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

FORM 10-Q

(Mark One)

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

For the quarterly period ended September 30, 2007

OR

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

For the transition period from _______________ to _____________________

Commission file number 1-12635

PARADISE MUSIC & ENTERTAINMENT, INC.

(Exact name of registrant as specified in its charter)

Delaware (State or other jurisdiction of incorporation or organization)	013-3906452 (I.R.S. Employer Identification No.)
409 Brevard Avenue, Suite 7, Cocoa, FL (Address of principal executive offices)	3292268 (Zip Code)
(Issuer's telephone number)	888-565-3259

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes | | No |X|

Indicate by check mark whether the registrant is a large accelerated filer, a n accelerated filer, a non-accelerated filer, or a smaller reporting company.

Large accelerated filer [ ] Accelerated filer { }
Non-accelerated filer [ ] Smaller reporting company [X]

Indicate by check mark if the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act
Yes [ ] No[X]

At September 30, 2007, the Issuer had 58,496,358 shares of Common Stock, $.01 par value, issued and outstanding. At December 31, 2008, the issuer had 66,593,566 shares of common stock outstanding.

PARADISE MUSIC & ENTERTAINMENT, INC.
AND SUBSIDIARIES

PART I - FINANCIAL INFORMATION

PARADISE MUSIC & ENTERTAINMENT, INC.
AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEET
September 30, 2007 and December 31, 2006

	September 30, 2007 (Unaudited)	December 31 2006 (Audited)
ASSETS		
Current Assets		
Cash and equivalents	$ 22,474	$ 192,579
Accounts receivable, less allowance for doubtful accounts of $38,171 and $66,834	1,150,584	772,116
Prepaid expenses	34,867	40,205
Total Current Assets	1,207,925	1,004,900
Property and equipment, net	594,677	708.715
Total Assets	$ 1,802,602	$ 1,713,615
LIABILITIES AND DEFICIENCY IN ASSETS		
Liabilities		
Current Liabilities		
Accounts payable	$ 5,684,312	$ 5,672,980
Accrued and Other Current Liabilities	1,699,309	1,703,620
Current Portion of Long-Term Debt	--	244,573
Line of credit	655,978	389,003
Notes Payable	736,824	649,750
Notes Payable-related party	47,456	15,000
Dividends payable	26,929	16,429
Total Current Liabilities	8,850,808	8,691,355
Long-term liabilities		
Notes payable	781,655	666,819
Total Long-Term Liabilities	781,655	666,819
Total Liabilities	9,632,463	9,358,174
Stockholders' Equity (Deficiency in assets)		
Preferred stock, $.01 par value, 5,000,0000 shares authorized, 280,000 issued	2,800	2,800
Common Stock, $.01 par value 75,000,000 shares authorized, 58,496,358 issued	584,964	584,964
Additional paid-In capital	27,137,555	27,135,139
Accumulated deficit	(35,555,180)	(35,367,461)
Total Deficiency in assets	(7,829,861)	(7,644,559)
Total Liabilities and Deficiency in assets	$ 1,802,602	$ 1,713,615

See accompanying notes to financial statements.

PARADISE MUSIC & ENTERTAINMENT, INC.
AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)

	For the three months ended September 30, 2007	For the three months ended September 30, 2006	For the nine months ended September 30, 2007	For the nine months ended September 30, 2006
Revenues:				
Sales	$ 751,151	$ 763,325	$2,077,492	$ 2,280,803
Cost of sales	256,126	354,861	725,450	1,060,704
Gross margin	495,025	408,464	1,305,042	1,193,372
Expenses:				
Selling, general and administration	408,258	423,606	1,200,786	1,193,372
Income (loss) from operations	86,767	(15,142)	104,256	26,727
Other (income) and expense				
Interest expense	89,671	94,195	283,804	311,143
Other (income)	-	-	(2,301)	-
Loss before income tax	(2,904)	(109,337)	(177,217)	(284,416)
Provision for income taxes	-	-	-	-
Net loss	$ (2,204)	$ (109,337)	$ (177,217)	$ (284,416)
Preferred stock dividend	(3,500)	(3,500)	(10,500)	(10,500)
Net loss attributable to common stock	$ (6,404)	$ (112,837)	$ (187,717)	$ (294,916)
Net loss per common share(basic and diluted)	$ (0.000)	$ (0.0019)	$ (0.0032)	$ (0.0050)
Weighted average number of common shares outstanding (basic and diluted)	58,496,358	58,496,358	58,496,358	58,496,358

See accompanying notes to financial statements

PARADISE MUSIC & ENTERTAINMENT, INC.
AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

	For the nine months ended September 30, 2007	2006
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss	$ (177,217)	$ (291,416)
Adjustments to reconcile net loss to net cash used by operating activities:		
Depreciation and amortization	145,775	151,106
(Increase) decrease in assets:		
Accounts receivable	(378,468)	(180,820)
Deferred costs	-	(9,561)
Prepaid expenses	5,336	(7,435)
Increase (decrease) in liabilities:		
Accounts payable	11,333	42,130
Accrued and other current liabilities	(36,136)	(55,994)
Net cash used by operating activities	(429,377)	(342,429)
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property and equipment	(31,737)	(7,500)
Net cash provided (used) by investing activities	(31,737)	(7,500)
CASH FLOWS FROM FINANCING ACTIVITIES		
Paid-in capital	2,417	--
Proceeds from officer loans	32,456	--
Notes payable	87,074	101,518
Bank borrowing	169,062	154,698
Net cash provided by financing activities	291,009	256,216
Net decrease in cash and equivalents	(170,105)	(93,713)
Cash and equivalents-beginning	192,578	137.409
Cash and equivalents-ending	$ 22,474	$ 43,696

See accompanying notes to financial statements.

PARADISE MUSIC & ENTERTAINMENT, INC.
AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
September 30, 2007 and 2006
(Unaudited)

NOTE 1 -BASIS OF PRESENTATION:

The condensed consolidated financial statements included herein have been prepared by Paradise Music & Entertainment, Inc. and subsidiaries (the "Company") pursuant to the rules and regulations of the Securities and Exchange Commission (the "SEC") and reflect all adjustments, consisting of normal recurring adjustments, which are, in the opinion of management, necessary for a fair presentation of results of operations for interim periods. Certain information and footnote disclosures have been omitted pursuant to such rules and regulations. It is suggested that these financial statements be read in conjunction with the consolidated financial statements and the notes thereto included in the Company's Annual Report for the period ended December 31, 2006 on Form 10-KSB.

The consolidated results of operations for the three months ended September 30, 2007 are not necessarily indicative of the results to be expected for the full fiscal year.

NOTE 2 - ORGANIZATION AND NATURE OF OPERATIONS:

Paradise Music & Entertainment, Inc. ("Paradise" or the "Company"), a diversified holding company, is focused on adding to its 2005 acquisition, Environmental Testing Laboratories, Inc. ("ETL"). Now a wholly owned subsidiary, ETL operates profitably in the nationwide $1.8 billion a year environmental testing industry. Expanding ETL is a focal point for Paradise, and it is pursuing additional businesses. The Company, through its new expansion plans, along with its recently expanded management team, is working to attract and subsequently acquire companies operating successfully in its industry. The goals of the expansion strategy include utilizing the Company's existing Net Operating Loss (NOL) as well as aggregating these companies into successful operations. As of the date of this report, we are not in the process of negotiating any additional mergers or acquisitions, though we have had preliminary discussions with a number of potential acquisition candidates. Paradise operates offices in Florida and Colorado.

NOTE 3 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation

The consolidated financial statements include the accounts of Paradise and its wholly-owned subsidiaries, iball Media, PDSE Events, All Access, PDSE Records, Push Records, PDSE Digital, Rave, Picture Vision, Straw Dogs, Shelter Films and the newly acquired Environmental Testing Laboratories, Inc. (collectively the "Company"). All significant intercompany accounts and transactions have been eliminated in consolidation. In 2001, the Company discontinued operations in all the subsidiaries except for All Access Entertainment Management Group, Inc., which was discontinued in 2003. In 2007, the Company sold the discontinued operations to a third party. See subsequent events below.

Revenue Recognition

The Company's current revenue from the provision of environmental testing services is recorded when the service has been performed.

NOTE 3 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES(continued)

Cash and Cash Equivalents

The Company considers all highly liquid investments with maturities of three months or less when purchased to be cash equivalents.

Accounts Receivable

Accounts receivable are stated at estimated net realizable value. Accounts receivable are comprised of balances due from customers net of estimated allowances for uncollectible accounts. In determining collectibility, historical trends are evaluated and specific customer issues are reviewed to arrive at appropriate allowances. Substantially all of the accounts receivable are pledged as security for a factoring agreement with Capstone Business Credit, LLC.

Property and Equipment

Property and equipment is recorded at cost. Depreciation of assets is computed using the straight-line method over the following estimated useful lives.

Laboratory equipment	3 - 10 years
Furniture and fixtures	3 - 7 years

Financial Instruments

Fair value estimates discussed herein are based upon certain market assumptions and pertinent information available to management as of September 30, 2007. The respective carrying value of certain on-balance-sheet financial instruments approximated their fair values. These financial instruments include cash, accounts receivable, accounts payable and notes payable. Fair values were assumed to approximate carrying values for these financial instruments because they are short term in nature and their carrying amounts approximate fair values.

Long Lived Assets

The carrying value of long-lived assets is reviewed on a regular basis for the existence of facts and circumstances that suggest impairment. The Company will measure the amount of any impairment based on the amount that the carrying value of the impaired assets exceed the undiscounted cash flows expected to result from the use and eventual disposal of the impaired assets. At September 30, 2007, no impairment of long-lived assets was deemed appropriate.

Use of Estimates–

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

NOTE 3 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Related parties

Parties, which can be a corporation or individual, are considered to be related if the Company has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Companies are also considered to be related if they are subject to common control or common significant influence. There are no related parties to the Company.

Segment Information

The Company follows SFAS 131, "Disclosures about Segments of an Enterprise and Related Information". Certain information is disclosed, per SFAS 131, based on the way management organizes financial information for making operating decisions and assessing performance. The Company currently operates in a single segment and will evaluate additional segment disclosure requirements as it expands its operations.

Income Taxes

The Company follows SFAS 109 "Accounting for Income Taxes" for recording the provision for income taxes. Deferred tax assets and liabilities are computed based upon the difference between the financial statement and income tax basis of assets and liabilities using the enacted marginal tax rate applicable when the related asset or liability is expected to be realized or settled. Deferred income tax expenses or benefits are based on the changes in the asset or liability each period. If available evidence suggests that it is more likely than not that some portion or all of the deferred tax assets will not be realized, a valuation allowance is required to reduce the deferred tax assets to the amount that is more likely than not to be realized. Future changes in such valuation allowance are included in the provision for deferred income taxes in the period of change.

Loss Per Common Share

Basic earnings per share excludes dilution and is computed by dividing loss applicable to common stockholders by the weighted average number of common shares outstanding for the period. Diluted earnings per share reflects the potential dilution that could occur if securities or other contracts to issue common stock were exercised or converted into common stock or resulted in the issuance of common stock that then shared in the earnings of the entity. Diluted loss per common share is the same as basic loss per common share for all periods presented. Unexercised stock options and warrants were not included in the computations of diluted earnings per common share because their effect would have been anti-dilutive as a result of the Company's losses. In December, 2007 the Company issued 362,300 shares of Series C Preferred Stock as described below. (See Subsequent Events) These transactions will significantly affect earnings per share in future periods.

NOTE 3 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Stock Warrants

Stock warrants issued for goods and services are accounted for in accordance with Emerging Issues Task Force (EITF) 96-18, Accounting for Warrants that are Issued to other than Employees for Acquisition, or in Conjunction with Selling Goods and Services. Accordingly warrants subject to vesting based on performance, will be valued each reporting period until vested. The portion of the value related to the completed term of the related agreement is expensed, and the remaining non-cash deferred consulting expense is amortized over the remaining term of the agreement. The value of such related warrants was subject to adjustment until such time that the warrant was nonforfeitable, fully vested and exercisable. All warrants issued as consideration for goods or services, either were fully vested or cancelled as of December 31, 2006.

Stock-Based Compensation

The Company accounts for equity instruments issued to employees for services based on the fair value of the equity instruments issued and accounts for equity instruments issued to other than employees based on the fair value of the consideration received or the fair value of the equity instruments, whichever is more reliably measurable.

The Company accounts for stock based compensation in accordance with SFAS 123, "Accounting for Stock-Based Compensation." The provisions of SFAS 123 allow companies to either expense the estimated fair value of stock options or to continue to follow the intrinsic value method set forth in APB Opinion 25, "Accounting for Stock Issued to Employees" ("APB 25") but disclose the pro forma effects on net income (loss) had the fair value of the options been expensed. The Company has elected to continue to apply APB 25 in accounting for its stock option incentive plans.

Recent Accounting Pronouncements

In February 2006, the FASB issued SFAS No. 155, "Accounting for Certain Hybrid Instruments-an amendment of FASB Statements 133 and 140", which is effective for all financial instruments acquired or issued after the beginning of an entity's first fiscal year that begins after September 15, 2006. The statement improves financial reporting by eliminating the exemption from applying SFAS No. 133 to interests in securitized financial assets so that similar instruments are accounted for similarly regardless of the form of the instruments. The Statement also improves financial reporting by allowing a preparer to elect fair value measurement at acquisition, at issuance, or when a previously recognized have to be bifurcated, if the holder elects to account for the whole instrument-by-instrument basis, in cases in which a derivative would otherwise have to be bifurcated, if the holder elects to account for the whole instrument on a fair value basis. The Company does not expect that the adoption of this statement would have a material effect on the Company's financial position or results of operations.

In July 2006, the FASB issued FIN 48, "Accounting for Uncertainty in Income Taxes—an Interpretation of FASB Statement No. 109", which clarifies the

NOTE 3 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

accounting for uncertainty in tax positions. This Interpretation requires that the Company recognizes in its consolidated financial statements the impact of a tax position if that position is more likely than not of being sustained on audit, based on the technical merits of the position. The provisions of FIN 48 are effective for the Company on January 1, 2007, with the cumulative effect of the change in accounting principle, if any, recorded as an adjustment to opening retained earnings. The Company does not expect that the adoption of this statement would have a material effect on the Company's financial position or results of operations.

In September 2006, the SEC released SAB No. 108, "Considering the Effects of Prior Year Misstatements when Quantifying Misstatements in Current Year Financial Statements" ("SAB 108"). SAB 108 provides interpretive guidance on the SEC's views on how the effects of the carryover or reversal of prior year misstatements should be considered in quantifying a current year misstatement. The provision of SAB 108 is effective for the Company in the current fiscal year ended December 31, 2007. The Company does not expect that the adoption of this statement would have a material effect on the Company's financial position or results of operations.

In September 2006, the FASB issued SFAS No.157, "Fair Value Measurements" ("SFAS 157"), which defines fair value, establishes guidelines for measuring fair value and expands disclosures regarding fair value measurements. SFAS 157 does not require any new fair value measurements but rather eliminates inconsistencies in guidance found in various prior accounting pronouncements. SFAS 157 will be effective for the Company starting January 1, 2008. Earlier adoption is permitted, provided the Company has not yet issued financial statements, including for interim periods, for that fiscal year. The Company is currently evaluating the impact of SFAS 157 on its financial position, cash flows and results of operations.

In February 2007, the FASB issued Statement of Financial Accounting Standard No. 159, "The Fair Value Option for Financial Assets and Financial Liabilities", or SFAS 159. SFAS 159 permits companies to choose to measure many financial instruments and certain other items at fair value. It is expected to expand the use of fair value measurements which is consistent with the Financial Accounting Standards Board's long-term measurement objectives for accounting for financial instruments. SFAS 159 is effective for our first fiscal year that begins after November 15, 2007, which is our fiscal year 2008 that begins in January 2008. The Company is currently evaluating the impact of this statement to its financial position and results of operations.

NOTE 4 - COMMITMENTS AND CONTINGENCIES:

The Company has agreed to pay each of its outside directors $18,000 per year, payable quarterly in the Company's common stock valued on the last day of the applicable quarter. As the only outside director at that time, Mr. Rifenburgh signed an agreement on January 2, 2002 to suspend the accrual of compensation until the Company begins significant operations. The Company has agreed to pay the Chairman $240,000 per year. The Company was not able to make these payments, nor have they accrued the expense for fiscal year ended December 31,

NOTE 4 - COMMITMENTS AND CONTINGENCIES (continued)

2005 and 2006. The former Chairman, Mr. Hickel, agreed on January 2, 2002 to suspend the accrual of compensation until the Company begins significant operations. Mr. Hickel resigned as Chairman in September 2006, at which time Mr. Rifenburgh became Chairman. He, too, had elected to suspend the accrual of this compensation, however some compensation was expensed during 2006.

NOTE 5 - GOING CONCERN STATUS - FUTURE OPERATIONS

Since its inception, the Company has not operated profitably. The Company had a stockholders' deficit of $7,829,861 at September 30, 2007. There can be no assurance that commercial viability can be demonstrated for the Company's products and services, and there can be no assurance that the Company will ever achieve profitability on a sustained basis, if at all.

The Company's status as a going concern is dependent on its ability to implement a successful marketing plan and to generate sufficient revenues to operate on a profitable basis, along with continued financial support by officers and major shareholders, and the raising of additional funds for working capital. The financial statements do not include any adjustments that might be necessary should the Company be unable to continue as a going concern.

NOTE 6 - RECENT AND SUBSEQUENT DEVELOPMENTS

On February 2, 2007, the board of Directors (the "Board") elected Mr. Paul Lisak, M.S., R.E.H.S to fill the vacant Board seat previously held by Kelly T. Hickel. Mr. Lisak, age 62, retired in 2002 as Los Angeles ("LA") County's Hazardous Materials Control Manager, and from over 30 years service devoted to the administration and management of public health.

Mr. Winston "Buzz" Willis was also elected to fill the vacant Board seat that he previously held by him prior to his resignation in September 2006. Mr. Willis was the youngest vice president at RCA and was the founder of the Black Music Division of RCA Records. From the late 1970s to the early 1980s, he served as senior VP of American operations of Phillips Electronics Corp. (parent of Polydor/Polygram Records).

Ms. Julia Belden was elected as treasurer of the Company in addition to the position of secretary which she has held since September 15, 2006. Ms. Patty Werner-Els was elected to the position of president of Environmental Testing Laboratories, Inc. (ETL), the Company's subsidiary. Ms. Werner-Els has been employed at ETL for 17 years. On December 21, 2007 Mr. Rifenburgh resigned as chairman and chief executive officer of ETL. Mr. Kelly T. Hickel was elected chairman and chief executive officer of ETL at the time of Mr. Rifenburgh's resignation. Ms. Belden and Ms. Werner-Els were reconfirmed as directors of ETL at this time.

NOTE 6 - RECENT AND SUBSEQUENT DEVELOPMENTS (continued)

Mr. Richard P. Rifenburgh maintains his position as Chairman of the Board and the other officer positions he has held since September 2006 and the position of Vice Chairman which he has held since 2001. He also serves on the Board's Audit Committee, Compensation Committee and Nominating and Governance Committee; as well as Chairman of the Audit Committee.

In consideration for his service on the Board, Mr. Paul Lisak, a director, has been granted stock options to purchase 10,000 shares of the Company's newly-authorized Series C Preferred stock. In consideration for his service on the Board, Mr. Willis was also granted stock options to purchase 10,000 shares of the Company's Series C Preferred stock. Mr. Rifenburgh, in consideration of his long service and additional responsibilities was granted stock options to purchase 50,000 shares of the Company's Series C Preferred stock. In consideration for her service as an Officer was granted options to purchase 7,500 shares of the Company's Series C Preferred stock. Ms. Werner-Els, in consideration for her service as the President of the Company's operating subsidiary was granted options to purchase 7,500 shares of the Company's Series C Preferred stock. All options granted to Mr. Lisak, Mr. Rifenburgh, Mr. Willis, Ms. Belden, and Ms. Werner-Els are exercisable for a period of five years from the date of grant at an exercise price of $1.10 per share of Series C Preferred Stock. Each share of Series C Preferred Stock is convertible into 100 shares of the Company's Common Stock, subject to adjustment, if, as, and when the Company has authorized a sufficient number of shares of Common Stock for issuance upon such conversion. The Company has agreed to register under the Securities Act of 1933, as amended, and to register or qualify under the applicable securities laws of other jurisdictions, at its expense, the shares of Common Stock into which the shares of Series C Preferred stock are convertible. Upon the effectiveness of such registrations and qualifications, the shares of Series C Preferred Stock will automatically be converted into shares of Common Stock as described above.

At the January 8, 2007 board meeting the board granted the following S-8 shares for past due compensation as follows: Richard Rifenburgh received 400,000 shares, Julia Belden received 600,000 shares, Kelly Hickel received 979,083 shares and Patrick Rowland received 120,000 shares. The 2,099,083 shares were expensed as $20,991 in 2007.

In April 2007 and November 2007, one of the company's investors provided a total of an additional one hundred thousand dollar ($100,000), converted his previously issued warrants to 30,000 warrants of the Company's Preferred C shares and received an additional 18,000 warrants of Preferred Series C as consideration. All 48.000 warrants were granted at $1.00 per share and all were exercised in November 2007.

In December 2006, Capstone Business Credit, LLC amended the financial agreements with the Company's subsidiary, ETL. In consideration, the Company issued fifteen thousand (15,000) shares of Series C Preferred stock to Capstone in December, 2007.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

General

Paradise Music & Entertainment, Inc. ("Paradise" or the "Company"), an environmental services company, is focused on adding to its 2005 acquisition, Environmental Testing Laboratories, Inc. ("ETL"). Now a wholly owned subsidiary, ETL operates in the nationwide $1.8 billion a year environmental testing industry. Paradise operates offices in Florida and Colorado, and was incorporated in the State of Delaware in July 1996.

In the past Paradise operated as a music and entertainment company focused on partnering with other companies in the entertainment industry.

Paradise is pursuing acquisitions in the environmental services industry. To that end, Paradise acquired Environmental Testing Laboratories, Inc. (ETL) of Farmingdale, NY in February 2005.

The Company, to date, has not completed acquisitions of any additional merger candidates, but has identified and entered into negotiations with a number of potential candidates. There can be no assurances that such acquisitions will occur.

Forward-Looking Statements

Except for the historical information contained herein, this quarterly report on Form 10-QSB may contain forward-looking statements as defined in the Private Securities Litigation Reform Act of 1995. These statements relate to future events and to our future financial performance. These statements are only predictions and may differ from actual future events or results. We disclaim any intention or obligation to revise any forward-looking statements whether as a result of new information, future developments or otherwise. Please refer to our other filings with the Securities and Exchange Commission, which identify important risk factors that could cause actual results to differ from those contained in the forward-looking statements, including but not limited to risks associated with changes in general economic and business conditions, actions of our competitors, the extent to which we are able to develop new services and markets for our services, the time and expense involved in such development activities, the level of demand and market acceptance of our services and changes in business strategies.

Results of Operations

Three Months Ended September 30, 2007 Compared to Three Months Ended September 30, 2006.

The net loss was $ 2,904 for the three months ended September 30, 2007 compared to a net loss of $109,337 for the three months ended September 30, 2006.

Paradise's marketing, selling, general and administrative expenses decreased to $403,258 for the three months ended September 30, 2007 from $423,606 for the three months ended September 30, 2006, a decrease of $15,348.

Net interest expense was $89,671 for the three months ended September 30, 2007, compared to $94,195 for the three months ended September 30, 2006. Revenue was $751,151 for the three months ended September 30, 2007 compared to $763,325 for the three months ended September 30, 2006.

Liquidity and Capital Resources

Net cash used in operating activities for the three months ended September 30, 2007 was $429,377.

Net cash provided by financing activities for the nine months ended September 30, 2007 was $291,009, the result of repayment of funds borrowed from financial Institutions, notes payable and officer loans.

The Company is reviewing the profit and/or loss projections and cash needs of its businesses. Discussions are under way with various prospective investors to provide additional capital, but there can be no assurance that such discussions will result in the arrangement of such capital on terms acceptable to the Company if at all. As more fully discussed in Note 4 to the financial statements included in Item 1, continuation of the Company as a going concern is dependent upon its ability to resolve its liquidity problem and attain future profitable operations.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.

We are subject to financial market risks, including changes in interest rates, equity price risk and some of the loans in our portfolio may have floating rates in the future. We may hedge against interest rate fluctuations by using standard hedging instruments such as futures, options and forward contracts subject to the requirements of the 1940 Act. While hedging activities may insulate us against adverse changes in interest rates, they may also limit our ability to participate in the benefits of higher interest rates with respect to our portfolio of investments. During the nine months ended September 30, 2007 we did not engage in any hedging activities.

Since the Company to date has had no hedging or similar activities, the information and disclosures required by Item 305 of Regulation S-K are omitted as not material.

ITEM 4. CONTROLS AND PROCEDURES

Based upon an evaluation, supervised by Richard Rifenburgh, our Chief Executive Officer and Principal Accounting Officer, of the effectiveness of the design and operation of our disclosure controls and procedures, Mr. Rifenburgh has concluded that our disclosure controls and procedures were effective as of September 30, 2007. During the quarter ended September 30, 2007, there were no significant changes in our internal accounting controls or in other factors that materially affected, or are reasonably likely to materially affect our internal controls over financial reporting.

PART II – OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS.

There were no legal proceedings involving the Company at September 30, 2007.

ITEM 1A. RISK FACTORS.

We have a history of losses, we expect more losses in the future and we have substantial doubt regarding our ability to continue as a going concern. The report of our independent auditor contains a qualification that points out factors "raising substantial doubt about our ability to continue as a going concern." Since our inception, we have never been profitable before extraordinary items. For the year ended December 31, 2007, we had a net loss from operations of $(443,803) compared to net income from operations of $101,163 for the year ended December 31, 2006, and stockholders' deficit of $(2,789,740) as of December 31, 2007. We presently have limited credit facilities and we are in default on several loan instruments. These factors raise substantial doubt about our ability to continue as a going concern, though we may report positive net income in 2009.

We believe we do not currently have available funds sufficient to sustain our operations through the second quarter of 2009. Our available funds generally consist of cash and the funding derived from our revenue sources: income related to environmental testing. As of September 30, 2007, we had $22,474 in available cash. Reducing operating expenses and capital expenditures alone will not be sufficient to solve our liquidity problems. Unless we are able to obtain sufficient funding through equity or debt offerings we will not be able to expand our business. Even if we are able to obtain additional financing it may not be sufficient to expand our current operations.

The Company's strategy is to maximize the opportunity for growing the Company into a profitable operating company. That strategy is to acquire companies that are, or can be, operated profitability in environmental services. The Company's management has operated service companies in a variety of fields for over 35 years. While there has been some progress made on the implementation of this relatively new strategy, the strategy is still in its infancy. The Company presently has limited credit facilities and is in default on several loan instruments. All of the above factors raise substantial doubt about our ability to continue as a going concern.

The Company's status as a going concern is dependent on its ability to successfully implement a marketing plan and generate sufficient revenues to operate on a profitable basis, continued financial support by officers and major shareholders and raising of additional funds for working capital. The financial statements do not include any adjustments to reflect the possible future effects on the recoverability and classification of assets or the amounts and classification of liabilities that may result from the possible inability of the Company to continue as a going concern.

The Company's Directors and officers make all decisions regarding selection of management, budgeting, marketing, salaries and other matters affecting the Company. Shareholders have little, if any, ability to influence the management or the direction of the Company.

Agreements and arrangements between the Company and the Directors are not the result of arm's length negotiations and may result in conflicts of interest. See 'MANAGEMENT- Compensation.'

The Company will initiate additional acquisitions in the future and has only limited prior acquisition history. A shareholder in the Company must rely upon the ability of Management in identifying, structuring, and implementing acquisitions consistent with the Company's objectives and policies. There can be no assurance that there will be any additional acquisitions.

The Company may involve high degrees of leverage. Accordingly, recessions, operating problems and other general business and economic risks may have a more pronounced effect on the profitability or survival of the company. Also, increased interest rates increase the company's interest expenses. In the event the company cannot generate adequate cash flow to meet debt service, the Company may suffer a partial or total loss of capital invested in the company.

Decisions with respect to the management of the Company will be made by management of the Company. The loss of the services of one or more of the principal members of Management could have an adverse impact on the Company's ability to realize its business objectives.

The principals of the Company anticipate devoting sufficient time as may be necessary to conduct the business affairs of the Company in an appropriate manner. However, the principals of the Company and its parent are not full time employees and may participate in activities of other companies. There can be no assurance that the participation in such additional Companies will not give rise to conflicts of interest.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

There were no common shares issued during the quarter ended September 30, 2007.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

Not applicable.

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

Not applicable.

ITEM 5. OTHER INFORMATION

On February 2, 2007, the board of Directors (the "Board") elected Mr. Paul Lisak, M.S., R.E.H.S to fill the vacant Board seat previously held by Kelly T. Hickel. Mr. Lisak, age 62, retired in 2002 as Los Angeles ("LA") County's Hazardous Materials Control Manager, and from over 30 years service devoted to the administration and management of public health.

Mr. Winston "Buzz" Willis was also elected to fill the vacant Board seat that he previously held by him prior to his resignation in June 2006. Mr. Willis was the youngest vice president at RCA and was the founder of the Black Music Division of RCA Records. From the late 1970s to the early 1980s, he served as senior VP of American operations of Phillips Electronics Corp. (parent of Polydor/Polygram Records).

Ms. Julia Belden was elected as treasurer of the Company in addition to the position of secretary which she has held since June 15, 2006. Ms. Patty Werner-Els was elected to the position of president of Environmental Testing Laboratories, Inc. (ETL), the Company's subsidiary. Ms. Werner-Els has been employed at ETL for 17 years. On December 21, 2007 Mr. Rifenburgh resigned as chairman and chief executive officer of ETL. Mr. Kelly T. Hickel was elected chairman and chief executive officer of ETL at the time of Mr. Rifenburgh's resignation. Ms. Belden and Ms. Werner-Els were reconfirmed as directors of ETL at this time.

Mr. Richard P. Rifenburgh maintains his position as Chairman of the Board and the other officer positions he has held since June 2006 and the position of Vice Chairman which he has held since 2001. He also serves on the Board's Audit Committee, Compensation Committee and Nominating and Governance Committee; as well as Chairman of the Audit Committee.

In consideration for his service on the Board, Mr. Paul Lisak, a director, has been granted stock options to purchase 10,000 shares of the Company's newly-authorized Series C Preferred stock. In consideration for his service on the Board, Mr. Willis was also granted stock options to purchase 10,000 shares of the Company's Series C Preferred stock. Mr. Rifenburgh, in consideration of his long service and additional responsibilities was granted stock options to purchase 50,000 shares of the Company's Series C Preferred stock. In consideration for her service as an Officer was granted options to purchase 7,500 shares of the Company's Series C Preferred stock. Ms. Werner-Els, in consideration for her service as the President of the Company's operating subsidiary was granted options to purchase 7,500 shares of the Company's Series C Preferred stock. All options granted to Mr. Lisak, Mr. Rifenburgh, Mr. Willis, Ms. Belden, and Ms. Werner-Els are exercisable for a period of five years from the date of grant at an exercise price of $1.10 per share of Series C Preferred Stock. Each share of Series C Preferred Stock is convertible into 100 shares of the Company's Common Stock, subject to adjustment, if, as, and when the Company has authorized a sufficient number of shares of Common Stock for issuance upon such conversion. The Company has agreed to register under the Securities Act of 1933, as amended, and to register or qualify under the applicable securities laws of other jurisdictions, at its expense, the shares of Common Stock into which the shares of Series C Preferred stock are convertible. Upon the effectiveness of such registrations and qualifications, the shares of Series C Preferred Stock will automatically be converted into shares of Common Stock as described above.

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

(a) Exhibits

31 Rule 13a-14(a) Certification of Richard P. Rifenburgh

32 Section 1350 Certification of Richard P. Rifenburgh

(b) Reports on Form 8-K

None

SIGNATURES

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

PARADISE MUSIC & ENTERTAINMENT, INC.

By: /s/ Richard P. Rifenburgh

Date: March 6, 2009