IMMEDIATEK INC
Form 10-Q
May 15, 2008

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UNITED STATES
SECURITES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 10-Q

(Mark One)

þ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the quarterly period ended March 31, 2008

o **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE EXCHANGE ACT**
For the transition period from __________ to __________

Commission file number: 000-26073

IMMEDIATEK, INC.
(Exact name of registrant as specified in its charter)

Nevada	**86-0881193**
(State or other jurisdiction of incorporation or organization)	(IRS Employer Identification No.)
320 South Walton Dallas, Texas	**75226**
(Address of principal executive offices)	(Zip code)

(214) 744-8801
(Issuer s telephone number, including area code)
(Former name, former address and former fiscal year, if changed since last report)

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the 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 þ No o

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

Large accelerated filer o	Accelerated filer o	Non-accelerated filer o (Do not check if a smaller reporting company)	Smaller reporting company þ

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act) Yes o No þ

As of May 15, 2008, the issuer had 535,321 shares of common stock outstanding.

IMMEDIATEK, INC.
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INTRODUCTION

Unless the context otherwise indicates, all references in this Quarterly Report on Form 10-Q to the Company, Immediatek, DiscLive, IMKI Ventures, we, us, our or ours or similar words are to Immediatek, Inc. and it wholly-owned subsidiaries, DiscLive, Inc. or IMKI Ventures, Inc. Accordingly, there are no separate financial statements for DiscLive, Inc. or IMKI Ventures, Inc.

TRADEMARKS AND SERVICE MARKS

This Quarterly Report on Form 10-Q contains registered trademarks and servicemarks owned or licensed by entities and persons other than us.

MARKET AND INDUSTRY DATA AND FORECASTS

Market and industry data and other statistical information and forecasts used throughout this Quarterly Report on Form 10-Q are based on independent industry publications, government publications and reports by market research firms or other published independent sources. Some data also is based on our good faith estimates, which are derived from our review of internal surveys, as well as independent sources. Forecasts are particularly likely to be inaccurate, especially over long periods of time.

FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q and the materials incorporated by reference into this Quarterly Report on Form 10-Q include forward-looking statements intended to qualify for the safe harbor from liability established by the Private Securities Litigation Reform Act of 1995. These forward-looking statements generally can be identified as such because the context of the statement includes words such as may, estimate, intend, plan, believe, expect, anticipate, will, should or other similar expressions. Similarly, statements in this Quarterly Report on Form 10-Q that describe our objectives, plans or goals also are forward-looking statements. These statements include those made on matters such as our financial condition, litigation, accounting matters, our business, our efforts to grow our business and increase efficiencies, our efforts to use our resources judicially, our efforts to implement new financial software, our liquidity and sources of funding and our capital expenditures. All forward-looking statements are subject to certain risks and uncertainties that could cause actual results to differ materially from those in the forward-looking statements. The forward-looking statements included in this Quarterly Report on Form 10-Q are made only as of the date of this report. We assume no obligation to update any forward-looking statements. Certain factors that could cause actual results to differ include, among others:

- our inability to continue as a going concern;
- our history of losses, which are likely to continue;
- our inability to utilize the funds received in a manner that is accretive;
- our inability to generate sufficient funds from operating activities to fund operations;
- difficulties in developing and marketing new products;
- inability to locate lines of business to acquire or, if acquired, to integrate them;
- inability to execute our growth and acquisition strategy;
- dependence on third-party contractors and third-party platforms and websites; and
- changes in conditions affecting the economy generally.

For a discussion of these and other risks and uncertainties that could cause actual results to differ materially from those contained in our forward-looking statements, please refer to Risk Factors in the Company s Annual Report on Form 10-KSB for the fiscal year ended December 31, 2007, which was filed with the Securities and Exchange Commission, or SEC, on March 28, 2008.

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PART I FINANCIAL INFORMATION

Item 1. Financial Statements.

Immediatek, Inc.
Condensed Consolidated Balance Sheets

	March 31, 2008 (unaudited)	December 31, 2007
Assets		
Current assets:		
Cash and cash equivalents	$ 348,986	$ 589,787
Accounts receivable (including $7,525 due from a related party at March 31, 2008)	7,578	3,575
Prepaid expenses and other current assets	12,572	3,088
Total current assets	369,136	596,450
Fixed assets, net	10,675	13,230
Capitalized website development costs, net	84,735	89,442
Assets held for sale	68,252	68,304
Total Assets	$ 532,798	$ 767,426
Liabilities, Preferred Stock and Stockholders Deficit		
Current liabilities:		
Accounts payable (including $0 and $23,976 due to related parties at March 31, 2008 and December 31, 2007, respectively)	$ 60,049	$ 24,026
Accrued liabilities	4,860	3,064
Total current liabilities	64,909	27,090
Series A convertible preferred stock (conditionally redeemable); $0.001 par value 4,392,286 authorized, issued and outstanding at March 31, 2008 and December 31, 2007; redemption/liquidation value of $3,000,000	3,000,000	3,000,000
Stockholders deficit:		
Common stock, $0.001 par value, 500,000,000 shares authorized, 535,321 shares issued and outstanding at March 31, 2008 and December 31, 2007	535	535
Additional paid in capital	89,602	79,102
Accumulated deficit	(2,622,248)	(2,339,301)
Total stockholders deficit	(2,532,111)	(2,259,664)

Total Liabilities, Preferred Stock and Stockholders Deficit	$	532,798	$	767,426

See accompanying notes to unaudited condensed consolidated financial statements.

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Immediatek, Inc.
Condensed Consolidated Statements of Operations

	For the Three Months Ended March 31,			
	2008 (unaudited)		2007 (unaudited)	
Revenues, net	$		$	13,603
Cost of sales				12,114
Gross margin				1,489
Expenses:				
Consulting services		13,100		2,474
Consulting expense related party		10,500		10,500
Professional fees		86,182		53,652
Salaries and benefits		159,703		65,778
Depreciation and amortization		7,262		12,375
(Gain) loss on sale of assets held for sale		(687)		1,080
Other general and administrative expenses		15,207		11,953
Total expenses		292,864		157,812
Net operating loss		(292,864)		(156,323)
Other income:				
Other income related party		7,525		
Interest income		2,392		8,026
Net loss	$	(282,947)	$	(148,297)
Weighted average number of common shares outstanding basic and fully diluted		535,321		474,807
Basic and diluted loss per common share	$	(0.53)	$	(0.31)

See accompanying notes to unaudited condensed consolidated financial statements.

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Immediatek, Inc.
Condensed Consolidated Statements of Cash Flows

	For the Three Months Ended March 31,	
	2008 (unaudited)	**2007 (unaudited)**
Cash flows from operating activities		
Net loss	$ (282,947)	$ (148,297)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	7,262	12,375
Consulting fees related party	10,500	10,500
(Gain) loss on sale and disposal of assets held for sale	(687)	1,080
Changes in operating assets and liabilities:		
Accounts receivable	(4,003)	5,702
Prepaid expenses and other current assets	(9,485)	1,412
Accounts payable	36,023	19,508
Accrued liabilities	1,796	6,922
Net cash used in operating activities	(241,541)	(90,798)
Cash flows from investing activities		
Purchase of fixed assets		(3,549)
Proceeds from the sale of assets held for sale	740	
Net cash provided by (used in) investing activities	740	(3,549)
Net decrease in cash	(240,801)	(94,347)
Cash at the beginning of the period	589,787	1,052,559
Cash at the end of the period	$ 348,986	$ 958,212
Supplemental disclosures:		
Interest paid	$	$
Income taxes paid	$	$

See accompanying notes to unaudited condensed consolidated financial statements.

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IMMEDIATEK, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2008
(Unaudited)

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND PROCEDURES

Description of Business: Prior to October 1, 2007, Immediatek, through its wholly-owned, operating subsidiary, DiscLive, Inc., recorded live content, such as concerts and conferences, and made the recorded content available for delivery to attendees within fifteen minutes after the conclusion of a live event. On October 1, 2007, DiscLive, Inc. ceased retail sales of its products in conjunction with the decision not to further pursue that line of business.

On August 29, 2007, Immediatek formed a wholly-owned subsidiary, IMKI Ventures, Inc. IMKI Ventures, Inc. acquired certain assets from a related party on August 31, 2007. The consideration paid for the acquired assets was 60,514 shares of Immediatek common stock. Those acquired assets were developed into our e-commerce product called RadicalBuy, which was launched in part on October 23, 2007. RadicalBuy is an online marketplace that, in addition to providing buyers and sellers an online forum to buy and sell items, allows seller-approved third-parties to sell items on the seller s behalf and earn a commission and enables sellers to list their items across various internet platforms such as their Facebook® page, MySpace® page, blog or personal web page.

Going Concern: The accompanying condensed consolidated financial statements have been prepared on a going concern basis, which contemplates the realization of the assets of the Company and the satisfaction of its liabilities and commitments in the normal course of business. *See* Note 3 for a discussion of the Company s ability to continue as a going concern and its plans for addressing those issues. The inability to obtain additional financing during 2008, when required, could have a material adverse effect on the operations and financial condition of the Company.

Basis of Presentation: The accompanying unaudited condensed consolidated financial statements of the Company have been prepared pursuant to the rules and regulations of the Securities and Exchange Commission (SEC). Certain information and formatted disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been omitted pursuant to SEC rules and regulations. These condensed consolidated financial statements include the accounts of the Company s wholly-owned subsidiaries, DiscLive, Inc. and IMKI Ventures, Inc. (collectively, the Company). All significant intercompany accounts and transactions have been eliminated in these condensed consolidated financial statements.

The Company s condensed consolidated balance sheet at March 31, 2008 and condensed consolidated statements of operations and condensed consolidated statements of cash flows for the three months ended March 31, 2008 and 2007are unaudited. Certain accounts have been reclassified to conform to the current period s presentation. In the opinion of management, these financial statements have been prepared on the same basis as the audited consolidated financial statements and include all adjustments necessary for the fair presentation of the Company s financial position, results of operations and cash flows. These adjustments were of a normal, recurring nature. The results of operations for the periods presented in this Quarterly Report on Form 10-Q are not necessarily indicative of the results that may be expected for the entire year. Additional information is contained in the Company s Annual Report on Form 10-KSB for the fiscal year ended December 31, 2007, which was filed with the SEC on March 28, 2008 and should be read in conjunction with this Quarterly Report on Form 10-Q.

Management Estimates and Significant Risks and Uncertainties: The preparation of the condensed consolidated financial statements, in conformity with accounting principles generally accepted in the United States of America, requires management of the Company to make estimates and assumptions that affect the reported amounts of assets and liabilities, and the disclosure of contingent assets and liabilities, at the dates of the financial statements and the reported amounts of revenues and expenses during such reporting periods. Actual results could differ from these estimates.

IMMEDIATEK, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS CONTINUED
MARCH 31, 2008
(Unaudited)

The Company is subject to a number of risks and can be affected by a variety of factors. Management of the Company believes that the following factors, as well as others, could have a significant negative effect on the Company s future financial position, results of operations or cash flows:

- our inability to continue as a going concern;
- our history of losses, which are likely to continue;
- our inability to utilize the funds received in a manner that is accretive;
- our inability to generate sufficient funds from operating activities to fund operations;
- difficulties in developing and marketing new products;
- inability to locate lines of business to acquire or, if acquired, to integrate them;
- inability to execute our growth and acquisition strategy;
- dependence on third-party contractors and third-party platforms and websites; and
- changes in conditions affecting the economy generally.

Business Segments: Prior to August 31, 2007, the Company primarily operated only in one segment, the production and sale of live recordings of events. On August 31, 2007, IMKI Ventures, a newly created, wholly-owned subsidiary of the Company, acquired certain assets that it used to launch a new business on October 23, 2007. On October 1, 2007, DiscLive ceased retail sales of its products in connection with its determination not to further pursue the production and sale of live event recordings. Accordingly, going forward, the Company anticipates that it will primarily operate in the e-commerce line of business.

Net Loss per Share: Net loss attributable to common stockholders was used in the calculation of both basic and diluted loss per share. The weighted average number of shares of common stock outstanding was the same for calculating both basic and diluted loss per share. Options to purchase 1,625 shares of common stock and Series A Convertible Preferred Stock convertible into 10,171,099 shares of common stock outstanding at March 31, 2008, were not included in the computation of diluted loss per share, as the effect of including the options and Series A Convertible Preferred Stock in the calculation would be anti-dilutive. Options to purchase 1,625 shares of common stock, warrants to purchase 3,500 shares of common stock and Series A convertible Preferred Stock convertible into 9,021,333 shares of common stock outstanding at March 31, 2007 were not included in the computation of diluted loss per share as the effect of including the options and Series A Convertible Preferred Stock in the calculation would be anti-dilutive.

Comprehensive Loss: For all periods presented, comprehensive loss is equal to net loss.

Recently Issued Accounting Pronouncements: In March 2008, the Financial Accounting Standards Board (FASB) issued Statement of Financial Accounting Standards (SFAS) No. 161, *Disclosures about Derivative Instruments and Hedging Activities an amendment of FASB Statement No. 133* (SFAS 161). SFAS 161 is intended to improve financial reporting about derivative instruments and hedging activities by requiring enhanced disclosures to enable investors to better understand their effects on an entity s financial position, financial performance, and cash flows. SFAS 161 is effective for financial statements issued for fiscal years and interim periods beginning after November 15, 2008. The Company believes that this new pronouncement will not have an effect on the Company s consolidated results of operations, consolidated financial position or consolidated cash flows.

In September 2006, the FASB issued SFAS No. 157, *Fair Value Measurements* (SFAS 157), which defines fair value, establishes a framework for measuring fair value in generally accepted accounting principles, and expands disclosures about fair value measurements. SFAS 157 does not require any new fair value measurements, but provides guidance on how to measure fair value by providing a fair value hierarchy used to classify the source of the information. SFAS 157 is effective for fiscal years beginning after November 15, 2007.

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IMMEDIATEK, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS CONTINUED
MARCH 31, 2008
(Unaudited)

In February 2008, FASB Staff Position (FSP) FAS No. 157-2*, Effective Date of FASB Statement* No. 157 (FSP 157-2), was issued. FSP 157-2 defers the effective date of SFAS 157 to fiscal years beginning after December 15, 2008 for all nonfinancial assets and liabilities, except those that are recognized or disclosed at fair value in the financial statements on a recurring basis (at least annually). Examples of items within the scope of FSP 157-2 are nonfinancial assets and liabilities initially measured at fair value in a business combination (but not measured at fair value in subsequent periods), and long-lived assets, such as property, plant and equipment and intangible assets measured at fair value for an impairment assessment under SFAS No. 144, *Accounting for the Impairment or Disposal of Long-Lived Assets.* The partial adoption of SFAS 157 on January 1, 2008 with respect to financial assets and financial liabilities recognized or disclosed at fair value in the financial statements on a recurring basis is not expected to have a material impact on our consolidated financial statements. We are in the process of analyzing the potential impact of SFAS 157 relating to our planned January 1, 2009 adoption of the remainder of the standard.

In February 2007, the FASB issued SFAS No. 159, *The Fair Value Option for Financial Assets and Financial Liabilities including an Amendment of FASB Statement No. 115* (SFAS 159), which allows an entity to choose to measure certain financial instruments and liabilities at fair value. Subsequent measurements for the financial instruments and liabilities an entity elects to fair value will be recognized in earnings. SFAS 159 also establishes additional disclosure requirements. SFAS 159 is effective for us beginning January 1, 2008. The Company believes that this new pronouncement will not have an effect on the Company s consolidated results of operations, consolidated financial position or consolidated cash flows.

In December 2007, the FASB issued SFAS No. 141 (revised 2007), *Business Combinations* (SFAS 141R). SFAS 141R establishes principles and requirements for how an acquirer recognizes and measures in its financial statements the identifiable assets acquired, the liabilities assumed, any noncontrolling interest in the acquiree and the goodwill acquired. SFAS 141R also establishes disclosure requirements to enable the evaluation of the nature and financial effects of the business combination. SFAS 141R is effective for us beginning January 1, 2009. SFAS 141R will be applied prospectively to business combinations with an acquisition date on or after the effective date.

NOTE 2 GOING CONCERN

As shown in the accompanying condensed consolidated financial statements, as of March 31, 2008, the Company had an accumulated deficit of $2,622,248 and during the three months ended March 31, 2008, the Company incurred a net loss of $282,947 and used cash in operations of $241,541. The Company s historical and continuing losses raise substantial doubt about the Company s ability to continue as a going concern.

As of March 31, 2008, we had $348,986 of operating funds, which management anticipates will sustain our operations, as presently conducted, until the third quarter of 2008. At the end of the third quarter of 2008, we anticipate that our operating activities will not generate sufficient cash to fund our future operations and that we will be required to seek additional funds at that time.

Further, the Company may identify and pursue additional acquisitions. In the event that the Company consummates an additional acquisition, it may require additional funds prior to the end of the third quarter of 2008. No assurances, however, can be given that those opportunities can be realized upon, if available.

The accompanying consolidated financial statements have been prepared on a going concern basis, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business. These financial statements do not include any adjustments to the recoverability and classification of recorded asset amounts or the amount and classification of liabilities that might be necessary should the Company be unable to continue as a going concern.

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IMMEDIATEK, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS CONTINUED
MARCH 31, 2008
(Unaudited)

NOTE 3 RELATED PARTY TRANSACTIONS

Office Space: On February 28, 2008, we entered into a letter agreement amending our Sublease with HDNet LLC, an affiliate of Radical Holdings LP, for our current office space. The letter agreement extends the term of the Sublease until December 31, 2009. The rent is $900 per month, utilities included. HDNet LLC leases this office space from Radical Computing, Inc., another affiliate of Radical Holdings LP.

Consulting Agreement: On February 28, 2008, we entered into an Agreement for Project Staffing Services with HDNet Fights, Inc., an affiliate of Radical Holdings LP. The Agreement for Project Staffing Services provides that we will provide personnel, as independent contractors on an hourly-fee basis, to perform computer software programming, system analysis, design, project management, consulting, and education and training for HDNet Fights, Inc. Total revenue from this agreement was $7,525 during the three months ended March 31, 2008. Amounts due to the Company from HD Net Fights, Inc. totaled $7,525 at March 31, 2008.

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Item 2. Management s Discussion and Analysis of Financial Condition and Results of Operations

Overview

The following Management s Discussion and Analysis, or MD&A, is intended to aid the reader in understanding us, our operations and our present business environment. MD&A is provided as a supplement to, and should be read in conjunction with, our consolidated financial statements and the notes accompanying those financial statements, which are included in this Quarterly Report on Form 10-Q. MD&A includes the following sections:

Recent Developments a description of important events that have recently occurred.

Our Business a general description of our business, our objectives, our areas of focus and the challenges and risks of our business.

Critical Accounting Policies and Estimates a discussion of accounting policies that require critical judgments and estimates.

Operations Review an analysis of our consolidated results of operations for the periods presented in this Quarterly Report on Form 10-Q.

Liquidity, Capital Resources and Financial Position an analysis of our cash flows and debt and contractual obligations; and an overview of our financial condition.

Recent Developments

Action by written consent in lieu of annual meeting. By written consent, dated April 18, 2008, Radical Holdings LP, the holder of 97.1% of our outstanding voting stock authorized or approved the following actions: the election of Darin Divinia and Robert Hart as directors for one year terms; and the ratification of the appointment of KBA Group LLP as our independent registered public accounting firm.

Our Business

General

Our principal executive offices are located at 320 South Walton, Dallas, Texas 75226, and our telephone number at that address is (214) 744-8801.

Prior to October 1, 2007, Immediatek, through its wholly-owned, operating subsidiary, DiscLive, recorded live content, such as concerts and conferences, and made the recorded content available for delivery to attendees within fifteen minutes after the conclusion of a live event.

As of October 1, 2007, Immediatek ceased retail sales of DiscLive products in conjunction with its decision not to further pursue that line of business. As previously disclosed, management commenced an evaluation of the DiscLive business and its prospects in early August 2007. Based upon this evaluation, it was determined that not pursuing this line of business was in the best interest of Immediatek s stockholders.

On August 29, 2007, Immediatek formed a wholly-owned subsidiary, IMKI Ventures, Inc. IMKI Ventures acquired certain assets from a related party on August 31, 2007. The consideration paid for the acquired assets was 60,514 shares of Immediatek common stock. Those acquired assets were developed into our e-commerce product called RadicalBuy, which was launched in part on October 23, 2007. RadicalBuy is a new online marketplace, which, in addition to providing buyers and sellers an online forum to buy and sell items, allows seller-approved third-parties to sell items on the seller s behalf and earn a commission. Currently, RadicalBuy is available on the social networking site Facebook.

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Using RadicalBuy, sellers can list an item and have it visible to all Facebook users instantly. RadicalBuy takes advantage of the social networks that Facebook is built on to increase the likelihood that an item will be sold based on the premise that a buyer might be more comfortable buying something from a seller located in their own circle of friends instead of a stranger using other classified advertising avenues. Additionally, users are able to list their RadicalBuy items on additional platforms, such as their MySpace page, blog or personal web page, using a widget that is currently available from our RadicalBuy website.

After an item is listed, others can post the listing on their Facebook page to earn a commission. The amount of commission paid is at the discretion of the seller. If a user has nothing to sell, RadicalBuy allows all users to list other users items to earn commission. Users can leave feedback about sellers and buyers, and read others comments before buying or selling anything on the RadicalBuy platform.

RadicalBuy does not currently charge a fee for listing items for sale; it only charges a commission-based fee upon the sale of items that are listed. The final value selling fee is based on a tiered platform. The fee schedule is 5% of the first $25 in value, plus 3% of the value from $25-1000, plus 1.5% of the value over $1000. The maximum final selling value fee is $500 per item.

History of Operating Losses

The following table presents our net loss and cash used in operating activities for the periods indicated.

	For the Three Months Ended March 31,	
	2008 (unaudited)	2007 (unaudited)
Net loss	$ (282,947)	$ (148,297)
Net cash used in operating activities	$ (241,541)	$ (90,798)

Our existence and operations are dependent upon our ability to generate sufficient funds from operations to fund operating activities.

The report of our independent registered public accounting firm on our financial statements for the year ended December 31, 2007 includes an emphasis paragraph, in addition to their audit opinion, stating that our recurring losses from operations and substantial accumulated deficit raise substantial doubt about our ability to continue as a going concern. The financial statements do not include any adjustments to reflect the possible effects on recoverability and classification of assets or the amounts and classification of liabilities that may result from our inability to continue as a going concern.

We funded our operations during the three months ended March 31, 2008, primarily from the proceeds generated by the sale of the Series A Convertible Preferred Stock in 2006.

Our Objectives

At this time, our primary objectives are to successfully launch the other planned applications and features we have for RadicalBuy and grow its user base and transaction volume.

Areas of Focus

*RadicalBuy Successful Roll-Out and Improvement*s. Our current primary focus is launching the other planned aspects of RadicalBuy, which includes additional features for the website and other revenue generating features. We are attempting to create a website that is a full-service online marketplace. We anticipate launching additional features for the website in the third quarter of 2008. In tandem with the roll-out of the website and additional features, we will continue to focus on refining and improving the applications previously launched.

RadicalBuy Increase Users and Transactions. We also are focusing on increasing the number of users of RadicalBuy and the number of items listed for sale through it. In that respect, we may offer promotions to new and existing users to list their items for sale through RadicalBuy.

Acquisitions. We may also identify and pursue additional potential acquisition candidates. No assurances can be given, however, that we will be successful in identifying any potential targets and, when identified, consummating their acquisition.

Challenges and Risks

Operating in this area provides unique opportunities; however, challenges and risks accompany those opportunities. Our management has identified the following material challenges and risks that will require substantive attention from our management (*see* Liquidity and Capital Resources and Financial Position Liquidity beginning on page 14).

Utilizing Funds on Hand in a Manner that is Accretive. If we do not manage our assets aggressively and apply the available capital judicially, we may not generate sufficient cash from our operating activities to fund our operations going forward, which would require us to seek additional funding in the future.

Dependence on Third-Party Platforms. Currently, RadicalBuy is highly dependent on the Facebook platform. Any change, or issues related to that platform will likely affect us, as well. We are constantly monitoring that platform in order to be able to plan and take appropriate actions in the event that we are affected.

*Growing Users and Listed Item*s. In order to be successful with the RadicalBuy application, we will be required to grow the number of users and items listed for sale. In addition, we will need to ensure that the users are actively utilizing the application and transactions are occurring. We are considering the use of incentives or promotions to attract users and transactions.

Competition. There are companies in this industry that have far more financial resources and a larger market share than us. In order to compete with these companies, we will be required to be innovative and create more attractive functions and features.

Additionally, see Risk Factors in the Company s Annual Report on Form 10-KSB for the fiscal year ended December 31, 2007, which was filed with the SEC on March 28, 2008.

Challenges and risks, including those described above, if not properly addressed or managed, may have a material adverse effect on our business. Our management, however, is endeavoring to properly manage and address these challenges and risks.

Critical Accounting Policies and Estimates

Our condensed consolidated financial statements are prepared in accordance with generally accepted accounting principles in the United States of America, which requires management to make estimates, judgments and assumptions with respect to the amounts reported in the condensed consolidated financial statements and in the notes accompanying those financial statements. Certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles, however, have been condensed or omitted pursuant to the rules and regulations promulgated by the SEC. We believe that the most critical accounting policies and estimates relate to the following:

*Recoverability of Long-Lived Asset*s. We have certain non-current assets. Management considers the useful life of the assets on an annual basis, or more periodically as circumstances dictate, and assesses whether or not there is an impairment. An assessment of recoverability involves comparing the carrying value of the asset with its recoverable amount, typically the estimated future cash flows expected to result from the use of the assets, including cash flows from disposition. If the expected cash flows from a non-current asset were determined to be less than its carrying value, an impairment would be charged to the income statement. During the three months ended March 31, 2008, there was no impairment of long-lived assets.

Convertible Securities. From time to time, we have issued, and in the future may issue, convertible securities with beneficial conversion features. We account for these convertible securities in accordance with Emerging Issues Task Force, or EITF, Issue No. 98-5, *Accounting for Convertible Securities with Beneficial Conversion Features or Contingently Adjustable Conversion Ratios* (EITF 98-5) and EITF 00-27, *Application of Issue No. 98-5 to Certain Convertible Instruments*.

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Revenue Recognition. With respect to RadicalBuy, revenues are recognized when evidence of an arrangement exists, the fee is fixed and determinable, no significant obligation remains and collection of the receivable is reasonably assured. RadicalBuy generates transaction revenues from final value and feature fees. Feature fee revenues are recognized ratably over the estimated period of the feature, while revenues related to final value fees are recognized at the time that the transaction is successfully concluded. A transaction is considered successfully concluded when at least one buyer has offered to purchase the item. DiscLive primarily delivered products sold by it through shipment to the customer. Revenue was recognized upon shipment of the product to the customer. A smaller percentage of revenues were recognized at the point of sale at the event being recorded. Certain customers purchased and accepted hand delivery of the product on-site at the event.

While our estimates and assumptions are based upon our knowledge of current events and actions we may undertake in the future, actual results may ultimately differ from those estimates and assumptions. For a discussion of our significant accounting policies, see Note 1 Summary of Significant Accounting Policies and Procedures commencing on page 5.

Recent Accounting Standards and Pronouncements

Refer to Note 1 Summary of Significant Accounting Policies and Procedures accompanying the consolidated financial statements commencing on page 5 for a discussion of recent accounting standards and pronouncements.

Operations Review

The Three Months Ended March 31, 2008 Compared to the Three Months Ended March 31, 2007

	For the Three Months Ended March 31,		**2008 vs. 2007**	
	2008 (unaudited)	**2007** (unaudited)	**Change**	**% Change**
Revenues	$	$ 13,603	$ (13,603)	(100)%
Cost of revenues		12,114	(12,114)	(100)
Gross margin		1,489	(1,489)	(100)%
Gross margin percentage	0%	11%		
Consulting expense related party	13,100	2,474	10,626	430
Professional fees	86,182	53,652	32,530	61
Salaries and benefits	159,703	65,778	93,925	143
Non-cash consulting expense	10,500	10,500		
Depreciation and amortization	7,262	12,375	(5,113)	(41)
(Gain) loss on sale and disposal of assets held for sale	(687)	1,080	(1,767)	(164)
Other general and administrative expenses	16,804	11,953	4,851	41%
Net operating loss	$ (292,864)	$ (156,323)	136,541	87%
Other income (expense):				
Other income related party	7,525		7,525	100
Interest income	2,392	8,026	(5,634)	(70)
Net loss	$ (282,947)	$ (148,297)	134,650	91%
	535,321	474,807	60,514	13%

Weighted average number of common shares outstanding basic and fully diluted						
Basic and diluted loss per common share	$	(0.53)	$	(0.31)	$ 0.22	69%

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Revenues. The decrease in revenues is attributable to the discontinuation of the DiscLive business. No live events were recorded and there were no product sales, during the three months ended March 31, 2008. As of March 31, 2008, revenues generated from RadicalBuy have been minimal.

We expect revenues for the remainder of 2008 to increase as we continue to implement RadicalBuy and attract users. Since RadicalBuy is a new line of business, revenues are difficult to anticipate until we achieve a consistent user base. We are actively working on additions and improvements to RadicalBuy that should result in increased users and, consequently, increased sales through the RadicalBuy application. No assurances, however, can be given that we will be able to attract a significant number of additional users or sales.

Cost of Revenues. Costs of revenues decreased due to the discontinuation of DiscLive operations. We anticipate that costs of revenues will increase proportionately with revenues in regards to RadicalBuy. Cost of revenues consists principally of merchant fees, which we believe will initially increase proportionately with revenue.

Consulting Services. Costs for consulting services increased during the three month period ended March 31, 2008 as compared to the three month period ended March 31, 2007, due to the retention of an outside consultant related to the launch of a feature on our website. We expect that consulting services expense should decrease for the 2008 fiscal year compared to the 2007 fiscal year as the services of Darin Divinia, Steve Watkins and Adam Greenspan will no longer be provided through a management services agreement. These individuals became employees of the Company in January of 2008.

Professional Fees. The increase in professional fees for the three month period ended March 31, 2008 as compared to the three month period ended March 31, 2007, is attributable to higher professional fees incurred in connection with increases in audit fees, legal fees and other professional fees incurred as we attempt to expand our operations.

Salaries and Benefits. The increase in salaries and benefits expense for the three month period ended March 31, 2008, as compared to the three month period ended March 31, 2007, is attributable to the employment of Darin Divinia, Steve Watkins and Adam Greenspan in January of 2008.

Other Income Related Party. On February 28, 2008, we entered into an Agreement for Project Staffing Services with HDNet Fights, Inc., an affiliate of Radical Holdings LP. The Agreement for Project Staffing Services provides that we will provide personnel, as independent contractors on an hourly-fee basis, to perform computer software programming, system analysis, design, project management, consulting, and education and training for HDNet Fights, Inc. For the three month period ended March 31, 2008, we earned $7,525 under this agreement.

Interest Income. Interest income decreased during the three months ended March 31, 2008, as compared to the same period in 2007, due to decreased cash balances.

Other General and Administrative Expense. General and administrative expense increased for the three month period ended March 31, 2008, as compared to the three month period ended March 31, 2007. The difference was a result of supplies purchased in support of the RadicalBuy application.

Liquidity and Capital Resources and Financial Position

General

As of March 31, 2008, we had $348,986 of operating funds, which management anticipates will sustain our operations, as presently conducted, until the third quarter of 2008. At the end of the third quarter of 2008, we anticipate that our operating activities will not generate sufficient cash to fund our future operations and that we will be required to seek additional funds at that time.

On October 1, 2007, we ceased retail sales of the DiscLive product after a comprehensive evaluation of the DiscLive business. On October 23, 2007, however, we launched RadicalBuy, a new online marketplace, and will direct our funds available to the operation and growth of that business. Our goal is to grow the use of RadicalBuy, which will generate revenue to support our operations. We intend to continue to improve and expand our website and roll-out other features to support its growth. No assurances, however, can be given that this line of business will generate sufficient operating funds to support our operating activities.

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We may also pursue various acquisition targets that could provide us with operating funds to support our activities. In the event that we acquire a target, depending on the nature of that target, we may require additional funds to consummate the acquisition or support our operations going forward. No assurances, however, can be given that we will be able to identify a potential target, consummate the acquisition of the target and, if consummated, integrate the target company and realize funds from operations.

Operating Activities. Cash used in operations was $241,541 in the three months ended March 31, 2008, as compared to $90,798 for the three months ended March 31, 2007. As of March 31, 2008, we had $348,986 of operating funds, which management anticipates will sustain our operations, as presently conducted, until the third quarter of 2008. At the end of the third quarter of 2008, we anticipate that our operating activities will not generate sufficient cash to fund our future operations and that we will be required to seek additional funds at that time.

Investing Activities. Cash provided by investing activities for the three months ended March 31, 2008 was $740, as compared to $3,549 used in investing activities for the three months ended March 31, 2007.

Financing Activities. No cash was provided by financing activities for the three months ended March 31, 2008 or the three months ended March 31, 2007.

Indebtedness

At March 31, 2008, we did not have any outstanding indebtedness for borrowed money.

Contractual Obligations and Commercial Commitments

The following table highlights, as of March 31, 2008, our contractual obligations and commitments by type and period:

		Payments due by period	
Contractual Obligations	**Total**	**Less than 1 year**	**1-3 years**
Sublease (a)	$ 18,900	$ 10,800	$ 8,100
Total:	$ 18,900	$ 10,800	$ 8,100

(a) On February 21, 2007, we entered into a Sublease with HDNet LLC for $900 per month, utilities included, that commenced on March 1, 2007. This sublease was renewed in February 2008 and expires December 31, 2009.

Liquidity

We currently believe that the funds received from the consummation of the issuance and sale of the Series A Convertible Preferred Stock on June 8, 2006, will provide us with the necessary funds to operate our business until the third quarter of 2008. We had initially estimated that these funds would be available through the second quarter of 2008. Based upon the full operating results for the first quarter and the implementation of other cost-saving measures, we have revised our estimate to the third quarter of 2008. Because our main line of business, RadicalBuy, has a short operating history, we anticipate that our operating activities will not generate a material amount of cash in the near term. While we are undertaking various plans and measures, which we believe will increase funds generated from operating activities, no assurances can be given that those plans and measures will be successful in increasing funds generated from operating activities. Accordingly, we anticipate that we will be required to seek additional funds at the end of the third quarter of 2008 to fund our future operating activities.

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Item 3. Quantitative and Qualitative Disclosures about Market Risk

Our excess cash and cash equivalents consist principally of amounts held in demand deposit accounts and amounts invested in financial instruments with initial maturities of three months or less at the time of purchase. The Company places its temporary cash investments with quality financial institutions. At times, such investments may be in excess of the Federal Deposit Insurance Corporation insurance limit. The Company does not believe that it is exposed to any significant credit risk on cash. We do not have any direct investments in auction-rate securities or securities that are collateralized by assets that include mortgages or subprime debt. If a 10 percent change in interest rates were to have occurred on March 31, 2008, this change would not have had a material effect on the fair value of our cash and cash equivalents as of that date.

Item 4T. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

Our chief executive officer and president (our Principal Executive Officer and Principal Financial Officer) is responsible for establishing and maintaining disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) promulgated under the Securities Exchange Act of 1934) for us. Our existing disclosure controls and procedures were designed and implemented prior to the appointment of our current chief executive officer and president. We regularly evaluate the effectiveness of our disclosure controls and procedures and report our conclusions about the effectiveness of the disclosure controls and procedures quarterly on our Quarterly Reports on Forms 10-Q and annually on our Annual Reports on Forms 10-K. Factors that our chief executive officer and president reviewed and analyzed are as follows:

- the timeliness of the disclosures made by us since the change in control of us and retention of new management personnel;

- the effectiveness of our disclosure policy, which encourages open and timely disclosure of material events, and the procedures established to implement that policy;

- the limited number of people within our organization, which provides for detail knowledge of our activities and issues, and the amount and pattern of communications among them;

- the tone established for compliance with all disclosure requirements within our organization;

- all constructive comments received from, or suggested by, legal counsel and investors concerning our disclosures and activities have been timely and adequately addressed;

- management has addressed all disclosure issues encountered during the most recent year; and

- our Code of Business Conduct and Ethics provides methods to report violations of our disclosure policies.

The effectiveness of our disclosure controls and procedures also was considered in light of the prior conclusion that we had ineffective internal controls over financial reporting, which conclusion was based in large part upon the restatement of our financial statements for the period ended June 30, 2006 and our limited number of personnel (see Management s Annual Report on Internal Control Over Financial Reporting contained in our Annual Report on Form 10-KSB for the fiscal year ended December 31, 2007, which was filed with the SEC on March 28, 2008). The chief executive officer and president considered the underlying reasons for the restatement, which were different interpretations of certain provisions of several complex accounting policies, including push-down accounting. In addition, we have a limited number of personnel within our organization, which we believe prevents us from meeting the criteria set forth by forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Nevertheless, based upon a number of factors, including the revisions to our previously issued financial statements, our plan for remediation (as described below) and other procedures designed to assist us in ensuring the reliability of our financial statements, our management believes that the consolidated financial statements included in this Quarterly Report on Form 10-Q fairly state, in all material respects, our financial condition, results of operations and cash flows for the periods presented in conformity with generally accepted accounting principles in the United States of America.

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Based upon the evaluation for the period ended March 31, 2008, including the factors and matters described immediately above, our chief executive officer and president concluded that our disclosure controls and procedures were effective, as of the end of the period covered by this Quarterly Report on Form 10-Q (March 31, 2008), in ensuring that material information relating to us required to be disclosed by us in reports that we file or submit under the Securities Exchange Act of 1934 is recorded, processed, summarized and reported within the time periods specified in the SEC s rules and forms and that such information is accumulated and communicated to management, including the chief executive officer and the president, as appropriate, to allow timely decisions regarding required disclosure.

Plan for Remediation of Material Weaknesses

As a result of our conclusion that our internal control over financial reporting was ineffective, during 2007, we retained an outside consulting firm to assist us in reviewing our internal controls and to assist in designing and implementing effective controls. Working with this consultant, we have identified several key challenges facing the Company:

- limited resources dedicated to internal control compliance and little or no internal expertise or experience;
- maintaining Company focus on risk and control;
- our ability to rely on monitoring (e.g. direct entity level) controls;
- properly leveraging high impact controls and optimizing the compliance process to achieve proper balance between costs and benefits; and
- ensuring knowledge transfer takes place, ensuring sustainability and efficiency in future years.

Based on information received from our consultant, we are drafting policies and procedures that we believe will, once implemented, substantially improve our internal control over financial reporting.

Changes in Internal Controls

There were no changes in our internal controls during the last fiscal quarter that materially affected, or are reasonably likely to materially affect, our internal control over financial reporting; however, changes in our internal controls are currently being designed and will be implemented on an ongoing basis as designed.

Limitations on the Effectiveness of Controls

Our management, including our chief executive officer and president, does not expect that our disclosure controls and internal controls will prevent all error and all fraud. Any control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Due to the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within our Company have been detected. These inherent limitations include the realities that judgments in decision making can be faulty, and that breakdowns can occur because of simple error or mistake. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people, or by management override of the control.

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The design of any system of controls also is based in part upon certain assumptions about the likelihood of future events occurring. There can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions; over time, a control may become inadequate because of changes in conditions, or the degree of compliance with the policies or procedures may deteriorate. Due to the inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and not be detected.

PART II OTHER INFORMATION

Item 6. Exhibits.

The following exhibits are filed in accordance with the provisions of Item 601 of Regulation S-B.

Exhibit Number	Description of Exhibit
31.1	Certification of Principal Executive Officer and Principal Financial Officer pursuant to Rule 13a-14(a) of the Securities Exchange Act.
32.1	Certification Required by 18 U.S.C. Section 1350 (as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002).

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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.

Date: May 15, 2008	**IMMEDIATEK, INC.,** a Nevada corporation
	By: /s/ DARIN DIVINIA Name: Darin Divinia Title: Chief Executive Officer (On behalf of the Registrant and as Principal Executive Officer)

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INDEX TO EXHIBITS

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Exhibit Index