

KARMA MEDIA INC
Form 10QSB/A
August 19, 2005

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

FORM 10-QSB

(Mark One)

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

For the quarterly period ended June 30, 2005

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

For the transition period from _____ to _____

Commission file number: 333-86518

PitBOSS Entertainment, Inc.

(Exact name of registrant as specified in its charter)

Nevada

(State or other jurisdiction of incorporation)

75-3025152

(IRS Employer Identification No.)

14435 FM 2920, Tomball Texas, 77377

(Address of principal executive offices)

(281) 255-9424

(Issuer's telephone number)

Karma Media, Inc.

13101 Washington Blvd., 2nd Floor,

Los Angeles, CA 90066

(Former name or former address, if changed since last report)

Check whether the issuer (1) filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the past 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

**APPLICABLE ONLY TO ISSUERS INVOLVED IN BANKRUPTCY
PROCEEDINGS DURING THE PRECEDING FIVE YEARS**

Check whether the registrant filed all documents and reports required to be filed by Section 12, 13 or 15(d) of the Exchange Act after the distribution of securities under a plan confirmed by a court. Yes No

APPLICABLE ONLY TO CORPORATE ISSUERS

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State the number of shares outstanding of each of the issuer's classes of common equity, as of the latest practicable date: Common Stock, 16,600,000 shares issued and outstanding as of June 30, 2005.

Transitional Small Business Disclosure Format (Check one): Yes [] No [X]

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PART I - FINANCIAL INFORMATION

Item 1. Financial Statements.

KARMA MEDIA, INC.
(FORMERLY ESTELLA REYNA, INC.)
CONDENSED FINANCIAL STATEMENTS
JUNE 30, 2005 AND 2004
(UNAUDITED)

KARMA MEDIA, INC.
(FORMERLY ESTELLA REYNA, INC.)
CONDENSED FINANCIAL STATEMENTS
JUNE 30, 2005 AND 2004
(UNAUDITED)

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Financial Statements:

Condensed Balance Sheet as of June 30, 2005 (Unaudited)

Condensed Statements of Operations for the six and three months ended
June 30, 2005 and 2004 (Unaudited)

Condensed Statements of Cash Flow for the six months ended
June 30, 2005 and 2004 (Unaudited)

Notes to the Condensed Financial Statements (Unaudited)

KARMA MEDIA, INC.
(FORMERLY ESTELLA REYNA, INC.)
CONDENSED BALANCE SHEET
JUNE 30, 2005 (UNAUDITED)

ASSETS

Current Assets:	
Cash	\$ 9,800
Accounts receivable	23,183
Prepaid expenses and other current assets	4,770
 Total Current Assets	 37,753
 Fixed assets, net	 16,038
 TOTAL ASSETS	 \$ 53,791

LIABILITIES AND STOCKHOLDERS' EQUITY

LIABILITIES

Current Liabilities:	
Accounts payable and accrued expenses	\$ 16,134
 Total Current Liabilities	 16,134

STOCKHOLDERS' EQUITY

Common stock, \$.001 Par Value; 25,000,000 shares authorized	
16,600,000 issued and outstanding	16,600
Warrants outstanding	777,357
Additional paid-in capital	1,030,900
Accumulated deficit	(1,787,200)
 Total Stockholders' Equity	 37,657

TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 53,791
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The accompanying notes are an integral part of these condensed consolidated financial statements.

KARMA MEDIA, INC.
(FORMERLY ESTELLA REYNA, INC.)
CONDENSED STATEMENT OF OPERATIONS
FOR THE SIX AND THREE MONTHS ENDED JUNE 30, 2005 AND 2004 (UNAUDITED)

	SIX MONTHS ENDED		THREE MONTHS ENDED	
	JUNE 30,		JUNE 30,	
	2005	2004	2005	2004
OPERATING REVENUES				
Revenue	\$ 185,351	\$ 457,633	\$ 100,788	\$ 247,331
Cost of goods sold	89,229	246,758	41,961	138,496
GROSS PROFIT	96,122	210,875	58,827	108,835
OPERATING EXPENSES				
General and administrative expenses	170,199	534,537	112,494	283,260
Depreciation	2,301	1,961	1,176	1,373
Total Operating Expenses	172,500	536,498	113,670	284,633
(LOSS) BEFORE PROVISION FOR TAXES	(76,378)	(325,623)	(54,843)	(175,798)
Provsion for income taxes	-	-	-	-
NET (LOSS)	\$ (76,378)	\$ (325,623)	\$ (54,843)	\$ (175,798)
(LOSS) PER SHARE - BASIC AND DILUTED	\$ (0.00)	\$ (0.02)	\$ (0.00)	\$ (0.01)
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING - BASIC AND DILUTED				
	16,600,000	15,000,000	16,600,000	15,200,000

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

KARMA MEDIA, INC.
(FORMERLY ESTELLA REYNA, INC.)
CONDENSED STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS ENDED JUNE 30, 2005 AND 2004 (UNAUDITED)

	2005	2004
CASH FLOWS FROM OPERATING ACTIVITIES		
Net (loss)	\$ (76,378)	\$ (325,623)
Adjustments to reconcile net (loss) to net cash provided by (used in) operating activities:		
Shares issued for services	-	360,000
Depreciation	2,301	1,961
(Increase) decrease in accounts receivable	54,372	(19,461)
(Increase) in prepaid expenses and other current assets	-	(15,398)
Increase in accounts payable and accrued expenses	134	3,969
Total	56,807	331,071
Net cash provided by (used in) operating activities	(19,571)	5,448
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisitions of fixed assets	(3,086)	(1,714)
Net cash (used in) investing activities	(3,086)	(1,714)
CASH FLOWS FROM FINANCING ACTIVITIES		
Collection of subscriptions receivable	-	770
Net cash provided by investing activities	-	770
NET INCREASE (DECREASE) IN CASH	(22,657)	4,504
CASH AND CASH EQUIVALENTS - BEGINNING OF PERIOD	32,457	106,668

CASH AND CASH EQUIVALENTS - END OF PERIOD	\$ 9,800	\$ 111,172
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SUPPLEMENTAL DISCLOSURE OF CASH FLOW

INFORMATION:

Interest paid	\$ 18	\$ -
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Income taxes paid	\$ -	\$ -
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SUPPLEMENTAL DISCLOSURE OF NONCASH

ACTIVITIES:

Shares issued for services	\$ -	\$ 160,000
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Liability for stock to be issued for services	\$ -	\$ 200,000
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The accompanying notes are an integral part of these condensed consolidated financial statements.

KARMA MEDIA, INC.
(FORMERLY ESTELLA REYNA, INC.)
NOTES TO CONDENSED FINANCIAL STATEMENTS
JUNE 30, 2005 (UNAUDITED)

NOTE 1-

BASIS OF PRESENTATION

The interim financial statements included herein, presented in accordance with accounting principles generally accepted in the United States have been prepared by the Company, without audit, pursuant to the rules and regulations of the Securities and Exchange Commission. Certain information and footnote disclosures normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States of America have been condensed or omitted pursuant to such rules and regulations, although the Company believes that the disclosures are adequate to make the information present and not misleading.

These statements reflect all adjustments, consisting of normal recurring adjustments, which, in the opinion of management, are necessary for fair presentation of the information contained therein. It is suggested that these interim financial statements be read in conjunction with the financial statements of the Company for the period ended December 31, 2004 and notes thereto included in the Company's Form 10-KSB. The Company follows the same accounting policies in the preparation of interim reports.

Results of operations for the interim periods are not indicative of annual results.

NOTE 2-

HISTORY AND ORGANIZATION OF COMPANY

Karma Media, Inc. (the "Company") was organized April 21, 1999 under the laws of the State of Nevada, as Le Gourmet Co. Inc.

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On March 11, 2002, the Company amended its Articles of Incorporation to increase the number of authorized shares to 25,000,000 shares and to change the par value to \$0.001.

On March 17, 2003, the Company amended its Articles of Incorporation to change its name to Estelle Reyna, Inc.

On September 11, 2003, the Company amended its Articles of Incorporation to change its name to Karma Media, Inc.

KARMA MEDIA, INC.

(FORMERLY ESTELLA REYNA, INC.)

NOTES TO CONDENSED FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2005 (UNAUDITED)

NOTE 3-

SIGNIFICANT ACCOUNTING POLICIES AND PROCEDURES

Cash and cash equivalents

The Company maintains a cash balance in a non-interest bearing account that currently does not exceed federally insured limits. For the purpose of the statements of cash flows, all highly liquid investments with an original maturity of three months or less are considered to be cash equivalents.

Accounts Receivable

Accounts receivable are recorded net of reserves for sales returns and allowances, and net of provisions for doubtful accounts. Allowances for sales returns and discounts are based on an analysis of historical trends, and allowances for doubtful accounts are based primarily on an analysis of aging accounts receivable balances and on the creditworthiness of the customer as determined by credit checks and analysis, as well as the customer's payment history.

Fixed assets

Fixed assets are recorded at cost. Minor additions and renewals are expensed in the period incurred. Major additions and renewals are capitalized and depreciated over their estimated useful lives using the straight-line method. Depreciation is calculated using half year convention over the estimated useful lives as follows:

Computers and equipment

5 years

Impairment of long-lived assets

Long-lived assets held and used by the Company are reviewed for possible impairment whenever events or circumstances indicate the carrying amount of an asset may not be recoverable or is impaired. Management has not had any impairment adjustments for the six months ended June 30, 2005 and 2004, respectively.

KARMA MEDIA, INC.

(FORMERLY ESTELLA REYNA, INC.)

NOTES TO CONDENSED FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2005 (UNAUDITED)

NOTE 3-

SIGNIFICANT ACCOUNTING POLICIES AND PROCEDURES (CONTINUED)

Revenue recognition

The Company recognizes income when earned through affiliate programs. The affiliate programs are with various companies whereby they will pay a referral or commission for sales generated through a link on the Company's website. The affiliates generally take 30 days to process the commission once the sale occurs. The Company recognizes the commission once they are notified of the amount. For consulting, on-line marketing and sponsorship and appearance income, the Company recognizes revenue as services are performed.

Advertising costs

The Company expenses all costs of advertising as incurred. Advertising costs were \$5,849 and \$141,744 for the six months ended June 30, 2005 and 2004, respectively and are included in cost of goods sold in the condensed statements of operations.

Earnings (Loss) Per Share of Common Stock

Historical net (loss) per common share is computed using the weighted average number of common shares outstanding. Diluted earnings per share (EPS) include additional dilution from common stock equivalents, such as stock issuable pursuant to the exercise of stock options and warrants. Common stock equivalents were not included in the computation of diluted earnings per share at June 30, 2005 and 2004, respectively when the Company reported a loss because to do so would be anti-dilutive for periods presented. As of June 30, 2005 and 2004, the Company had

3,000,000 warrants available.

Reclassifications

Certain amounts for the year ended June 30, 2004 have reclassified to conform to the presentation of the June 30, 2005 amounts. The reclassifications have no effect on net loss for the six months ended June 30, 2004.

KARMA MEDIA, INC.

(FORMERLY ESTELLA REYNA, INC.)

NOTES TO CONDENSED FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2005 (UNAUDITED)

NOTE 3-

SIGNIFICANT ACCOUNTING POLICIES AND PROCEDURES (CONTINUED)

Earnings (Loss) Per Share of Common Stock (Continued)

The following is a reconciliation of the computation for basic and diluted EPS:

	June 30, <u>2005</u>	June 30, <u>2004</u>
Net (Loss)	<u>\$(76,378)</u>	<u>\$(325,623)</u>
Weighted-average common shares outstanding (Basic)	16,600,000	15,000,000
Weighted-average common stock equivalents:		

Stock options

- -

Warrants

_____ - _____ -

Weighted-average common shares

outstanding (Diluted)

16,600,000 15,000,000

Start-up costs

Reporting on the costs of start- up activities Statement of Position 98-5 (SOP 98-5), "Reporting on the Costs of Start-Up Activities," which provides guidance on the financial reporting of start-up costs and organizational costs, requires most costs of start- up activities and organizational costs to be expensed as incurred.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

KARMA MEDIA, INC.

(FORMERLY ESTELLA REYNA, INC.)

NOTES TO CONDENSED FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2005 (UNAUDITED)

NOTE 3-

SIGNIFICANT ACCOUNTING POLICIES AND PROCEDURES (CONTINUED)

Fair value of financial instruments

Fair value of financial instruments discussed herein are based upon certain market assumptions and pertinent information available to management as of June 30, 2005. The respective carrying value of certain balance sheet financial instruments approximated their fair values. These financial instruments include cash and equivalents, accounts receivable, prepaid expenses and accounts payable and accrued expenses. Fair values were assumed to approximate carrying values because they are short term in nature and their carrying amounts approximate fair values or they are payable on demand.

Income taxes

Deferred income tax assets and liabilities are computed annually for differences between the financial statement and tax basis of assets and liabilities that will result in taxable or deductible amounts in the future based on enacted tax laws and rates applicable on the periods in which the differences are expected to affect taxable income. Valuation allowances are established when necessary to reduce deferred tax assets to the amount expected to be realized. Income tax expense is the tax payable or refundable for the period plus or minus the change during the period in deferred tax assets and liabilities.

Recent pronouncements

Share Based Payments

In December 2004, the FASB issued Financial Accounting Standards No. 123 (revised 2004) (FAS 123R), "Share-Based Payment," FAS 123R replaces FAS No. 123, "Accounting for Stock-Based Compensation", and supersedes APB Opinion No. 25, "Accounting for Stock Issued to Employees." FAS 123R requires compensation expense, measured as the fair value at the grant date, related to share-based payment transactions to be recognized in the financial statements over the period that an employee provides service in exchange for the award. The Company intends to adopt FAS 123R using the "modified prospective" transition method as defined in FAS 123R. Under the modified prospective method, companies are required to 1) record compensation cost prospectively for the unvested portion, as of the date of adoption, of previously issued and outstanding awards over the remaining vesting period of such awards. FAS 123R is effective January 1, 2006. The Company is evaluating the impact of FAS 123R on its' results and financial position.

KARMA MEDIA, INC.

(FORMERLY ESTELLA REYNA, INC.)

NOTES TO CONDENSED FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2005 (UNAUDITED)

NOTE 3-

SIGNIFICANT ACCOUNTING POLICIES AND PROCEDURES (CONTINUED)

Recent pronouncements (continued)

Exchange of Non-Monetary Assets

On December 16, 2004, FASB issued Statement of Financial Accounting Standards No. 153, "*Exchanges of Non-monetary Assets, an amendment of APB Opinion No. 29, Accounting for Non-monetary Transactions*" ("SFAS 153"). This statement amends APB Opinion 29 to eliminate the exception for non-monetary exchanges of similar productive assets and replaces it with a general exception for exchanges of non-monetary assets that do not have commercial substance. Under SFAS 153, if a non-monetary exchange of similar productive assets meets a commercial-substance criterion and fair value is determinable, the transaction must be accounted for at fair value resulting in recognition of any gain or loss. SFAS 153 is effective for non-monetary transactions in fiscal periods that begin after June 15, 2005. The Company does not anticipate that the implementation of this standard will have a material impact on its financial position, results of operations or cash flows.

Stock- Based Compensation

Employee stock awards under the Company's compensation plans are accounted for in accordance with Accounting Principles Board Opinion No. 25 ("APB 25"), "*Accounting for Stock Issued to Employees*", and related interpretations. The Company provides the disclosure requirements of Statement of Financial Accounting Standards No. 123, "*Accounting for Stock-Based Compensation*" ("SFAS 123"), and related interpretations. Stock-based awards to non-employees are accounted for under the provisions of SFAS 123 and has adopted the enhanced disclosure provisions of SFAS No. 148 "*Accounting for Stock-Based Compensation- Transition and Disclosure, an amendment of SFAS No. 123*".

The Company measures compensation expense for its employee stock-based compensation using the intrinsic-value method. Under the intrinsic-value method of accounting for stock-based compensation, when the exercise price of options granted to employees is less than the estimated

KARMA MEDIA, INC.

(FORMERLY ESTELLA REYNA, INC.)

NOTES TO CONDENSED FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2005 (UNAUDITED)

NOTE 3-

SIGNIFICANT ACCOUNTING POLICIES AND PROCEDURES (CONTINUED)

Stock- Based Compensation (Continued)

fair value of the underlying stock on the date of grant, deferred compensation is recognized and is amortized to compensation expense over the applicable vesting period. In each of the periods presented, the vesting period was the period in which the options were granted. All options were expensed to compensation in the period granted rather than the exercise date.

The Company measures compensation expense for its non-employee stock-based compensation under the Financial Accounting Standards Board (FASB) Emerging Issues Task Force (EITF) Issue No. 96-18, "*Accounting for Equity Instruments that are Issued to Other Than Employees for Acquiring, or in Conjunction with Selling, Goods or Services*". The fair value of the option issued is used to measure the transaction, as this is more reliable than the fair value of the services received. The fair value is measured at the value of the Company's common stock on the date that the commitment for performance by the counterparty has been reached or the counterparty's performance is complete. The fair value of the equity instrument is charged directly to compensation expense and additional paid-in capital.

NOTE 4-

INCOME TAXES

The Company accounts for income taxes under Statement of Financial Accounting Standards No. 109, "Accounting for Income Taxes" (SFAS No. 109), which requires use of the liability method. SFAS No. 109 provides that deferred

tax assets and liabilities are recorded based on the differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes, referred to as temporary differences. Deferred tax assets and liabilities at the end of each period are determined using the currently enacted tax rates applied to taxable income in the periods in which the deferred tax assets and liabilities are expected to be settled or realized.

The Company has not recorded a provision for income taxes for the six months ended June 30, 2005 and 2004, respectively.

At June 30, 2005, deferred tax assets consist of the following:

Deferred tax asset \$ 625,520

Less: valuation allowance

(625,520)

\$ -0-

KARMA MEDIA, INC.

(FORMERLY ESTELLA REYNA, INC.)

NOTES TO CONDENSED FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2005 (UNAUDITED)

NOTE 4-

INCOME TAXES (Continued)

At June 30, 2005, the Company had federal net operating loss carryforwards in the approximate amounts of \$1,787,200 available to offset future taxable income. The Company established valuation allowances equal to the full amount of the deferred tax assets due to the uncertainty of the utilization of the operating losses in future periods.

NOTE 5-

FIXED ASSETS

Fixed assets consist of the following at June 30, 2005:

Computer equipment

\$23,520

Accumulated depreciation

(7,482)

Net fixed assets

\$ 16,038

During the six months ended June 30, 2005 and 2004, the Company recognized \$2,301 and \$1,961, respectively, in depreciation expense.

NOTE 6-

STOCKHOLDERS' EQUITY

The Company is authorized to issue 25,000,000 shares of its \$0.001 par value common stock.

On March 11, 2002, the Company effected a 1000-for-1 forward stock split of its \$0.001 par value common stock.

All share and per share amounts have been retroactively restated to reflect the splits discussed.

On May 5, 1999, the Company issued 2,000,000 shares of its \$0.001 par value common stock to an officer and director in exchange for a subscriptions receivable of \$2,000.

During March 2002, an officer, director, and shareholder of the Company paid for expenses totaling \$1,900 and paid cash in the amount of \$100 to cancel the entire subscriptions receivable balance.

On September 25, 2002, the Company completed its offering registered via Form SB-2 and issued a total of 500,000 shares of its \$0.001 par value common stock in exchange for cash of \$25,000.

KARMA MEDIA, INC.

(FORMERLY ESTELLA REYNA, INC.)

NOTES TO CONDENSED FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2005 (UNAUDITED)

NOTE 6-

STOCKHOLDERS' EQUITY (CONTINUED)

On February 14, 2003, the Company issued a total of 2,000,000 shares of its \$0.001 par value common stock of the Company to two individuals, who are currently officers and directors of the Company, in exchange for services rendered valued at \$100,000.

On February 28, 2003, the Company declared a stock dividend to its shareholders. Each shareholder of record as of February 28, 2003 received four shares of the Company's \$0.001 par value common stock for each common share owned.

On July 14, 2003, Michelle Quinlan, the former president and CEO of the Company, cancelled 8,470,000 shares of the Company's \$0.001 par value common stock.

On August 28, 2003, the Company issued a total of 770,000 shares of its \$0.001 par value common stock to individuals for a subscriptions receivable of \$770 and for services rendered of \$37,730 based on the fair market value of the stock.

On December 4, 2003, the Company issued a warrant to purchase 3,000,000 shares of its \$0.001 par value common stock in exchange for consulting services valued at \$777,357.

In 2004, the Company issued 1,800,000 shares of common stock valued at \$882,000 for services rendered. These shares were issued in connection with two agreements.

As of June 30, 2005 there have been no other issuances of common stock.

NOTE 7-

WARRANTS AND OPTIONS

On December 4, 2003, the Company issued one warrant to a consultant to purchase 3,000,000 shares of the Company's \$0.001 par value common stock. The warrant exercise price is \$0.50 per share of common stock and substantially all warrants will expire on or before October 31, 2013. The warrant has been determined to have a market value of \$777,357 using the Black-Scholes option pricing model with a market value per common share of \$0.50, a risk free rate of return of 4.41%, an exercise period of ten years and a volatility of 80% and was discounted for the lack of marketability.

During the six months ended June 30, 2005, no warrants have been exercised.

KARMA MEDIA, INC.

(FORMERLY ESTELLA REYNA, INC.)

NOTES TO CONDENSED FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2005 (UNAUDITED)

NOTE 8-

RELATED PARTY TRANSACTIONS

During the six months ended June 30, 2005 and 2004, the Company paid the president of the Company \$25,000 and \$20,000, respectively for his services.

During the six months ended June 30, 2005 and 2004, the Company paid the secretary of the Company \$26,400 and \$47,500, respectively for her services.

Office space and services were provided without charge by an officer, director and shareholder through November 2004. Such costs are immaterial to the financial statements and, accordingly, have not been reflected therein. The officers and directors of the Company are involved in other business activities and may, in the future, become involved in other business opportunities. If a specific business opportunity becomes available, such persons may face a conflict in selecting between the Company and their other business interests. The Company has not formulated a policy for the resolution of such conflicts.

NOTE 9-

COMMITMENT

On December 4, 2003, the Company executed a consulting agreement with Christopher Pair to assist the Company with strategic planning and introducing potential business partners and customers. The agreement provides for (a) consulting fees paid quarterly based on 20% of net revenues less certain revenues attributable to revenues not associated with the contract and other expenses; and (b) issuance of one warrant to purchase up to 3,000,000 shares of the Company's \$0.001 par value common stock. Consulting fees associated with the warrant were based on a value of \$0.50 per share. The value of the warrant was based on the then- market closing price of the Company's common

stock. The Company then discounted both the then- market closing price because the shares issued and options to purchase shares were restricted and the volume of trading of the Company's common stock that was not restricted was relatively low. The resulting consulting expense recognized for the warrant issuance was \$777,356 for the year ended December 31, 2003. During the six months ended June 30, 2005, the Company has not paid or accrued any consulting fees.

KARMA MEDIA, INC.

(FORMERLY ESTELLA REYNA, INC.)

NOTES TO CONDENSED FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2005 (UNAUDITED)

NOTE 10-

GOING CONCERN

As shown in the accompanying condensed financial statements, the Company has sustained net operating losses for the years ended December 31, 2004 and 2003 and for the six months ended June 30, 2005, and has accumulated large deficits. This raises substantial doubt about the Company's ability to continue as a going concern.

The Company's future success is dependent upon its ability to achieve profitable operations and generate cash from operating activities. Sales have started to increase and the Company believes that it will be profitable in 2005, and will generate sufficient net income and cash flow to sustain operation over the next twelve months. There is however no guarantee that the Company will be able to generate revenues to sustain its operations.

The condensed financial statements do not include any adjustments relating to the recoverability or classification of recorded assets and liabilities that might result should the Company be unable to continue as a going concern.

NOTE 11-

SUBSEQUENT EVENTS

The Company filed an 8K with information regarding an amendment to the Articles of Incorporation effective July 18, 2005 as follows:

Karma Media Inc. will change the CUSIP number,

Karma Media Inc. will change the name to Pitboss Entertainment Inc., which will better reflect its business,

Karma Media Inc. will approve a 10:1 reverse stock split in the issued and outstanding shares of Karma Media Inc.,

Karma Media Inc. will accept the resignation of Dominique Einhorn, Pres. & CEO; Estelle Reyna, Secretary, and will replace the vacant position with new board members, and

Karma Media Inc. will approve a "stock swap" for the Summit Entertainment shareholders at a POST "share for share" value, which will be accounted for as a "reverse merger" acquisition for accounting purposes.

Item 2. Management's Discussion and Plan of Operation.

The following discussion of our financial condition and results of operations should be read in conjunction with the consolidated financial statements and related notes thereto. The following discussion contains forward-looking statements. We may refer to the Company, Karma Media or PittBoss herein as "we" or "our." The words or phrases "would be," "will allow," "intends to," "will likely result," "are expected to," "will continue," "is anticipated," "estimate," "project," or similar expressions are intended to identify "forward-looking statements". Such statements include those concerning expected financial performance, corporate strategy, and operational plans. Actual results could differ materially from those projected in the forward-looking statements as a result of a number of risks and uncertainties, including: (a) general economic conditions; (b) regulatory factors that may lead to additional costs or otherwise negatively affect our business; (c) whether we are able to manage our planned growth efficiently, including whether our management will be able to: (i) identify, hire, train, retain, motivate and manage required personnel or (ii) successfully manage and exploit existing and potential market opportunities; (d) whether we are able to generate sufficient revenues or obtain financing to sustain and grow our operations; and (e) whether we are able to successfully fulfill our primary cash requirements which are explained below under "Liquidity and Capital Resources". Statements made herein are as of the date of the filing of this Form 10-QSB with the Securities and Exchange Commission and should not be relied upon as of any subsequent date. Unless otherwise required by applicable law, we do not undertake, and we specifically disclaim any obligation, to update any forward-looking statements to reflect occurrences, developments, unanticipated events or circumstances after the date of such statement.

A. Management's Discussion

PitBOSS Entertainment, Inc. ("PBSS" or the "Company", formerly Karma Media, Inc.) was incorporated in the State of Nevada on April 21, 1999 as Le Gourmet Co., Inc. Until March 2003, PBSS was implementing a plan to market a variety of cookbooks in numerous categories and specialty gourmet kitchen products to retail consumers via the Internet. As Le Gourmet Co., Inc., PBSS had only limited start-up operations and generated negligible revenues.

In February 2003, upon joining management, Dominique Einhorn and Estelle Reyna contributed, free of any encumbrances or liens, certain assets and assigned certain revenue streams to the Company, which resulted in a broader offering of Internet-based products and services. In addition, Estelle Reyna assigned to the Company all revenues from her modeling and personal appearances earned starting February 14, 2003. The initial assignment has duration of one year, renewable by the board of directors upon expiration.

Results of Operations for the Six Months Ended June 30, 2005 Compared to Those for the Six Months Ended June 30, 2004

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For the six months ended June 30, 2005, PBSS generated \$185,351 in revenue versus \$457,633 in the second quarter of FY2004. During the same period, total expenses amounted to \$172,500 for a net loss of \$76,378, which is equivalent to approximately \$0.0046 per share. Total general and administrative expenses were \$170,199. The cumulative net loss was attributable primarily due to a decrease in sales.

Results for Operation for the Three Months Ended June 30, 2005 Compared to Those for the Three Months Ended June 30, 2004

For the three months ended June 30, 2005, PBSS generated \$100,788 in revenue versus \$247,331 in the second quarter of FY2004. During the same period, total expenses amounted to \$113,670 for a net loss of \$54,843, which is equivalent to approximately \$0.0033 per share. Total general and administrative expenses were \$112,494. The cumulative net loss was attributable primarily due to a decrease in sales.

Liquidity and Capital Resources

As of June 30, 2005, PBSS had \$21,619 in working capital. PBSS's current assets as of June 30, 2005 consisted of \$9,800 in cash, \$23,183 in receivables, and prepaid expenses and other current assets of \$4,770. PBSS believes that it has sufficient revenue resources to continue operations for the next twelve months.

We do not believe that we have sufficient resources to execute our business or continue operations for the next twelve months. Our best chance for continuing operations will require additional capital formation either through debt or equity financing so as to endeavor to expedite the growth of our operations. We will endeavor to attract additional capital in privately issued, and exempt, stock issuances. If we are not successful, there is substantial doubt as to our ability to continue as a going concern. Without a significant infusion of additional capital we are not likely to achieve the critical mass we need to sustain operations.

B. Plan of Operation

The Company's business strategy and operational plan currently consists primarily of the production and distribution of its travel show. The Company plans to shift its business plan in correlation with its merger with Summit Entertainment Group, Inc., and have formed a combined entity named PitBOSS Entertainment, Inc. The events leading up to this merger are explained and described further below in the section entitled "Disclosure and Chronology of Subsequent Events".

PitBOSS Entertainment's flagship product is a half-hour travelogue produced primarily for television. The travelogue is entitled "Estelle's Paradise" and is hosted by Company Chairperson, Latin Supermodel Estelle Reyna. Both an original English and Spanish version of the show are available.

During FY2004 and early FY2005, PitBOSS Entertainment produced a total of 20 (twenty) half-hour episodes of "Estelle's Paradise" in English as well as an additional 20 (twenty) episodes of "El Paraiso de Estelle", the Spanish version of the show.

The completed episodes of "Estelle's Paradise" are as follows:

1. "Cooking from around the World"

Estelle shares some of her favorite recipes from her travels around the world. Viewers are welcome into Estelle's kitchen where they are not only introduced to the country of origin of each particular dish, but they are also taught how to create these exotic dishes in their own home.

2. "Kauai I"

Explore the stunning Garden Isle of Hawaii with Estelle, as she hikes the Kalalau Trail, and visits the Wailua and Kipu waterfalls. Viewers will also get an equestrian lesson, and accompany Estelle on horseback through the beautiful Kauai up country.

3. "Kauai II"

Return to the Garden Isle of Hawaii with Estelle, as she embarks on adventures on the water, in the waves, and on land. Viewers are treated to an informative and visually stunning kayak trip and an in-depth surf lesson on one of the most beautiful beaches on earth. Then, viewers get a back stage pass to a photo shoot featuring Estelle and two of the most prominent photographers in the U.S.

4. "Solvang, California"

Discovering travel treasures in your own back yard is the central theme to

This charming piece set in the Danish Capital of the U.S.; Solvang. Estelle presents easy tips on how to travel close to home on a limited budget. Then she shows that even sleepy little Solvang has something for everyone when she makes traditional aeberskievers, goes wine tasting, then tops it all off with a spectacular Glider Ride over the Saint Ynez Valley.

5. "Belize - Maruba"

Travel to the mysterious Maruba jungle resort and spa located in the Central American county of Belize. Designed and constructed from the ground up by a local family this unique destination offers luxurious mud baths, massage, and tranquility set in the center of a thriving jungle ecosystem. In addition to indulging herself at the resort, Estelle embarks on a fascinating trip to the haunting Mayan Ruins of Alta Huna, and takes viewers on an arduous jungle safari packed with tips on how to survive in the wild.

6. "Belize - Sundiver"

Visit the tropical island resort Sundiver near San Pedro, Belize. Here Estelle takes you on an incredible underwater tour complete with manta rays and sharks. She then gets her first Scuba lesson and takes viewers on her first official dive.

7. "Greece"

Poetically elegant in its sheer beauty, Greece also offers visitors a look in to the history of one of our earliest known civilizations. Travel to the islands of Mykonos and Delos, where visitors have been known to describe the sunlight and surrounding geography as possessing an energy like no other place on earth. Exploring ancient ruins, meeting with local artists, and learning to create authentic Greek Cuisine, are just a few of the things awaiting viewers during this timeless episode.

8. "Greece - Belvedere"

Stay with Estelle at a truly cosmopolitan hotel in Mykonos Greece; the Belvedere. Meet local artist Minas who shares his unique art and philosophy on life. Tour the city streets and enjoy breathtaking scenery, all while learning about Greek culture in Greece and around the world.

9. "Venice Beach, California"

Experience the rich diversity that is Venice Beach and its people, on this fun filled adventure to one of the most recognized and visited Beaches in the world. Street artists, musicians, jugglers, clowns, dancers, and entertainers abound as Estelle takes viewers on a tour of the Beach Boardwalk. See the home of Muscle Beach, and the famed Santa Monica Pier while learning a thing or two about belly dancing, drum circles, and the lives of artists pursuing their American Dream.

10. "Los Angeles"

Tour the City of Angels from the sidewalks of downtown all the way up to the base of the Hollywood Sign. Have fun in the sun as Estelle takes you on the Walk of Fame, and gives you the inside scoop on how to get the most out of a trip to Glitter Town.

11. "New York"

See the world in a whole new light with a tour of the Big Apple. Estelle brings her audience on a personal trip where she gets lasix surgery, then tours the city without corrective lenses for the first time. She visits Ellis Island and Lady Liberty while sharing her own immigration story.

12. "New York - Business"

New York is a paradise for those in the business world. Get a unique look inside the American Stock Exchange with Estelle and her good friend Stu Taylor who conducts a rare personal interview with Peter Quick, President of the AMEX. She then finds adventure on the open water with a kayak trip up the famed Hudson River.

13. "South West U. S. Roadtrip"

Hit the open road with Estelle as she takes a trip through the Southwest by automobile. The trip begins in Los Angeles and makes its way through Las Vegas, Southern Nevada, and Arizona. The journey is packed with fun, history, and incredible scenery.

14. "South West U.S. Parks"

The Valley of Fire, Red Rock Canyon, and Sunset Crater, are just a few of the locations Estelle visits in this episode dedicated to U.S. Parks of the Southwest.

15. "Baja California, Mexico"

Head south of the border, and experience Baja California with someone who knows it like her own backyard. Estelle shares her favorite places to dine, shop, and stay while introducing viewers to the warm hospitality of the Mexican people.

16. "Best of Kauai"

Head back to the garden island and re-live Estelle's adventures in this episode featuring her favorite moments in paradise. Some never before seen footage has been added to make this a fun filled episode for the entire family.

17. "Best of Season 1"

This is a must see episode filled with all of Estelle's favorite adventures, locations, places, and people that made Season One of Estelle's Paradise such a huge success. There is something for everyone contained in this half hour of world travel.

18. "Palm Springs"

The resort community of Palm Springs awaits you, as Estelle brings viewers along with her to the playground of the stars. Enjoy a lesson in fine cuisine as Estelle is invited into the kitchen to cook in Palm Springs' only 5 star restaurant. Then, journey to the magical and almost mystical Joshua Tree State Park.

19. "Sedona, Arizona"

See why so many people call Sedona one of the most powerful places on earth. Stay with Estelle at the artist's paradise known as the Sunset Chateau, where she learns about the community of artisans that have come to call Sedona home. See first hand the amazing light and energy surrounding the red rock formations that make up this Arizona gem.

20. "Hotels of the World"

Come along to various places around the world that Estelle has temporarily called home on her travels in search of paradise. Each has its own unique style, luxuries, and artistic design elements. Estelle then shares her secrets to finding just the right place to stay for anyone wanting to discover Paradise on their own.

Until August 1, 2005, PitBOSS Entertainment's production team was completing new episodes at the rate of about one every three weeks. As of August 1, 2005, PBSS had completed two full seasons of shows (in both English and Spanish) consisting of 26 episodes each.

"Estelle's Paradise" has enjoyed wide acceptance with hundreds of broadcasters around the world, including the United States, Spain, the United Kingdom and virtually every country in Latin America. PitBOSS Entertainment's distribution team has constantly been adding new broadcasters to its roster of stations that carry the show, both domestically and internationally.

The Company's typical modus operandi is to offer the show to respective broadcasters on a "commercial time split basis". Under this agreement (see appendices for example), the Company typically retains the rights to one half (50%) of the commercial air time available during each half-hour broadcast of "Estelle's Paradise", which is equivalent to anywhere from 2 minutes to 4 minutes per broadcast, depending on the broadcaster and country of distribution. PitBOSS Entertainment in turn intends to sell its allocation of commercial air time to sponsors and advertisers. Starting with FY2005, in addition to collecting fees from potential advertisers and sponsors, the Company also intends to license its shows to broadcasters for a flat fee per episode and is in active negotiations with several broadcasters (both domestically and internationally) interested in carrying the shows in exchange for a license fee.

Additionally, the Company has been working on re-purposing its growing content library for distribution via the Web (webcasts), mobile content delivery (downloadable pictorial and video content for mobile phones and PDAs) and other, ancillary entertainment products. Going forward, the Company expects such alternative content delivery vehicles to produce sustainable operational revenues.

Since its inception, PitBOSS Entertainment has aligned itself with worthwhile, non-profit causes. The Company's core value of social responsibility influences its content, productions and strategic relationships. After signing an agreement with A Special Wish Foundation in FY2004, the Company signed additional agreements with the United Nations World Food Programme and the National Wildlife Federation in early 2005. PitBOSS Entertainment intends to expand its role as a cause related marketer by supporting and fostering noble causes that tend to benefit humankind.

Disclosure and Chronology of Subsequent Events:

During the second quarter of FY2005, the management of Karma Media sought to align itself with another business entity that could help the Company monetize its fast-growing commercial air time on worldwide television.

On or around June 1, 2005, the Company started discussions with Summit Entertainment Group, Inc., a Houston, Texas-based entertainment company about forming and operating a new public entity.

On June 18, 2005, Karma Media and Summit Entertainment Group signed a memorandum of understanding outlining a tentative merger between the two entities.

On June 27, 2005, a special board meeting was called and a total of eleven resolutions were adopted concerning the proposed merger.

On July 12, 2005, a letter was sent to NASD with a notification of name change and CUSIP change, notification of 10 for 1 reverse split and other items concerning the proposed merger.

On July 18, 2005, the Company filed a Form 8-K announcing all items adopted in the special board meeting of June 27, 2005.

Also on July 18, 2005, the Company made an official announcement of the merger via a press release.

Finally, on July 27, 2005, several additional board resolutions were adopted by written consent of the Board of Directors concerning the merger.

PitBOSS Entertainment, Inc. (PBSS) will be the resulting entity of the merger between Karma Media, Inc. and Summit Entertainment Group, Inc. The new entity will outline its core business strategy in the coming months, which may be different, in part or in full, from the Company's current and historical business strategy. With the departure and resignation of Dominique Einhorn and Estelle Reyna from the Company's board of directors, PBSS will abandon

the pursuit of certain revenue streams (such as affiliate programs, select consulting and online marketing campaigns) to focus on the development and promotion of the Company's core entertainment assets.

Item 3. Controls and Procedures

Based on their most recent review, which was completed within ninety days of the filing of this report, PBSS's Officers have concluded that PBSS's disclosure controls and procedures are effective to ensure that information required to be disclosed by PBSS in the reports it files or submits under the Securities Exchange Act of 1934, as amended, is accumulated and communicated to PBSS's management, including its Officers, as appropriate to allow timely decisions regarding required disclosure and are effective to ensure that such information is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's rules and forms. There were no significant changes in PBSS's internal controls or in other factors that could significantly affect those controls subsequent to the date of their evaluation.

PART II - OTHER INFORMATION

Item 1. Legal Proceedings.

On April 12 2005, Karma Media was served with a summons filed in United States District, Kentucky District by a former consultant to Karma Media, Shade Enterprises, Ltd. The plaintiff seeks unspecified compensation. Karma Media's board of directors believes the suit to be without merit and has started preparing a vigorous defense against the plaintiff. The board of directors is also contemplating a counter-suit against the plaintiff. We currently do not anticipate any significant financial impact from this litigation. Other than this claim, there are no other pending legal proceedings that are likely to have a material adverse effect on our consolidated financial condition, results of operations or cash flows.

Item 2. Changes in Securities.

During the three months ended June 30, 2005, there have been no changes or issuances of common stock or other Company securities.

Item 3. Defaults Upon Senior Securities.

None.

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

None.

Item 5. Other Information.

None.

Item 6. Exhibits and Reports on Form 8-K.

(a)

Exhibits required by Item 601 of Regulation S-B

Exhibit Number	Name and/or Identification of Exhibit
3.	Articles of Incorporation & By-Laws
(a)	Articles of Incorporation of Le Gourmet Co., Inc. filed on June 21, 2001, incorporated by reference to the Registration Statement on Form SB-2, as amended, filed with the SEC on June 19, 2002.
(b)	Bylaws of Le Gourmet Co., Inc. adopted on June 21, 2001, incorporated by reference to the Registration Statement on Form SB-2, as amended, filed with the SEC on June 19, 2002.
(c)	Certificate Of Amendment of Articles of Incorporation of Le Gourmet, Inc., incorporated by reference to the Information Statement on Form 14(C), filed with the SEC on March 24, 2003.
(d)	Certificate Of Amendment of Articles of Incorporation of Estelle Reyna, Inc., incorporated by reference to the Information Statement on Form 14(C), filed with the SEC on August 26, 2003.
10.	Material Contracts
(a)	Publishing Contract/Release Form, incorporated by reference to the Registration Statement on Form SB-2, as amended, filed with the SEC on June 19, 2002.
(b)	Correspondence with Mr. Einhorn and Ms. Reyna Regarding a Gift of Assets and Assignment of Revenues incorporated by reference to the Annual Report on Form 10-KSB filed with the SEC on March 13, 2003.

(c)

Independent Contractor Agreement with Matthew Boyce, incorporated by reference to the Quarterly Report on Form 10-QSB filed with the SEC on May 7, 2003.

(d)

Marketing Agreement between Prince Marketing Group, Inc. and Estelle Reyna, incorporated by reference to the Quarterly Report on Form 10-QSB filed with the SEC on May 7, 2003.

(e)

Broadcast Agreement between MBE 247, Markwell Productions, and Estelle Reyna Incorporated, incorporated by reference to the Quarterly Report on Form 10-QSB filed with the SEC on May 7, 2003.

(f)

The Planet Internet Services Terms and Conditions of Service, incorporated by reference to the Quarterly Report on Form 10-QSB filed with the SEC on November 14, 2003.

(g)

Engagement agreement between the Company and Dennis K. Rodman, Inc. incorporated by reference to the Annual Report on Form 10-KSB filed with the SEC on April 9, 2004.

(h)

Site Integration and Linking Agreement between the Company and A Special Wish Foundation incorporated by reference to the Annual Report on Form 10-KSB filed with the SEC on April 9, 2004.

(i)

Amended and Restated Consultant Agreement between Christopher Pair and the Company incorporated by reference to the Annual Report on Form 10-KSB filed with the SEC on April 9, 2004.

(j)

Marketing Agreement with Radiovisa Corporation, incorporated by reference to the Quarterly Report on Form 10-QSB filed with the SEC on May 14, 2004.

(k)

Programming Agreement with Urban America Television, incorporated by reference to the Quarterly Report on Form 10-QSB filed with the SEC on May 14, 2004.

(l)

Reseller Agreement with Wildgate Wireless, Inc., incorporated by reference to the Quarterly Report on Form 10-QSB filed with the SEC on August 10, 2004.

(m)

Qool Aid LLC Promotion Order, incorporated by reference to the Quarterly Report on Form 10-QSB filed with the SEC on August 10, 2004.

(n)

Broadcast Agreement with Olympusat, incorporated by reference to the Quarterly Report on Form 10-QSB filed with the SEC on August 10, 2004.

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(o)

Broadcast Agreement with WRCX, incorporated by reference to the Quarterly Report on Form 10-QSB filed with the SEC on August 10, 2004.

(p)

Broadcast Agreement with Tiger Eye Broadcasting, incorporated by reference to the Quarterly Report on Form 10-QSB filed with the SEC on August 10, 2004.

(q)

Broadcast Agreement with WJAL, incorporated by reference to the Quarterly Report on Form 10-QSB filed with the SEC on August 10, 2004.

(r)

Broadcast Agreement with WYLE & WLLT, incorporated by reference to the Quarterly Report on Form 10-QSB filed with the SEC on August 10, 2004.

(s)

Broadcast Agreement with ATEL TV, incorporated by reference to the Quarterly Report on Form 10-QSB filed with the SEC on August 10, 2004.

(t)

(t)

Broadcast Agreement with Radio Difusión y Comunicación, incorporated by reference to the Quarterly Report on Form 10-QSB filed with the SEC on August 10, 2004.

(u)

Management Consulting Agreement with Dartmouth Capital, Inc., incorporated by reference to the Quarterly Report on Form 10-QSB filed with the SEC on August 10, 2004.

(v)

Broadcast Agreement with Globe Entertainment Television, incorporated by reference to the Quarterly Report on Form 10-QSB filed with the SEC on March 16, 2005.

(w)

Broadcast Agreement with WKM RADIO, incorporated by reference to the Quarterly Report on Form 10-QSB filed with the SEC on March 16, 2005.

(x)

Financial Services Consulting Agreement with US EURO Consulting, incorporated by reference to the Quarterly Report on Form 10-QSB filed with the SEC on March 16, 2005.

(y)

Engagement Agreement with US EURO Securities, incorporated by reference to the Quarterly Report on Form 10-QSB filed with the SEC on March 16, 2005.

(z)

License Agreement with OBE TV, incorporated by reference to the Quarterly Report on Form 10-QSB filed with the SEC on March 16, 2005.

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(a)

(aa)

Interactive Marketing and Content Distribution Agreement with AltNet, incorporated by reference to the Quarterly Report on Form 10-QSB filed with the SEC on March 16, 2005.

(bb)

Agreement with Broadcast Marketing Corp., incorporated by reference to the Quarterly Report on Form 10-QSB filed with the SEC on March 16, 2005.

(cc)

Program License Agreement with America One Television, incorporated by reference to the Quarterly Report on Form 10-QSB filed with the SEC on March 16, 2005.

(dd)

Broadcast Agreement with CVMCommunications Group Limited, incorporated by reference to the Quarterly Report on Form 10-QSB filed with the SEC on March 16, 2005.

(ee)

Trading Plan, pursuant to SEC Rule 10b5-1, incorporated by reference to the Annual Report on Form 10-KSB filed with the SEC on March 31, 2005.

(ff)

(ff)

Content Distribution Agreement, by and between Karma Media, Inc., and 9 Squared, Inc., incorporated by reference to the Annual Report on Form 10-KSB filed with the SEC on March 31, 2005

(gg)

Program License Agreement, between VOTH Network, Inc., Karma Media, Inc., incorporated by reference to the Annual Report on Form 10-KSB filed with the SEC on March 31, 2005

(hh)

Multi-Media and Public Relations Services Agreement, is made between Karma Media, Inc. and Big John's Team, filed with the SEC on March 31, 2005, incorporated by reference to the Annual Report on Form 10-KSB filed with the SEC on March 31, 2005

(ii)

Interactive Marketing and Content Distribution Agreement, between Altnet, Inc., and Karma Media, Inc., incorporated by reference to the Annual Report on Form 10-KSB filed with the SEC on March 31, 2005

(jj)

Office Lease with eOfficeSuites, Inc., incorporated by reference to the Annual Report on Form 10-KSB filed with the SEC on March 31, 2005

(kk)

(kk)

Broadcast Agreement, incorporated by reference to the Annual Report on Form 10-KSB filed with the SEC on March 31, 2005

(ll)

Agreement appointing MAX Entertainment as its exclusive agent in Asia for distribution of certain of its listed products.

(mm)

License Agreement with IndieVision Films, Inc.

(nn)

Public Service Announcement Distribution Agreement with National Wildlife Federation

(oo)

Public Service Announcement Distribution Agreement with Project AWARE Foundation, a non profit organization.

(pp)

License Agreement with XCLUSIVE NETWORKS, LLC

(qq)

License Agreement with LatinAmerica Broadcasting Inc.

31. Officer certifications pursuant to the Sarbanes-Oxley Act of 2002.

32. Certification Pursuant to Title 18, United States Code, Section 1350, as Adopted Pursuant to Section 906 Of The Sarbanes-Oxley Act Of 2002.

SIGNATURES

In accordance with the requirements of the Exchange Act, the registrant caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Karma Media, Inc.
(Registrant)

<u>Signature</u>	<u>Title</u>	<u>Date</u>
/s/ John D. Jarvis Jr.	President, CEO, Secretary, Treasurer and Director	August 19, 2005
/s/ John D. Jarvis Jr.	Treasurer, Director, Principal Financial Officer, Principal Accounting Officer	August 19, 2005