to comply with generally accepted accounting principles, management has decided to establish the valuation allowance because of the potential that the tax benefits underlying deferred tax asset may not be realized. Significant components of the Company's deferred tax asset at March 31, 2005 are as follows: Net operating loss carryforwards \$ (693,128) Less: valuation allowance 693,128 ----- Net deferred tax assets \$ - =====

F-12 SKREEM ENTERTAINMENT CORPORATION (A DEVELOPMENT STAGE COMPANY) NOTES TO CONSOLIDATED FINANCIAL STATEMENTS 5. Notes Payable Shareholder On May 26, 2004 the Company borrowed \$100,000 from Sugarcreek Capital, LLC. The terms of the note call for repayment of \$104,000 on or before July 30, 2004. As security for the loan, Jeffrey D. Martin, a major stockholder, put up his 1/3 interest in Osceola Partners. On August 19, 2004 the note payable to Sugarcreek Capital, LLC was transferred to Jeffrey D. Martin, a major stockholder, in exchange for his 1/3 interest in Osceola Partners. This note is payable on demand. During the year ended March 31, 2005, Jeffrey D. Martin loaned the Company \$825,000. The notes are payable on demand and bear interest at the rate of 8% per year. Accrued interest at March 31, 2005 was \$17,144. Total principal payments of these notes were \$80,000 during the year ended March 31, 2005. The dates and amounts of these individual note agreements entered into during the year ended March 31, 2005 and outstanding are as follows: Date of Note Amount May 24, 2004 \$ 75,000 July 2, 2004 30,000 August 26, 2004 5,000 November 4, 2004 80,000 November 11, 2004 20,000 November 22, 2004 15,000 December 3, 2004 10,000 December 9, 2004 20,000 December 13, 2004 20,000 December 16, 2004 4,000 February 1, 2005 61,000 February 14, 2005 100,000 February 15, 2005 15,000 February 25, 2005 60,000 March 10, 2005 25,000 March 16, 2005 80,000 March 21, 2005 25,000 March 22, 2005 10,000 March 23, 2005 25,000 March 29, 2005 30,000 March 30, 2005 10,000 March 31, 2005 25,000 ----- Total \$ 745,000 =====

F-13 SKREEM ENTERTAINMENT CORPORATION (A DEVELOPMENT STAGE COMPANY) NOTES TO CONSOLIDATED FINANCIAL STATEMENTS 5. Notes Payable, continued Affiliates The Company's Board of Directors held a meeting on August 30, 2003 and unanimously approved a proposal received from Martin Consultants, Inc. and JT Investments, Ltd., affiliates of the Company, to convert the debt and accrued interest owed by the Company to equity. Martin Consultants, Inc. and JT Investments, Ltd. are 100% and 50%, respectively owned by Jeffrey D. Martin. The notes payable of \$1,373,600 and related accrued interest of \$208,383 were reclassified to equity on August 31, 2003 and Martin Consultants, Inc. was issued 43,000 shares (pre-merger) of common stock. On January 27, 2004, the Company borrowed \$39,592 from JT Investments. The note is unsecured, bears interest at the rate of 8% per year and is payable on demand. The entire principal balance is outstanding at March 31, 2005. The Company recorded interest expense of \$564 and \$3,167 related to the note for the three months ended March 31, 2004 and year ended March 31, 2005, respectively. On November 18, 2004, the Company borrowed \$25,000 (unsecured) from Jeffrey Martin Real Estate Co., a company owned by Jeffrey D. Martin. The note bears interest at the rate of 8% per year. The note and related interest expense of \$895 were paid during the year ended March 31, 2005. At March 31, 2005, the balance of notes payable to Martin Consultants, Inc., a company owned by Jeffrey D. Martin, was \$879,028. The notes bear interest at the rate of 8% per year and are secured by assets of the Company. The Company recorded interest expense of \$ \$45,162, \$8,248, and \$6,205 related to these notes for the year ended March 31, 2005, the three months ended March 31,2004 and year ended December 31, 2003, respectively. The dates and amounts of the individual note agreements with Martin Consultants, Inc. that remain outstanding at March 31, 2005 are as follows: Date of Note Amount December 31, 2003 \$ 304,000 January 7, 2004 20,000 February 15, 2004 20,000 February 25, 2004 20,000 March 8, 2004 10,000 March 11,2004 12,000 March 15,2004 10,000 March 24,2004 15,000 March 31, 2004 10,000 April 6, 2004 10,000 April 12, 2004 10,000 July 23, 2004 20,000 July 30, 2004 10,000 January 7, 2005 400,000 March 31, 2005 8,028 ----- Total \$ 879,028 =====

F-14 5. Notes Payable, continued Others On August

19, 2004 the Company borrowed \$200,000 from Sugarcreek Capital, LLC. The Note was payable on December 30, 2004 and bore interest at the rate of 8% per year. Jeffrey D. Martin personally guaranteed this note. The note and related interest expense of \$6,000 was paid during January 2005. On August 3, 2004 the Company borrowed \$50,000 under a line of credit with an individual. Interest on the line of credit varies monthly. The line of credit is payable on demand and bore interest at a rate of approximately 6.5% per year during the year ended March 31, 2005. Jeffrey D. Martin personally guaranteed this line of credit. The line of credit and related interest expense of \$1,619 were paid during February 2005. On October 4, 2004, the Company borrowed \$15,000 from Market Management, Inc. (MMI). The note is unsecured, payable on demand, and bears interest at a rate of 6% per year. The balance of the note and related interest expense of \$232 were paid during January 2005. On January 24, 2005, the Company borrowed \$100,000 from MMI. The note is unsecured, payable on demand and bears interest at a rate of 10% per year. The Company recognized interest expense of \$1,835 during the year ended March 31, 2005, related to this note.

6. Capital Transactions The Company has offered a Private Placement Memorandum ("PPM") that offers for sale a maximum of 3,000,000 and a minimum of 1,000,000 shares of its common stock, \$.001 par value at \$.50 per share ("the Offering"). The shares are offered on a "best efforts" basis. The Offering will be made in reliance upon an exemption from registration under the federal securities laws provided by Regulation D as promulgated by the United States Securities and Exchange Commission ("SEC"). The Offering will terminate upon the earlier of (i) the sale of the 3,000,000 shares or (ii) May 31, 2004 unless extended by the Company for 120 days. The Company did extend the offering for 120 days and issued 603,856 shares with proceeds of \$301,928. The Company amended the PPM reducing the share minimum to 100,000 shares. The offering concluded after the 120 day extension. The offering was extended for 120 days and the minimum reduced to 100,000 shares because the minimum of 1,000,000 had not been met by May 31, 2004. All shareholders who purchased shares prior to the amendment had the option to receive a return of their proceeds. None elected to do so. On October 6, 2004 3,502,925 shares of common stock were returned to the treasury and cancelled.

7. Related Party Transactions Related party payables at March 31, 2005, consisted of \$9,254 for health insurance as of March 31, 2005. Additionally, notes payable to affiliates and a major shareholder at March 31, 2005 are presented at Note 5. The Company promotes an artist who is the son of the Company's major shareholder. Total advances to the son are approximately \$376,756 as of March 31, 2005. On March 1, 2003, the Company entered into an agreement with All Star Consulting that established a fee of \$5,000 per month, plus rent of an apartment and lease of a car, for services rendered as a Manager of Artists in Germany. Effective January 2005, the agreement was amended to increase the fee paid to All Star Consulting to \$6,500 per month. Tony Harrison, a Vice President and Director of the Company, owns All Star consulting. In connection with the agreement, the Company expensed promotion fees of approximately \$64,500, \$15,000 and \$50,000 for the year ended March 31, 2005, three months ended March 31, 2004, and the year ended December 31, 2003, respectively.

8. Operating Leases The Company leases a vehicle and housing in Germany for the Artists and Manager of "3rd Wish". Rent expense under these leases was \$68,999, \$13,205 and \$42,637 for the year ended March 31, 2005, the three months ended March 31, 2004 and the year ended December 31, 2003 respectively. F-15 Future minimum non-cancelable lease payments to be made through March 31, 2006 are approximately \$68,000 at March 31, 2005.

9. Nu-Sol Agreement And Impairment During May 2000, the Company entered into a financing agreement with Nu-Sol Productions, Inc. (NU-SOL). The purpose of the agreement is for NU-SOL to produce, manufacture, market, and commercially exploit the first LP by Precious Francis "Precious" entitled "Big Girls Don't Cry" and singles derived from the LP (the Property). The Company funded costs and expenses of \$130,000 with respect to the production, manufacturing, marketing, and exploitation of the Property. Under terms established by the NU-SOL agreement, net revenues are to be distributed first to the Company, until the Company recoups 100% of the \$130,000 advanced plus an additional \$39,000. Thereafter, the Company receives 30% of all net revenues. The Company originally recorded the advance to NU-SOL as a loan receivable, but during 2001, the Company deemed the advance uncollectible and recognized an impairment charge.

10. Distribution And Service Agreements During May 2004, the company entered into a five and one-half year Distribution and Service Agreement with Cheyenne Records GmbH (Cheyenne). The agreement grants Cheyenne certain exclusive rights to distribute and sell recordings by 3rd Wish in Germany, Switzerland and Austria. Under the agreement, Cheyenne is to receive a distribution and service fee of 45% of all net receipts (gross receipts less Value Added Tax of approximately 16%). The agreement requires Cheyenne to perform certain services including booking commercial concerts and concert tours, securing personal appearances of "3rd Wish", securing advertising, endorsements and related activities of "3rd Wish", and music publishing/sub-publishing throughout the territory. In

consideration for these services except music publishing/sub-publishing, Cheyenne is to receive 35% of all net receipts paid by third parties. The agreement provides for the Company/Cheyenne to split music publishing revenues on a 75%/25% basis. Cheyenne reported that as of December 31, 2004 approximately 202,000 copies of the "3rd Wish" recordings had been sold and the Company recorded license revenue of \$115,227 for the year ended March 31, 2005.

11. License Agreements On October 11, 2004, the Company entered into a fifteen-year license agreement with Three8 Music Limited (Three8). The terms of the license agreement grant Three8 all rights to the single release by "3rd Wish" entitled "Obsession" in the United Kingdom and Eire, for which the Company earns royalties of 19% calculated on 100% sales of Three8's published dealer price less certain packaging deductions. Additionally, for any third party licensing or digital delivery, the Company is to receive 50% of Three8's net United Kingdom sourced royalty receipts. In connection with the license agreement, the Company received a \$15,000 advance that was initially recorded as deferred revenue and will be recognized as revenue as license fees are earned under the agreement. At March 31, 2005, the accompanying financial statements reflect license fees of \$500 and deferred revenue of \$14,500 related to this agreement. On November 12, 2004, the Company entered into a five year license agreement with NRJ Music (NRJ). The license agreement grants NRJ the exclusive right to the audio and/or audiovisual recordings of "3rd Wish" for the purpose of reproducing them on all media in France, Dom Tom, Andorra, Monaco, and Belgium. In consideration of the exclusive rights granted, NJR shall pay the Company a royalty for sales (less returns) of 19-22% in France, Dom Tom, Andorra and Monaco and 13-15% in Belgium. In addition the Company may earn additional royalties related to phonograms, videograms, and other digital media as defined in the agreement. In connection with the license agreement, the Company received a \$16,822 advance that was initially recorded as deferred revenue and will be recognized as revenue as license fees are earned under the agreement. At March 31, 2005, the accompanying financial statements reflect license fees of \$1,402 and deferred revenue of \$15,420 related to this agreement.

F-16 SKREEM ENTERTAINMENT CORPORATION (A DEVELOPMENT STAGE COMPANY) NOTES TO CONSOLIDATED FINANCIAL STATEMENTS 11. License Agreements, continued On November 26, 2004, the Company entered into a five-year license agreement with Shock Records Pty Ltd (Shock). The license agreement grants Shock the exclusive right to the single release by "3rd Wish" entitled "Obsession" in Australia and New Zealand. Under the license agreement the Company is to receive royalties of 18-22% of net sales, which excludes any sales tax and includes any discounts. Shock retains the right to license the recording for third party, compilation and synchronization use in the territory and the Company shall receive 50% of any third party income. Shock retains exclusive right to copy, extract, digitally encode, sell, distribute, and otherwise exploit the recording in digital format via any interactive technology. In connection with the license agreement, the Company received a \$5,150 advance that was initially recorded as deferred revenue and will be recognized as revenue as license fees are earned under the agreement. At March 31, 2005, the accompanying financial statements reflect license fees of \$429 and deferred revenue of \$4,721 related to this agreement. On December 14, 2004, the Company entered into a three-year license agreement with NMC Music Ltd. (NMC). The license agreement grants NMC exclusive rights to the single release by "3rd Wish" entitled "obsession" in Israel. The Company shall receive royalties of 18% calculated on 100% of net sales. On January 17, 2005, the Company entered into a three-year license agreement with Megaliner Records (Megaliner). The license agreement grants Megaliner exclusive rights to the single release by "3rd Wish" entitled "Obsession" including all available remixes. The territories covered by the license agreement with Megaliner includes Russia, Azerbaijan, Armenia, Georgia, Moldova, Kazakstan, Krygystan, Tajikistan, Uzbekistan, Turkmenistan, Ukraine, Republic of Belarus, Lithuania, Lativa and Estonia. Under the terms of the agreement the Company is to receive royalties of 20% of the published dealer price with no deductions allowed. In addition the Company/Megaliner shall split any third party income and broadcasting income on a 60%/40% basis. In connection with the license agreement, the Company received an advance of \$750 and will record the advance as revenue as earned under the agreement. On February 14, 2005, the Company entered into a license agreement with VIDISCO. The license agreement grants VIDISCO exclusive rights to the single release by "3rd Wish" entitled "Obsession" in Portugal. The Company shall receive royalties of 18% calculated on 100% net sales.

F-17 SKREEM ENTERTAINMENT CORPORATION (A DEVELOPMENT STAGE COMPANY) NOTES TO CONSOLIDATED FINANCIAL STATEMENTS 12. Music Video Production Agreements During the year ended March 31, 2005, the Company entered into Music Video Production Agreements with 1171 Production Group (Production Company). Production Company produced music videos embodying performances by "3rd Wish" and "Pat Moe". As of March 31, 2005 all contractual obligations have been completed and the Company recorded total video production expenses of \$406,525

related to these agreements. 13. Content License Agreement On September 10, 2004, the Company entered into a Content License Agreement with JAMBA!AG (JAMBA) for the distribution of mobile content including ring tones, wallpaper, and logos through the JAMBA service and JAMBA Network. The Content License Agreement is non-exclusive and covers the territories of Germany, Switzerland, and Austria. The term of the agreement commences on the date of the agreement and terminates upon a three month written notice by either party. In consideration of the authorizations granted to JAMBA in the agreement, JAMBA will pay the Company a license fee from all paid and successfully completed downloads of content by end users as set forth in the agreement, which shall be calculated from the net revenue (revenue less value added tax.) The Company has not recorded any revenue related to this agreement. In accordance with SAB 104, the Company will record revenue related to the Content License Agreement when the license revenue is fixed or determinable and collectibility is reasonably assured. 14. Video Ringtone And Promotion Video License Agreement On March 9, 2005, the Company entered into a Framework Master and Video Ringtone and Promotion Video License Agreement (Framework Agreement) with Jamster International Sarl (Jamster) whereas Jamster desires to distribute Master Ringtones and Video Ringtones of certain of the Company's tracks to include excerpts of certain of the Company's promotion video clips into such television advertising campaigns. The video description, license period, territory, exclusivity and any other rights granted to Jamster shall be described in each case by signature of an individual written order form. The term of the Framework Agreement shall remain effective unless terminated by either of the parties. In consideration of the rights granted in the order form(s), Jamster shall pay the Company for each fully paid and completed download of the Ringtone in its monophonic, polyphonic Master and Video Ringtone version a lump sum of \$0.40 for Master Ringtones/Video Ringtones and \$0.15 for tones which trigger a new subscription between end user consumer and distributor as compensation for the use of the video. The Company has not recorded any revenue related to this agreement. In accordance with SAB 104, the Company will record revenue related to the Framework when the license revenue is fixed or determinable and collectibility is reasonably assured. F-19 SKREEM ENTERTAINMENT CORPORATION (A DEVELOPMENT STAGE COMPANY) NOTES TO CONSOLIDATED FINANCIAL STATEMENTS 15. Publishing Agreement On January 17, 2002, the Company entered into a publishing agreement with Broadcast Music, Inc. (BMI) for the period from July 1, 2001 to June 30, 2006. In accordance with the agreement, the Company hereby sells, assigns and transfers to BMI, its successors or assigns all rights which the Company owns or acquires publicly to perform, and to license others to perform, anywhere in the world and part or all musical compositions; the non-exclusive right to record, and to license others to record, any part or all of any of the musical compositions on electrical transcriptions, wire, tape, film or otherwise, but only for the purpose of performing such musical compositions publicly by means of radio and television or for archive or audition purposes; and the exclusive right to adapt or arrange any part or all of any of the musical compositions for performance purposes, and to license others to do so. As consideration for all rights granted to BMI hereunder, BMI agrees to pay the Company upon the basis of current performance rates generally paid by BMI for its affiliated publishers for similar performances. The Company has not recorded any revenue related to the agreement. In accordance with SAB No. 104 the Company will record publishing revenues when the revenue is fixed or determinable and collectibility is reasonably assured. 16. Commitments Exclusive Artist Recording Agreements At March 31, 2005, the Company had entered into long-term Exclusive Artist Recording Agreements with five artists, which include the three Artists of "3rd Wish", the Artist "PatMoe" and the Artist "Precious Dawn Francis" for the purpose of engaging the exclusive personal services of the Artists for making master sound recordings for distribution in any medium. The territory for the agreements shall be worldwide. All master recordings made by the Artists during the terms of the agreements shall be recorded by the Artists on the Company's behalf, and all phonograph records and related performances shall be the entire property of the Company; the Company shall have the right to secure sound recording copyright; and the Company and its licensees shall have the sole and exclusive right to use the recordings throughout the world or any part thereof in any manner it sees fit. The Company may pay all specifically approved recording costs in connection with the master recordings made hereunder, and all recording costs shall be deemed fully recoupable advances to the Artists and shall be deducted from any and all royalties payable to the Artist by the Company under this or any and all royalties payable to the Artists by the Company. Any and all monies paid to or on behalf of the Artists during the term of the agreement shall be fully recoupable, non-returnable advances unless otherwise expressly agreed in writing between the Company and the Artists. The Company has the right, but not the obligation to have the Artists participate in the creation of music videos and 100% of any and all monies expended by or advanced by the Company for the production of music videos

shall constitute additional fully recoupable advances hereunder. The Company shall own any and all rights in and to said music videos in perpetuity. F-20 SKREEM ENTERTAINMENT CORPORATION (A DEVELOPMENT STAGE COMPANY) NOTES TO CONSOLIDATED FINANCIAL STATEMENTS 16. Commitments, continued Exclusive Artist Recording Agreements, continued In its sole discretion, the Company may choose, at any time during the term of the agreements, to license master recordings made by the Artists to third parties on a flat fee or royalty basis, or to enter into a distribution agreement with a third party distributor for the distribution of phonograph records embodying master recordings recorded by the Artists through normal retail channels in the United States and worldwide. With respect to master recordings of the Artists licensed to third parties on a flat-fee basis, the Company shall pay the Artists 20-50% of the net amount received by the Company under such license. With respect to master recordings of the Artists licensed to third parties on a royalty basis, and with respect to phonograph recordings released through a distributor selected by the Company, the Company shall pay the Artists the lesser of 20-50% of the Company's net earned royalty receipts under such license or distribution agreement, or 20-50% of the basic album or single rate as defined in the agreements. Further, in its sole discretion, the Company may choose to commercially release phonograph records through the Company's own distribution network. In such event, the Company agrees to pay the Artists royalties based on the basic album or single rate as defined in the agreements. For phonograph recordings that are exported or sold outside the United States and through record clubs or similar plans, the Artists shall be paid a royalty of 20-50% of the amounts provided of the above mentioned amounts. In addition, the Artists may earn royalties related to licenses for musical compositions, music video licenses and merchandising. At March 31, 2005, the Artists had earned royalties of approximately \$29,000, based on the year end reported licensing revenues. However, the Company is not obligated to pay any royalties until total advances to Artists of \$1,140,737 at March 31, 2005 (plus any future advances) have been recouped. Music Publishing Agreements At March 31, 2005, the Company had entered into long-term Music Publishing Agreements with four individual Writers, which include the three Artists of "3rd Wish" and the Artist "PatMoe". The Company engaged the Writers to render the Writer's exclusive services as songwriters and composers based upon terms and conditions set forth in the agreements. In accordance with the agreements, the Writers grant all rights to all musical compositions written or owned by the Writers and all musical compositions shall be the Company's exclusive property as sole owner. The Company shall pay royalties to the Writers based on various terms and conditions set forth in the agreements. There have been no royalties earned by the writers related to the agreements. F-21 SKREEM ENTERTAINMENT CORPORATION (A DEVELOPMENT STAGE COMPANY) NOTES TO CONSOLIDATED FINANCIAL STATEMENTS 16. Commitments, continued Personal Management Agreement At March 31, 2005, the Company had entered into long-term Personal Management Agreements with four Artists, which include the three Artists of "3rd Wish" and the Artist "PatMoe". The Company accepts the engagement as the Artists' sole and exclusive personal management company in connection with all activities in the entertainment industries throughout the world, including but not limited to their services as musicians, songwriters, actors, publishers, packagers or performers in any medium now known or hereafter devised. For personal management services performed, the Artists agree to pay the Company 15% of all gross compensation earned or received as a result of activities in the entertainment industry. However, the Company shall not be entitled to commissions by the Artists from the sale, license, or grant of any literary or music rights to the Company or any person, firm, or corporation owned or controlled by the Company. During the year ended March 31, 2005, the Company earned commissions of \$3,241, all related to live performances. 17. Supplemental Disclosures Of Cash Flow Information During the year ended March 31, 2005, approximately \$15,000 was paid for interest. No cash was paid for interest during the three months ended March 31, 2004 and year ended December 31, 2003. No cash was paid during the year ended March 31, 2005, three months ended March 31, 2004, and for the year ended December 31, 2003 for income taxes. Non-cash financing transactions: A reclassification of notes payable and accrued interest to equity of \$1,581,983 was approved by the Board of Directors during 2003 and is presented at Note 5. 18. Concentrations Of Risk And Major Customer The Company is economically dependent on an affiliate owned by the Company's major shareholder. The Company is dependent on the success of the Artists. The talent would be difficult to replace. The license revenues of \$115,227 for the year ended March 31, 2005 related to the Distribution and Service Agreement with Cheyenne accounted for approximately 95% of total revenues. F-22 SKREEM ENTERTAINMENT CORPORATION (A DEVELOPMENT STAGE COMPANY) NOTES TO CONSOLIDATED FINANCIAL STATEMENTS 19. Comparative Financial Information The comparative statements of operations for the years ended March 31, 2005 and 2004 are as follows: 2004 2005 (Unaudited) Revenues \$

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120,862 \$ 176 Expenses Operating expenses 1,310,933 588,745 General and administrative expenses 318,150
 166,083 ----- Loss from operations (1,508,221) (754,652) Interest expense (84,248) (57,836) -----
 ----- Net Loss \$(1,592,469) \$(812,488) ===== Basic and Diluted Loss per share \$ (0.06) \$ (0.05) =====
 ===== Basic and Diluted Weighted Average shares outstanding 24,813,714
 16,408,277(1) ===== (1) Number of shares outstanding to reflect reverse merger and for

comparison purposes only. 20. Subsequent Events During April 2005, the Company entered into a 5.5 year Distribution and Service Agreement with Cheyenne Records GmbH (Cheyenne). The agreement grants Cheyenne certain exclusive rights to distribute and sell recordings of the artist "Pat Moe" in Germany, Switzerland and Austria. Cheyenne is to receive a distribution and service fee of 30% to 36% of all net receipts (gross receipts less Value Added Tax of approximately 16%). In addition, Cheyenne will perform certain services including booking commercial concerts and concert tours, securing personal appearances of "Pat Moe", securing advertising, endorsements, and related activities of "Pat Moe" and music publishing /subpublishing throughout the territory. In consideration for these services, except music publishing/subpublishing, Cheyenne is to receive 15-30% of all net receipts. The Company/Cheyenne shall split music publishing revenues on a 75%/25% basis. On June 14, 2005, the Company entered into a business management agreement with Mr. Andy Lai for services performed in Asia and shall continue in perpetuity until written notice of termination is given by either party. Mr. Lai shall act as Business Manager and services shall include contract negotiations, securing recordings distribution, arranging live performances and tours, securing of sponsorships, as well as other business activities that are necessary for the advancement of the artists that are represented by the Company. The Company agrees to compensate Mr. Lai ten percent (10%) of the net revenues collected as a direct result of his negotiations in Asia and should the Company through its own resources enter into a recording or distribution agreement with a major company and the agreement includes Asia, Mr. Lai shall be compensated five percent (5%) of the net revenues resulting from said agreement. F-23

Skreem Entertainment Corporation (A Development Stage Company) Consolidated Condensed Balance Sheet June 30, 2005 (Unaudited) ASSETS Current Assets Cash and cash equivalents \$ 14,720 Prepaid assets and deposits 34,059 ----- Total Current Assets 48,779 Property and Equipment, net 8,979 ----- Total Assets \$ 57,758 ===== LIABILITIES AND SHAREHOLDERS' DEFICIT Current Liabilities Accounts payable and accrued liabilities \$ 144,585 Related party payable 9,254 Deferred revenue 19,337 Accrued interest payable - shareholder and affiliates 114,901 Notes payable - shareholder 1,064,000 Notes payable - affiliates 933,620 Notes payable - other 100,000 ----- Total Current Liabilities 2,385,697 Shareholders' Deficit Preferred stock, par value \$0.001, 1,000,000 shares authorized, no shares issued and outstanding - Common stock, par value \$0.001, 50,000,000 shares authorized, 23,107,856 shares issued and outstanding 23,108 Additional Paid In Capital 1,860,823 Deficit accumulated in the development stage (4,211,870) ----- Total Shareholders' Deficit (2,327,939) ----- Total Liabilities and Deficit \$ 57,758 ===== F-24 Skreem Entertainment Corporation (A Development Stage Company)

Consolidated Condensed Statements of Operations For Three Months Ended June 30, 2005 and 2004 And Period from August 19, 1999 (Inception) to June 30, 2005 (Unaudited) 3 Months Ended 3 Months Ended Inception to June 30, 2005 June 30, 2004 June 30, 2005 ----- Revenues \$ 22,759 \$ - \$ 146,547 Expenses Operating expenses (362,823) (238,172) (2,773,686) General and administrative (106,166) (93,550) (1,104,987) Impairment of loan receivable - - (130,000) ----- Total expense (468,989) (331,722) (4,008,673) ----- Loss from Operations (446,230) (331,722) (3,862,126) Interest expense (36,507) (10,989) (349,744) ----- Net Loss \$(482,737) \$(342,711) \$(4,211,870) =====
 ===== Weighted Average Shares Outstanding 23,107,856 26,244,100 ===== Loss Per Share - basic and diluted \$ (0.02) \$ (0.01) ===== F-25 Skreem Entertainment Corporation (A Development Stage Company) Consolidated Condensed Statements of Changes in Shareholders' Deficit From August 19, 1999 (Date of inception) to June 30, 2005 Paid Common Stock In Retained Shares Amount Capital Deficit Total -----

Balance at inception, August 19, 1999 - \$ - \$ - \$ - Issuance of common stock 20,000 20 - 20 Net Loss - - (84,021) (84,021) ----- Balance at December 31, 1999 20,000 20 - (84,021) (84,001) Net loss - - (230,879) (230,879) ----- Balance at December 31, 2000 20,000 20 - (314,900) (314,880) Net loss - - (494,816) (494,816) ----- Balance at December 31, 2001 20,000 20 - (809,716) (809,696) Net loss - - (384,590) (384,590) ----- Balance at December 31, 2002 20,000 20 - (1,194,306) (1,194,286) Reclassification of debt to equity 43,000 43 1,581,940 - 1,581,983 Net loss - - (736,364) (736,364) ----- Balance

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at December 31, 2003 63,000 63 1,581,940 (1,930,670) (348,667) Effect of issuance of common stock and recapitalization in reverse acquisition transaction 25,943,925 25,944 (25,944) - - Net loss - - - (205,994) (205,994)
 ----- Balance at March 31, 2004 26,006,925 26,007 1,555,996 (2,136,664) (554,661)
 Proceeds from issuance of common stock 603,856 604 301,324 - 301,928 Cancellation of shares (3,502,925) (3,503)
 3,503 - - Net loss - - - (1,592,469)(1,592,469) ----- Balance at March 31, 2005
 23,107,856 23,108 1,860,823 (3,729,133) (1,845,202) Net loss - - - (482,737) (482,737) -----
 ----- Balance at June 30, 2005 23,107,856 \$ 23,108 \$1,860,823 \$ (4,211,870) \$(2,327,939)

===== F-26 Skreem Entertainment Corporation (A Development Stage Company) Consolidated Condensed Statements of Cash Flows For Nine Months Ended June 30, 2005 and 2004 And Period from August 19, 1999 (Inception) to June 30, 2005 (Unaudited) 3 Months Ended 3 Months Ended Inception to June 30, 2005 June 30, 2004 June 30, 2005 ----- Cash Flows from Operating Activities Net Loss \$ (482,737) \$ (342,711) \$ (4,211,870) Adjustments to Reconcile Net Loss to Net Cash Used in Operating Activities: Depreciation expense 892 1,271 41,772 Impairment of loan receivable - - 130,000 Accrued interest payable converted to equity - - 208,405 Expenses paid by shareholder and affiliate 35,000 - 88,026 Changes in Operating assets and liabilities: Decrease in accounts receivable 114,257 - - Increase in prepaid expenses And deposits 1,557 - (34,038) Increase (decrease) in accounts payable and Accrued liabilities 80,538 (6,231) 153,838 Increase in interest payable to affiliates 30,008 10,989 114,881 (Decrease) increase in deferred revenue (15,990) - 19,338 ----- Total Adjustments 246,262 6,029 722,222 ----- Net Cash Used in Operating Activities (236,475) (336,682) (3,489,648) Cash Flows from Investing Activities Payments for purchase of equipment - - (50,751) Loan receivable - - (130,000) ----- Net Cash Used in Investing Activities - - (180,751) Cash Flows from Financing Activities Proceeds from issuance of stock - 266,828 301,928 Proceeds from notes payable - other - - 365,000 Proceeds from notes payable - shareholder 184,000 195,000 1,064,000 Proceeds from notes payable - affiliates 15,000 - 2,439,191 Principal payments on notes payable to affiliates - - (140,000) Principal payments on notes payable to others - - (265,000) Principal payments on notes payable to affiliates - (65,000) (80,000) ----- Net Cash Provided by Financing Activities 199,000 396,828 3,685,119 Net increase(decrease) in cash and cash equivalents (37,475) 60,146 14,720 Cash and cash equivalents at beginning of period 52,195 2,915 - ----- Cash and cash equivalents at end of period \$ 14,720 \$ 63,061 \$ 14,720

===== The accompanying notes are an integral part of these condensed consolidated financial statements. F-27 SKREEM ENTERTAINMENT CORPORATION (A DEVELOPMENT STAGE COMPANY) NOTES TO UNAUDITED CONSOLIDATED CONDENSED FINANCIAL STATEMENTS

----- Note 1 - BASIS OF PRESENTATION The accompanying unaudited consolidated condensed financial statements of Skreem Entertainment Corporation have been prepared in accordance with accounting principles generally accepted in the United States of America for interim financial information and with the instructions to Form 10QSB and Item 310(b) of Regulation S-B. They do not include all of the information and footnotes required by accounting principles generally accepted in the United States of America for complete financial statements. In the opinion of management, all adjustments, consisting only of normal recurring adjustments, considered necessary for a fair presentation, have been included in the accompanying unaudited consolidated financial statements. Operating results for the periods presented are not necessarily indicative of the results that may be expected for the full year. These unaudited consolidated financial statements should be read in conjunction with the consolidated financial statements and footnotes, which are included as part of consolidated financial statements as of March 31, 2005 included in the Company's Form 10KSB. Note 2 - ACCOUNTING POLICY FOR REVENUE RECOGNITION Revenue is recognized in accordance with Staff Accounting Bulletin No. 104 (SAB 104) when persuasive evidence of an arrangement exists, the price to the buyer is fixed or determinable; delivery has occurred or services have been rendered or the license period has begun; and collect ability is reasonably assured. Revenue from the distribution of recordings under license and distribution agreements is recognized as earned under the criteria established by Statement of Financial Accounting Standard No 50. Revenue is generally recognized when the Company receives an "accounting" of recordings sold with payment from the licensee. In the event the Company has not received an "accounting" from the licensee and if the Company has information related to the licensed use of recordings that would result in the revenue being fixed and determinable, and collection is reasonably assured, then revenue is recognized in the periods in which the license revenue is earned. Minimum guarantees (advances) received from licensees are recorded as deferred revenue and are amortized over the

performance period, which is generally the period covered by the agreement. Note 3 - NOTES PAYABLE Shareholder During the quarter ended June 30, 2005, Jeffrey D. Martin, a major stockholder loaned the Company \$219,000. The note is payable on demand and bears interest at the rate of 8% per annum. Interest on this note begins to accrue on July 1, 2005. Affiliates During the quarter ended June 30, 2005, the company borrowed \$15,000 from Am-Pac Investments. The note is payable on demand and bears interest at a rate of 8% per annum. Interest on this note begins to accrue on July 1, 2005. Am-Pac Investments is 100% owned by Jeffrey D. Martin, a major shareholder of the company. SKREEM ENTERTAINMENT CORPORATION (A DEVELOPMENT STAGE COMPANY) NOTES TO UNAUDITED CONSOLIDATED CONDENSED FINANCIAL STATEMENTS

----- Note 4 - GOING CONCERN The accompanying consolidated condensed financial statements have been prepared on a going concern basis, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business. The Company sustained losses of \$ 482,737 for the quarter ended June 30, 2005. The Company had an accumulated deficit of \$4,211,870 at June 30, 2005. These factors raise substantial doubt about the ability of the Company to continue as a going concern for a reasonable period of time. The Company is highly dependent on its ability to continue to obtain investment capital and loans from a major shareholder and an affiliate in order to fund the current and planned operating levels. The financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts or the amounts and classification of liabilities that might be necessary should the Company be unable to continue as a going concern. The Company's continuation as a going concern is dependent upon its ability to continue receiving investment capital from a shareholder and an affiliate and obtaining loans to complete promotion of the Company's artists, continue production of music and achieve a level of success that will enable it to sustain its operations. No assurance can be given that the Company will be successful in these efforts. Note 5 - BUSINESS MANAGEMENT AGREEMENT On June 14, 2005, the Company entered into a business management agreement with Mr. Andy Lai for services performed in certain countries in Asia and shall continue in perpetuity until written notice of termination is given by either party. Mr. Lai shall act as Business Manager and services shall include contract negotiations, securing recordings distribution, arranging live performances and tours, securing of sponsorships, as well as other business activities that are necessary for the advancement of the artists that are represented by the Company. The Company agrees to compensate Mr. Lai ten percent (10%) of the net revenues collected as a direct result of his negotiations in Asia and should the Company through its own resources enter into a recording or distribution agreement with a major company and the agreement includes certain countries in Asia, Mr. Lai shall be compensated five percent (5%) of the net revenues resulting from said agreement. The Company has not recorded any transactions related to this agreement. Note 6 - DISTRIBUTION AGREEMENT During April 2005, the Company entered into a 5.5 year Distribution and Service Agreement with Cheyenne Records GmbH (Cheyenne). The agreement grants Cheyenne certain exclusive rights to distribute and sell recordings of the artist "Pat Moe" in Germany, Switzerland and Austria. Cheyenne shall receive a distribution and service fee of 30% to 36% of all net receipts (gross receipts less Value Added Tax of approximately 16%). In addition, Cheyenne will perform certain services including booking commercial concerts and concert tours, securing personal appearances of "Pat Moe", securing advertising, endorsements, and related activities of "Pat Moe" and music publishing /sub publishing throughout the territory. In consideration for these services, except music publishing/sub publishing, Cheyenne shall receive 15-30% of all net receipts. The Company/Cheyenne shall split music publishing revenues on a 75%/25% basis. The Company has not recorded any revenue related to this agreement. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE The Company has had no disagreements with its certified public accountants with respect to accounting practices or procedures or financial disclosure. The Company did however change its certifying accountants from David T. Thomson P.C. to Thomas Leger & Co. LLP in March of 2004, and from Thomas Leger & Co. LLP, to Ham, Langston & Brezina LLP in January of 2005. (i) On March 3, 2004, the Registrant dismissed David T. Thomson, PC from its position as the Company's independent accountants. (ii) The audit report of David T. Thomson, PC, on April 10, 2003, for the year ended March 31, 2002 contained no adverse opinion, disclaimer of opinion or modification of the opinion. (iii)The Registrant's Board of Directors participated in and approved the decision to change independent accountants. (iv) In connection with its audit for the most recent fiscal year and the interim period until the date of dismissal , there have been no disagreements with David T. Thomson, PC on any matter of accounting principle or practice, financial statement disclosure, or auditing scope or procedure, which disagreement if not resolved to the satisfaction of David T. Thomson, PC would have

caused them to make reference thereto in their report on the financial statements. (v) During the most recent fiscal year and the interim period until the date of dismissal, there have been no reportable events (as defined in Regulation S-K Item 304 (a)(1)(v)). (vi) The Registrant requested that David T. Thomson, PC furnish it with a letter addressed to the SEC stating whether or not it agrees with the above statements. (vii) On January 7, 2005, the Registrant dismissed Thomas Leger & Co., LLP from its position as the Company's independent accountants. (viii) The audit report of Thomas Leger & Co., LLP, on July 21, 2004, for the balance sheet as of March 31, 2004, and the related consolidated statements of operations, shareholders' deficit and cash flows for the three months ended March 31, 2004 and the years ended December 31, 2003 and 2002 and for the period from August 19, 1999 (date of inception) through March 31, 2004 contained no adverse opinion, disclaimer of opinion or modification of the opinion other than the substantial doubt about the Company's ability to continue as a going concern. (ix) The Registrant's Board of Directors participated in and approved the decision to change independent accountants. (x) In connection with its audit for the most recent fiscal year and the interim period until the date of dismissal, there have been no disagreements with Thomas Leger & Co., LLP on any matter of accounting principle or practice, financial statement disclosure, or auditing scope or procedure, which disagreement if not resolved to the satisfaction of Thomas Leger & Co., LLP would have caused them to make reference thereto in their report on the financial statements. 46 (xi) During the most recent fiscal year and the interim period until the date of dismissal, there have been no reportable events (as defined in Regulation S-K Item 304 (a)(1)(v)). (xii) The Registrant requested that Thomas Leger & Co., LLP furnish it with a letter addressed to the SEC stating whether or not it agrees with the above statements (xiii) New independent accountants On January 7, 2005, the Registrant engaged Ham, Langston, & Brezina LLP to audit its financial statements for the year ended March 31, 2005. During the two most recent fiscal years and through March 31, 2005, the Registrant has not consulted with Ham, Langston, & Brezina LLP regarding (i) the application of accounting principles to a specified transaction, either completed or proposed or the type of audit opinion that might be rendered on the Registrant's financial statements, and no written report or oral advice was provided to the Registrant by concluding there was an important factor to be considered by the Registrant in reaching a decision as to an accounting, auditing or financial reporting issue; or (ii) any matter that was either the subject of a disagreement, as that term is defined in item 304 (a)(1)(iv) of Regulation S-K and the related instructions to Item 304 of Regulation S-K, or a reportable event, as that term is defined in Item 304 (a)(1)(v) of Regulation S-K. PART II INFORMATION NOT REQUIRED IN PROSPECTUS INDEMNIFICATION OF DIRECTORS AND OFFICERS Our Articles of Incorporation provide that, to the fullest extent permitted by law, none of our directors or officers shall be personally liable to us or our shareholders for damages for breach of any duty owed to our shareholders or us. Florida law provides that a director shall have no personal liability for any statement, vote, decision or failure to act, regarding corporate management or policy by a director, unless the director breached or failed to perform the duties of a director. A company may also protect its officers and directors from expenses associated with litigation arising from or related to their duties, except for violations of criminal law, transactions involving improper benefit or willful misconduct. In addition, we shall have the power, by our by-laws or in any resolution of our stockholders or directors, to undertake to indemnify the officers and directors of ours against any contingency or peril as may be determined to be in our best interest and in conjunction therewith, to procure, at our expense, policies of insurance. At this time, no statute or provision of the by-laws, any contract or other arrangement provides for insurance or indemnification of any of our controlling persons, directors or officers that would affect his or her liability in that capacity. Insofar as indemnification for liabilities arising under the Securities Act of 1933 may be permitted to directors, officers, or persons controlling us pursuant to the foregoing provisions, we have been informed that, in the opinion of the SEC, that type of indemnification is against public policy as expressed in the Act and is therefore unenforceable. There is no pending litigation or proceeding involving any of our directors or officers as to which indemnification is being sought, nor are we aware of any pending or threatened litigation that may result in claims for indemnification by any director or officer. 47 OTHER EXPENSES OF ISSUANCE AND DISTRIBUTION Subject to any future contingencies, the following table is an itemization of all expenses that we have incurred or we expect to incur in connection with the issuance and distribution of the securities being offered hereby. Items marked with an asterisk (*) represent estimated expenses. We have agreed to pay all the costs and expenses of this offering. Item expense SEC Registration Fee \$ 405 Legal Fees and Expenses* 25,000 Printing registration statement and other documents* \$ 1,595 Accounting Fees and Expenses* \$ 8,000 ----- Total \$ 35,000 ===== *Estimated Figures RECENT SALES OF UNREGISTERED SECURITIES During the first and second quarters of the year ended March 31, 2005, the Company sold, pursuant to

an exemption from registration under rule 505 of Reg. D, 603,856 shares of its common stock for proceeds of \$301,928. The Company prepared a Private Placement Memorandum to serve as an offering prospectus, which was furnished to potential investors prior to sale as required by Rule 502. There were a total of 16 purchasers. The shares issued in connection with this offering are restricted shares bearing a legend requiring the holding of the shares for investment purpose and permitting resale only in the event the shares are the subject of an effective registration statement or in accordance with the resale safe harbor provisions of Rule 144. EXHIBITS Exhibit Number Exhibit Description 1.1 Articles of Incorporation(1) 1.2 Bylaws(1) 5.1 Legal Opinion of Vanderkam & Associates(2) 10.1 Personal Management Agreement - Justin Martin (3) This document represents the agreement between the Company and Justin Martin. It grants the Company the right to manage the artist and grants the Company rights to 15% of all revenue generated by the musician. The contract expires March 1, 2009. Justin Martin is a related party to the Company to the extent that his father is the Company's largest shareholder. 10.2 Personal Management Agreement - Enrique Gonzalez (3) This document represents the agreement between the Company and Enrique Gonzalez. It grants the Company the right to manage the artist and grants the Company rights to 15% of all revenue generated by the musician. The contract expires March 1, 2009. Included in 10.1 10.3 Personal Management Agreement - Alex Acosta (3) This document represents the agreement between the Company and Alex Acosta. It grants the Company the right to manage the artist and grants the Company rights to 15% of all revenue generated by the musician. The contract expires March 1, 2009. Included in 10.1 10.4 Personal Management Agreement - Patrick Williams (PatMoe) (3) This document represents the agreement between the Company and Patrick Williams. It grants the Company the right to manage the artist and grants the Company rights to 15% of all revenue generated by the musician. The contract expires January 1, 2010. 10.5 Exclusive Artist Recording Agreement - Justin Martin (3) This document represents the agreement between the Company and Justin Martin. It engages the personal services of The Artist as a performing artist for the purpose of making Master Sound Recordings for distribution in any medium. The term is for a period required to complete one album and is extendable at the Company's discretion to include the musicians first five albums. The artist will receive varying compensation depending on the medium and where the recording is sold or licensed. The compensation varies from \$.02 per record to 75% of revenues from sales, less costs to record and produce. The musician will not record for any other organization for a period of five years after the completion of an album for the Company. Justin Martin is a related party to the Company to the extent that his father is the Company's largest shareholder. 10.6 Exclusive Artist Recording Agreement - Enrique Gonzalez (3) This document represents the agreement between the Company and Enrique Gonzalez. It engages the personal services of The Artist as a performing artist for the purpose of making Master Sound Recordings for distribution in any medium. The term is for a period required to complete one album and is extendable at the Company's discretion to include the musicians first five albums. The artist will receive varying compensation depending on the medium and where the recording is sold or licensed. The compensation varies from \$.02 per record to 75% of revenues from sales, less costs to record and produce. The musician will not record for any other organization for a period of five years after the completion of an album for the Company. 10.7 Exclusive Artist Recording Agreement - Alex Acosta (3) This document represents the agreement between the Company and Alex Acosta. It engages the personal services of The Artist as a performing artist for the purpose of making Master Sound Recordings for distribution in any medium. The term is for a period required to complete one album and is extendable at the Company's discretion to include the musicians first five albums. The artist will receive varying compensation depending on the medium and where the recording is sold or licensed. The compensation varies from \$.02 per record to 75% of revenues from sales, less costs to record and produce. The musician will not record for any other organization for a period of five years after the completion of an album for the Company. 10.8 Exclusive Artist Recording Agreement - Patrick Williams (PatMoe) (3) This document represents the agreement between the Company and Patrick Williams. It engages the personal services of The Artist as a performing artist for the purpose of making Master Sound Recordings for distribution in any medium. The term is for a period required to complete one album and is extendable at the Company's discretion to include the musicians first five albums. The artist will receive varying compensation depending on the medium and where the recording is sold or licensed. The compensation varies from \$.02 per record to 75% of revenues from sales, less costs to record and produce. The musician will not record for any other organization for a period of five years after the completion of an album for the Company. 10.9 Music Publishing Agreement - Justin Martin (3) This document represents the agreement between the Company and Justin Martin in his capacity as a writer/composer of music. It grants the Company the exclusive right to sell, license and distribute music written or composed by the writer. Compensation

varies from \$.05 per unit sold to 50% of revenues from the sale or licensing depending on the location of sale and the circumstances. The contract expires March 1, 2009. Justin Martin is a related party to the Company to the extent that his father is the Company's largest shareholder. 10.10 Music Publishing Agreement - Enrique Gonzalez (3) This document represents the agreement between the Company and Enrique Gonzalez in his capacity as a writer/composer of music. It grants the Company the exclusive right to sell, license and distribute music written or composed by the writer. Compensation varies from \$.05 per unit sold to 50% of revenues from the sale or licensing depending on the location of sale and the circumstances. The contract expires March 1, 2009. 10.11 Music Publishing Agreement - Alex Acosta (3) This document represents the agreement between the Company and Alex Acosta in his capacity as a writer/composer of music. It grants the Company the exclusive right to sell, license and distribute music written or composed by the writer. Compensation varies from \$.05 per unit sold to 50% of revenues from the sale or licensing depending on the location of sale and the circumstances. The contract expires March 1, 2009. 10.12 Music Publishing Agreement - Patrick Williams (PatMoe) (3) This document represents the agreement between the Company and Patrick Williams in his capacity as a writer/composer of music. It grants the Company the exclusive right to sell, license and distribute music written or composed by the writer. Compensation varies from \$.05 per unit sold to 50% of revenues from the sale or licensing depending on the location of sale and the circumstances. The contract expires January 1, 2010. 10.13 Licensing Agreement - Cheyenne Records (3) This document represents the agreement between the Company and Cheyenne records. It grants Cheyenne the exclusive right to produce and distribute 3rd Wish's music in Germany, Switzerland, and Austria. In exchange for the right, Cheyenne submits all revenue to the Company reserving royalties of between 20% and 45% of receipts. This contract generated 95% of the Company's revenue for the year ended March 31, 2005. 10.14 Master Promissory Note - Jeffrey Martin (3) This document represents the agreement between Jeffrey Martin and the Company for the loans and advances made to the Company. Jeffrey Martin is the Company's largest shareholder. 10.15 Master Promissory Note -Martin Consultants (3) This document represents the agreement between Martin Consultants and the Company for the loans and advances made to the Company. Martin Consultants is controlled by Jeffrey Martin, the Company's largest shareholder. 10.16 Master Promissory Note - JT Investments (3) This document represents the agreement between JT Investments and the Company for the loans and advances made to the Company. JT Investments is controlled by Jeffrey Martin. 23.1 Consent of Thomas Leger, Certified Public Accountants (3) 23.2 Consent of Vanderkam & Associates included in Exhibit 5.1 (3) 23.3 Consent of Ham, Langston, Brezina LLP, Certified Public Accountants (3) (1) This document was filed with the form 8-K filed on April 7, 2004 and is incorporated herein by reference. (2) This document was filed with the form SB-2 amendment No.2 filed on July 12, 2005 and is incorporated herein by reference. (3) This document was filed with the form SB-2 amendment No. 3 filed on August 17, 2005 and is incorporated herein by reference. UNDERTAKINGS The undersigned registrant hereby undertakes: 1. To file, during any period in which it offers or sells securities, a post-effective amendment to this registration statement to: a. Include any prospectus required by Section 10(a)(3) of the Securities Act of 1933; b. Reflect in the prospectus any facts or events which, individually or together, represent a fundamental change in the information in the registration statement; c. Include any additional or changed material information on the plan of distribution. 2. That, for determining liability under the Securities Act, to treat each post-effective amendment as a new registration statement of the securities offered, and the offering of the securities at that time to be the initial bona fide offering. 3. To file a post-effective amendment to remove from registration any of the securities that remain unsold at the end of the offering. 4. Insofar as indemnification for liabilities arising under the Securities Act of 1933 (the "Act") may be directors, officers and controlling persons of the registrant pursuant to the foregoing provisions, or otherwise, the registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Act and is, therefore, unenforceable. 48 5. In the event that a claim for indemnification against such liabilities, other than the payment by the Registrant of expenses incurred and paid by a director, officer or controlling person of the Registrant in the successful defense of any action, suit or proceeding, is asserted by such director, officer or controlling person in connection with the securities being registered hereby, the registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Securities Act and will be governed by the final adjudication of such issue. SIGNATURES In accordance with the requirements of the Securities Act of 1933, the registrant certifies that it has reasonable grounds to believe that it meets all the requirements of filing of Form SB-2 and authorized this registration statement to be signed on its behalf by the undersigned, in the City of

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Orlando, State of Florida on July 8, 2005. /s/ Charles Camorata ----- Date: September 13, 2005
By: Charles Camorata, President and Chief Executive Officer Date: September 13, 2005 /s/ Karen Pollino
----- By: Karen Pollino, Chief Financial Officer, Controller In accordance with the requirements of
the Securities act of 1933, this registration statement was signed by the following persons in the capacities and on the
date stated. SIGNATURE TITLE DATE ----- /s/ Charles Camorata President/Director September 13,
2005 ----- Charles Camorata /s/ Karen Pollino CFO/ Director/Controller September 13, 2005
----- Karen Pollino 49