

IMMEDIATEK INC
Form 10-Q
August 14, 2009

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

(Mark One)

- ☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES
EXCHANGE ACT OF 1934**
For the quarterly period ended **June 30, 2009**
- ☐ **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 ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☐ No ☐

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 ☐ Accelerated filer ☐ Non-accelerated filer ☐ Smaller reporting company ☒
(Do not check if a smaller reporting company)

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

As of August 14, 2009, 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 its 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 judiciously, 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;

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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
general economic conditions, including among others, the pronounced recession, rising unemployment and major bank failures and unsettled capital markets.

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-K for the fiscal year ended December 31, 2008, which was filed with the Securities and Exchange Commission, or SEC, on March 31, 2009.

In addition, these forward-looking statements are necessarily dependent upon assumptions and estimates that may prove to be incorrect. Accordingly, while we believe that the plans, intentions and expectations reflected in these forward-looking statements are reasonable, we cannot assure you that these plans, intentions or expectations will be achieved. The forward-looking statements included in this report, and all subsequent written and oral forward-looking statements attributable to us or persons acting on our behalf, are expressly qualified in their entirety by the risk factors and cautionary statements discussed in our filings under the Securities Act of 1933 and the Securities Exchange Act of 1934. We undertake no obligation to update any forward-looking statements to reflect future events or circumstances.

Table of Contents**PART I UNAUDITED FINANCIAL INFORMATION****Item 1. Unaudited Financial Statements**

Immediatek, Inc.
(A Development Stage Enterprise)
Unaudited Condensed Consolidated Balance Sheets

	June 30, 2009	December 31, 2008
Assets		
Current assets:		
Cash	\$ 595,961	\$ 223,651
Accounts receivable (including \$25,682 and \$7,859 due from a related party at June 30, 2009 and December 31, 2008, respectively)	25,682	7,911
Prepaid expenses and other current assets	10,700	2,650
Total current assets	632,343	234,212
Fixed assets, net	4,362	3,857
Assets held for sale		7,595
Total Assets	\$ 636,705	\$ 245,664
Liabilities, Preferred Stock and Stockholders Deficit		
Current liabilities:		
Accounts payable (including \$1,305 and \$2,308 due to related parties at June 30, 2009 and December 31, 2008, respectively)	\$ 5,605	\$ 2,308
Accrued liabilities (including \$6,041 and \$0 due to related parties at June 30, 2009 and December 31, 2008, respectively)	9,271	3,245
Note payable related party	750,000	
Total current liabilities	764,876	5,553
Series A convertible preferred stock (conditionally redeemable); \$0.001 par value 4,392,286 authorized, issued and outstanding at June 30, 2009 and December 31, 2008; redemption/liquidation preference value of \$3,000,000	3,000,000	3,000,000
Series B convertible preferred stock (conditionally redeemable); \$0.001 par value 69,726 authorized, issued and outstanding at June 30, 2009 and December 31, 2008; redemption/liquidation preference value of \$500,000	500,000	500,000
Stockholders deficit:		
Common stock, \$0.001 par value, 500,000,000 shares authorized and 535,321 shares issued and outstanding at June 30, 2009 and December 31, 2008	535	535
Additional paid in capital	142,102	121,102
Deficit accumulated during the development stage	(1,769,535)	(1,380,253)

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Accumulated deficit prior to the development stage	(2,001,273)	(2,001,273)
Total stockholders deficit	(3,628,171)	(3,259,889)
Total Liabilities, Preferred Stock and Stockholders Deficit	\$ 636,705	\$ 245,664

See accompanying notes to unaudited condensed consolidated financial statements.

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Immediatek, Inc.
(A Development Stage Enterprise)
Unaudited Condensed Consolidated Statements of Operations

	For the Three Months Ended June 30,		For the Six Months Ended June 30,		For the Period From October 1, 2007 (Re-entry of Development Stage) to June 30, 2009
	2009	2008	2009	2008	
Revenues	\$ 240	\$	\$ 302	\$	\$ 5,606
Cost of revenues					4
Gross margin	240		302		5,602
Expenses:					
Consulting services		2,231		15,331	36,097
Consulting services related party					81,615
Non-cash consulting expense related party	10,500	10,500	21,000	21,000	73,500
Professional fees	29,582	28,276	72,156	114,458	247,801
Salaries and benefits	138,303	155,564	286,991	315,267	944,402
Depreciation and amortization	921	6,980	2,714	14,242	38,394
Gain on sale of assets held for sale			(54)	(687)	(3,254)
Impairment of fixed assets and assets held for sale					123,196
Other general and administrative expenses	10,214	13,783	23,232	30,587	73,122
Total expenses	189,520	217,334	406,039	510,198	1,614,873
Net operating loss	(189,280)	(217,334)	(405,737)	(510,198)	(1,609,271)
Other income (expense):					
Other income related party	11,518	4,004	21,976	11,529	41,364
Interest income	403	667	518	3,059	9,558
Interest expense related party	(5,609)		(6,041)		(6,041)
Net loss	\$ (182,968)	\$ (212,663)	\$ (389,284)	\$ (495,610)	\$ (1,564,390)

Deemed dividend related to the beneficial conversion feature on Series B convertible preferred stock						(205,145)
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Net loss attributable to common stockholders	\$	(182,968)	\$	(212,663)	\$	(389,284)	\$	(495,610)	\$	(1,769,535)
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Weighted average number of common shares outstanding basic						
and fully diluted	535,321	535,321	535,321	535,321	535,321	535,321

Basic and diluted loss per common share attributable to common stockholders	\$	(0.34)	\$	(0.40)	\$	(0.73)	\$	(0.93)	\$	(3.31)
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See accompanying notes to unaudited condensed consolidated financial statements.

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Immediatek, Inc.
(A Development Stage Enterprise)
Unaudited Condensed Consolidated Statements of Cash Flow

	For the Six Months Ended June 30,		For the period from October 1, 2007 (Re-entry of Development Stage) to June 30, 2009
	2009	2008	
Cash flows from operating activities			
Net loss	\$ (389,284)	\$ (495,610)	\$ (1,564,390)
Depreciation and amortization	2,714	14,242	38,394
Non-cash consulting fees related party	21,000	21,000	73,500
Gain on sale and disposal of assets held for sale	(54)	(687)	(3,254)
Impairment of fixed assets and assets held for sale			123,196
Adjustments to reconcile net loss to net cash used in operating activities:			
Accounts receivable	(17,771)	(8,007)	(25,548)
Prepaid expenses and other current assets	(8,051)	(5,663)	(7,227)
Accounts payable	3,297	(22,000)	(59,317)
Accrued liabilities	6,028	(672)	6,062
Net cash used in operating activities	(382,121)	(497,397)	(1,418,584)
Cash flows from investing activities			
Purchase of fixed assets	(3,218)		(5,005)
Proceeds from the sale of assets held for sale	7,649	740	19,395
Net cash provided by investing activities	4,431	740	14,390
Cash flows from financing activities			
Proceeds from issuance of Series B convertible preferred stock			500,000
Proceeds from the issuance of promissory note	750,000		750,000
Net cash provided by investing activities	750,000		1,250,000
Net increase (decrease) in cash	372,310	(496,657)	(154,194)
Cash at the beginning of the period	223,651	589,787	750,155
Cash at the end of the period	\$ 595,961	\$ 93,130	\$ 595,961
Supplemental disclosures:			
Interest paid	\$	\$	\$
Income taxes paid	\$	\$	\$

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Number of shares issued for acquisition of assets				60,514
Value of shares issued for acquisition of assets	\$	\$	\$	151,286
See accompanying notes to unaudited condensed consolidated financial statements.				

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**IMMEDIATEK, INC.
(A DEVELOPMENT STAGE ENTERPRISE)
NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2009**

NOTE 1 DESCRIPTION OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of Business: Immediatek was originally organized as a corporation on August 6, 1998, under the laws of the state of Nevada. 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. It was determined that the Company re-entered the development stage at this time.

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 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 web page through the use of a widget that is currently available from our RadicalBuy website.

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 2 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 the first quarter of 2010, 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 June 30, 2009 and condensed consolidated statements of operations for the three months and six months ended June 30, 2009 and 2008 and for the period from October 1, 2007 (re-entry of development stage) to June 30, 2009 and condensed consolidated statements of cash flows for the six months ended June 30, 2009 and 2008 and for the period from October 1, 2007 (re-entry of development stage) to June 30, 2009 are 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-K for the fiscal year ended December 31, 2008, which was filed with the SEC on March 31, 2009 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.

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IMMEDIATEK, INC.
(A DEVELOPMENT STAGE ENTERPRISE)
NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2009

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
- general economic conditions, including among others, the pronounced recession, rising unemployment and major bank failures and unsettled capital markets.

Business Segments: The Company primarily operates in one business segment: e-commerce.

Cash and Cash Equivalents: The Company classifies all highly liquid investments with initial maturities of three months or less at the time of purchase as cash equivalents. At times, cash and cash equivalents may be in excess of the Federal Deposit Insurance Corporation insurance limit.

Fair Value of Financial Instruments: Unless otherwise disclosed, the fair values of financial instruments approximate their carrying amount due primarily to their short-term nature.

Net Loss per Share: Net loss 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. Series A and Series B Convertible Preferred Stock convertible into 14,794,999 shares of common stock outstanding at June 30, 2009 were not included in the computation of diluted loss per share, as the effect of their inclusion would be anti-dilutive. Series A Convertible Preferred Stock convertible into 10,171,099 shares of common stock outstanding at June 30, 2008, were not included in the computation of diluted loss per share, as the effect of including the 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 June 2008, the FASB issued EITF 07-5, *Determining Whether an Instrument (or Embedded Feature) Is Indexed to an Entity's Own Stock* (EITF 07-5). The Issue requires entities to evaluate whether an equity-linked financial instrument (or embedded feature) is indexed to its own stock in order to determine if the instrument should be accounted for as a derivative under the scope of FASB Statement No. 133, *Accounting for Derivative Instruments and Hedging Activities*. EITF 07-5 is effective for financial statements issued for fiscal years beginning after December 15, 2008 and interim periods within those fiscal years. The adoption of EITF 07-5 on January 1, 2009 did not have a material impact on our results of operations or financial position.

In May 2009, the FASB issued SFAS No. 165, *Subsequent Events* (SFAS 165), effective for financial periods ending after June 15, 2009. SFAS 165 established principles and requirements for subsequent events, including the period after the balance sheet date during which management of a reporting entity shall evaluate events for potential disclosure in the financial statements, the circumstances that warrant disclosure, and the specific disclosure requirements for transactions that occur after the balance sheet date. The Company has adopted SFAS 165 in the second quarter of 2009. The implementation of SFAS 165 did not have a material effect on the Company's results of operations and financial position. We evaluated all events or transactions and we have not identified subsequent events that warrant disclosure that occurred after June 30, 2009 up through August 14, 2009, the date we issued these financial statements.

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IMMEDIATEK, INC.
(A DEVELOPMENT STAGE ENTERPRISE)
NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2009

In June 2009, the FASB issued SFAS No. 168, *The FASB Accounting Standards Codification and the Hierarchy of Generally Accepted Accounting Principles*, SFAS No. 168 identifies the FASB Accounting Standards Codification as the authoritative source of generally accepted accounting principles in the United States. Rules and interpretive releases of the Securities and Exchange Commission (SEC) under federal securities laws are also sources of authoritative GAAP for SEC registrants. SFAS No. 168 is effective for financial statements issued for interim and annual periods ending after September 15, 2009. We do not expect adoption to have a material impact on our consolidated financial statements.

NOTE 2 GOING CONCERN

As shown in the accompanying condensed consolidated financial statements, as of June 30, 2009, the Company had an accumulated deficit of \$3,770,808 and during the six months ended June 30, 2009, the Company incurred a net loss of \$389,284 and used cash in operations of \$382,121. The Company's historical and continuing losses raise substantial doubt about the Company's ability to continue as a going concern.

On March 25, 2009, the Company received \$750,000 from Radical Holdings LP, the controlling shareholder of the Company, under a Demand Promissory Note, in the principal amount of \$750,000, bearing interest, calculated on the basis of a 365-day year, at a rate per annum equal to three percent (3%).

As of June 30, 2009, we had \$595,961 of operating funds, which management anticipates will sustain our operations, as presently conducted, until the first quarter of 2010. At the end of the first quarter of 2010, we will be required to seek additional funds if we do not generate sufficient cash from operating activities to fund our future operations. If substantial growth in our revenues does not occur, we may not be able to achieve or maintain profitability in the future. The amount of losses we will incur before achieving profitability, and the time required to reach profitability, are each highly uncertain. No assurances can be given that we will ever achieve profitability. We expect to continue to experience operating losses. Our ability to obtain financing will depend, among other things, on our development efforts, business plans, operating performance and condition of the capital markets at the time we seek financing. No assurances can be given that additional financing will be available to us on favorable terms when required, or at all. If we raise additional funds through the issuance of equity, equity-linked or debt securities, those securities may have rights, preferences or privileges senior to the rights of our common stock, and our stockholders may experience dilution.

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 2009. No assurances, however, can be given that those opportunities can be realized upon, if available.

The accompanying condensed 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.

NOTE 3 RELATED PARTY TRANSACTIONS

Demand Promissory Note. On March 25, 2009, the Company received \$750,000 from Radical Holdings LP, the controlling shareholder of the Company, under a Demand Promissory Note issued to Radical Holdings LP. The note bears interest, calculated on the basis of a 365-day year, at a rate per annum equal to three percent (3%). The Demand Promissory Note must be repaid within 30 days of receiving a demand for repayment or on March 24, 2010, whichever comes earlier. For the six months ended June 30, 2009, \$6,041 was accrued as interest expense under this agreement.

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IMMEDIATEK, INC.
(A DEVELOPMENT STAGE ENTERPRISE)
NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2009

Consulting Agreement. On February 6, 2009, we entered into an Agreement for Project Staffing Services with Silver Cinemas Acquisition Co., an entity affiliated with Radical Holdings LP. Pursuant to this agreement we 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 Silver Cinemas Acquisition Co. For the three months ended June 30, 2009 we earned \$8,869 under this agreement. For the six months ended June 30, 2009 we earned \$ 17,431 under this agreement. Amounts due to the Company from Silver Cinemas Acquisition Co. totaled \$21,137 at June 30, 2009.

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. We sublease from HDNet LLC approximately 600 square feet of office space. This sublease commenced on March 1, 2007. HDNet LLC leases this office space from Radical Computing, Inc., another affiliate of Radical Holdings LP. For each of the six month periods ended June 30, 2009 and 2008, \$5,400 is included in general and administrative expenses related to this agreement. As of June 30, 2009, the total future minimum lease payments required under the sublease for 2009 are \$5,400.

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. Pursuant to this agreement we 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 months ended June 30, 2009 and 2008, we earned \$2,650 and \$4,004, respectively, under this agreement. For the six months ended June 30, 2009 and 2008, we earned \$4,545 and \$11,529, respectively, under this agreement. Amounts due to the Company from HD Net Fights, Inc. totaled \$4,545 at June 30, 2009.

Management Services Agreement: On February 23, 2007, but effective as of January 1, 2007, we entered into a Management Services Agreement with Radical Incubation LP, an affiliate of Radical Holdings LP. Pursuant to this Management Services Agreement, personnel of Radical Incubation LP provide certain management services to us, including, among others, legal, financial, marketing and technology. These services are provided to us at a cost of \$3,500 per month; however, we are not required to pay these fees or reimburse expenses and, accordingly, account for these costs of services and expenses as deemed contributions to us. This agreement will continue until the earlier of December 31, 2009 or the date on which Radical Holdings LP, its successors or their respective affiliates cease to beneficially own, directly or indirectly, at least 20% of our then outstanding voting power. This agreement may be terminated upon 30 days written notice by Radical Incubation LP for any reason or by us for gross negligence. We also agreed to indemnify and hold harmless Radical Incubation LP for its performance of these services, except for gross negligence and willful misconduct. Further, we limited Radical Incubation LP's maximum aggregate liability for damages under this agreement to the amounts deemed contributed to us by virtue of this agreement during twelve months prior to that cause of action. \$21,000 was recorded as consulting services-related party for each of the six month periods ended June 30, 2009 and 2008 under this agreement.

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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:

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.

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. On October 1, 2007, DiscLive ceased retail sales of its products in conjunction with the decision not to further pursue that line of business. At this time, it was determined that the Company had re-entered the development stage.

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 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, the RadicalBuy product may be accessed through the RadicalBuy website or through Facebook, MySpace, a personal blog or other website by the use of a widget that is currently available from our RadicalBuy website. Using RadicalBuy, sellers can list an item and have it visible to all RadicalBuy users instantly whether those users access RadicalBuy through our website or the RadicalBuy widget that sellers can install on their Facebook, MySpace, blog or other website. RadicalBuy takes advantage of social networks, such as Facebook and MySpace, 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. After an item is listed, others can post the listing on their RadicalBuy account 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.

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In addition to these current platforms for RadicalBuy, IMKI Ventures plans to continue to search for additional platforms on which the widget could operate. One such potential platform that IMKI Ventures is examining is interactive television. Interactive television may permit RadicalBuy to provide buyers and sellers with a forum that could be accessed through cable television, a computer connected to a television (such as Apple TV) or a gaming device such as a Sony Playstation, Microsoft Xbox or Nintendo Wii.

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 to \$1,000, plus 1.5% of the value over \$1,000. The maximum final selling value fee is \$500 per item.

On July 18, 2008, Immediatek issued and sold to Radical Holdings LP 69,726 shares of Series B Convertible Preferred Stock of Immediatek for an aggregate purchase price of \$500,000, or \$7.17092619 per share of Series B Convertible Preferred Stock. The shares of Series B Convertible Preferred Stock are convertible into that aggregate number of full shares of Company common stock representing at least 1.50809% of the total voting power of all outstanding shares of capital stock of the Company, including outstanding common stock.

History of Operating Losses

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

	For the Three Months Ended June 30,	
	2009 (unaudited)	2008 (unaudited)
Net loss	\$ (182,968)	\$ (212,663)
Net cash used in operating activities	\$ (189,139)	\$ (255,856)

	For the Six Months Ended June 30,	
	2009 (unaudited)	2008 (unaudited)
Net loss	\$ (389,284)	\$ (495,610)
Net cash used in operating activities	\$ (382,121)	\$ (497,397)

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, 2008 included 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 six months ended June 30, 2009, primarily from the proceeds generated by the sale of the Series B Convertible Preferred Stock in 2008 and the related party note payable issued in March 2009.

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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 Improvements. 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 have launched several features for our website, including a widget that enables sellers to list items across various internet platforms such as their Facebook page, MySpace page, blog or webpage. 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 19).

Utilizing Funds on Hand in a Manner that is Accretive. If we do not manage our assets aggressively and apply the available capital judiciously, 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 Items. 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 that 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-K for the fiscal year ended December 31, 2008, which was filed with the SEC on March 31, 2009.

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.

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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:

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*.

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. To date, minimal revenues have been generated from RadicalBuy.

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.

Recent Accounting Standards and Pronouncements

Refer to Note 1 Description of Business and Summary of Significant Accounting Policies accompanying the consolidated financial statements commencing on page 7 for a discussion of recent accounting standards and pronouncements.

Table of Contents**Operations Review****The Three Months Ended June 30, 2009 Compared to the Three Months Ended June 30, 2008**

	For the Three Months Ended June 30,		2009 vs 2008 % Change	
	2009 (unaudited)	2008 (unaudited)	Change	% Change
Revenues	\$ 240	\$	\$ 240	100%
Cost of sales				
Gross revenue	240		240	100
Gross revenue percentage	100%		%	
General and administrative expenses	10,214	13,783	(3,569)	(26)
Consulting services		2,231	(2,231)	(100)
Professional fees	29,582	28,276	1,306	5
Salaries and benefits	138,303	155,564	(17,261)	(11)
Non-cash consulting expense related party	10,500	10,500		
Depreciation and amortization	921	6,980	(6,059)	(87)
Total operating expenses	189,520	217,334	(27,814)	(13)
Net operating loss	(189,280)	(217,334)	28,054	13
Other income related party	11,518	4,004	7,514	188
Interest expense related party	(5,609)		(5,609)	100
Interest income	403	667	(264)	(40)
Net loss	\$ (182,968)	\$ (212,663)	\$ 29,695	14%
Weighted average number of common shares outstanding basic and fully diluted	535,321	535,321		
Basic and diluted loss per common share attributable to common stockholders	\$ (0.34)	\$ (0.40)	\$ (0.06)	14%

Revenues. As of June 30, 2009 and 2008, revenues generated from RadicalBuy have been minimal. We expect revenues for the remainder of 2009 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.

General and Administrative Expense. General and administrative expense decreased for the three month period ended June 30, 2009, as compared to the three month period ended June 30, 2008. The difference was a result of increased webhosting expenses and supplies purchased in support of the RadicalBuy application during 2008.

Consulting Services. Consulting services decreased compared to the same period last year because for the three month period ended June 30, 2008, we required consulting services in support of the RadicalBuy application launch that were not needed during the same period this year.

Professional Fees. We expect professional fees to increase in 2009, as compared to 2008, in connection with anticipated increases in fees resulting from implementation of the Sarbanes-Oxley requirement for the audit of our internal controls, and other professional fees incurred as we attempt to expand our operations. The relatively similar levels of expenses for the three month period ended June 30, 2009, compared to the three month period ended June 30, 2008, is primarily due to the reduction of legal fees directly incurred by the Company as these services are being provided under the Management Services Agreement with Radical Incubation LP, an affiliate of Radical Holdings LP.

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Salaries and Benefits. The decrease in salaries and benefits expense for the three month period ended June 30, 2009, as compared to the three month period ended June 30, 2008, is attributable to the reduction in workforce which the Company implemented in the first quarter of 2009.

Non-Cash Consulting Expense – Related Party. Many services are provided under the Management Services Agreement dated February 23, 2007 with Radical Incubation LP, an affiliate of Radical Holdings LP. Pursuant to this Management Services Agreement, personnel of Radical Incubation LP provide certain management services to us, including, among others, legal, financial, marketing and technology. These services are provided to us at a cost of \$3,500 per month; however, we are not required to pay these fees or reimburse expenses and, accordingly, account for these costs of services and expenses as deemed contributions to us. This agreement will continue until the earlier of December 31, 2009 or the date on which Radical Holdings LP, its successors or their respective affiliates cease to beneficially own, directly or indirectly, at least 20% of our then outstanding voting power. This agreement may be terminated upon 30 days written notice by Radical Incubation LP for any reason or by us for gross negligence. We also agreed to indemnify and hold harmless Radical Incubation LP for its performance of these services, except for gross negligence and willful misconduct. Further, we limited Radical Incubation LP's maximum aggregate liability for damages under this agreement to the amounts deemed contributed to us by virtue of this agreement during twelve months prior to that cause of action.

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. On February 6, 2009, we entered into an Agreement for Project Staffing Services with Silver Cinemas Acquisition Co., an affiliate of Radical Holdings LP. These agreements provide 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. and Silver Cinemas Acquisition Co.

Interest Expense – Related Party. On March 25, 2009, the Company received \$750,000 from Radical Holdings LP under a Demand Promissory Note, in the principal amount of \$750,000, bearing interest, calculated on the basis of a 365-day year, at a rate per annum equal to three percent (3%). This expense reflects the interest accruing on the Demand Promissory Note.

Interest Income. Interest income decreased during the three months ended June 30, 2009, as compared to the same period in 2008, due to a general decline in interest rates.

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**The Six Months Ended June 30, 2009 Compared to the Six Months
Ended June 30, 2008**

	For the Six Months Ended June 30,		2008 vs. 2007	
	2009 (unaudited)	2008 (unaudited)	Change	% Change
Revenues	\$ 302	\$	\$ 302	100%
Cost of sales				
Gross revenue	302		302	100
Gross revenue percentage	100%	%		
General and administrative expenses	23,232	30,587	(7,355)	(24)
Consulting services		15,331	(15,331)	(100)
Professional fees	72,156	114,458	(42,302)	(37)
Salaries and benefits	286,991	315,267	(28,276)	(9)
Non-cash consulting expense related party	21,000	21,000		
Depreciation and amortization	2,714	14,242	(11,528)	(81)
Gain on sale of assets held for sale	(54)	(687)	633	(92)
Total operating expenses	406,039	510,198	(104,159)	20
Net operating loss	(405,737)	(510,198)	104,461	20
Other income related party	21,976	11,529	10,447	91
Interest income	518	3,059	(2,541)	(83)
Interest expense related party	(6,041)		(6,041)	100
Net loss	\$ (389,284)	\$ (495,610)	\$ 106,326	21%
Weighted average number of common shares outstanding basic and fully diluted	535,321	535,321		
Basic and diluted loss per common share attributable to common stockholders	\$ (0.73)	\$ (0.93)	\$ (0.20)	21%

Revenues. As of June 30, 2009 and 2008, revenues generated from RadicalBuy have been minimal. We expect revenues for the remainder of 2009 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.

General and Administrative Expense. General and administrative expense decreased for the six month period ended June 30, 2009, as compared to the six month period ended June 30, 2008. The difference was a result of increased

webhosting expenses and supplies purchased in support of the RadicalBuy application during 2008.

Consulting Services. Consulting services decreased compared to the same period last year because for the six month period ended June 30, 2009, consulting services in support of the RadicalBuy application launch were not needed.

Professional Fees. We expect professional fees to increase in 2009, as compared to 2008, in connection with anticipated increases in fees resulting from implementation of the Sarbanes-Oxley requirement for the audit of our internal controls, and other professional fees incurred as we attempt to expand our operations. The decrease for the six month period ended June 30, 2009, compared to the six month period ended June 30, 2008, is primarily due to the reduction of legal fees directly incurred by the Company as these services are being provided under the Management Services Agreement with Radical Incubation LP, an affiliate of Radical Holdings LP.

Salaries and Benefits. The decrease in salaries and benefits expense for the six month period ended June 30, 2009, as compared to the six month period ended June 30, 2008, is attributable to the reduction in workforce which the Company implemented in the first quarter of 2009.

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Non-Cash Consulting Expense Related Party. Many services are provided under the Management Services Agreement dated February 23, 2007 with Radical Incubation LP, an affiliate of Radical Holdings LP. Pursuant to this Management Services Agreement, personnel of Radical Incubation LP provide certain management services to us, including, among others, legal, financial, marketing and technology. These services are provided to us at a cost of \$3,500 per month; however, we are not required to pay these fees or reimburse expenses and, accordingly, account for these costs of services and expenses as deemed contributions to us. This agreement will continue until the earlier of December 31, 2009 or the date on which Radical Holdings LP, its successors or their respective affiliates cease to beneficially own, directly or indirectly, at least 20% of our then outstanding voting power. This agreement may be terminated upon 30 days written notice by Radical Incubation LP for any reason or by us for gross negligence. We also agreed to indemnify and hold harmless Radical Incubation LP for its performance of these services, except for gross negligence and willful misconduct. Further, we limited Radical Incubation LP's maximum aggregate liability for damages under this agreement to the amounts deemed contributed to us by virtue of this agreement during twelve months prior to that cause of action.

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. On February 6, 2009, we entered into an Agreement for Project Staffing Services with Silver Cinemas Acquisition Co., an affiliate of Radical Holdings LP. These agreements provide 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. and Silver Cinemas Acquisition Co.

Interest Expense Related Party. On March 25, 2009, the Company received \$750,000 from Radical Holdings LP under a Demand Promissory Note, in the principal amount of \$750,000, bearing interest, calculated on the basis of a 365-day year, at a rate per annum equal to three percent (3%). This expense reflects the interest accruing on the Demand Promissory Note.

Interest Income. Interest income decreased during the six months ended June 30, 2009, as compared to the same period in 2008, due to a general decline in interest rates.

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Liquidity and Capital Resources and Financial Position

General

As of June 30, 2009, we had \$595,961 of operating funds. On July 18, 2008, the Company and Radical Holdings LP entered into a Securities Purchase Agreement (the "Purchase Agreement"). Subject to the terms and conditions of the Purchase Agreement, the Company issued and sold, and Radical Holdings LP purchased, 69,726 shares of Series B Convertible Preferred Stock of the Company for an aggregate purchase price of \$500,000, or \$7.17092619 per share of Series B Convertible Preferred Stock. The proceeds from the issuance and sale of the Series B Convertible Preferred Stock were utilized to pay all outstanding liabilities through the end of 2008 and for several months of 2009. On March 25, 2009, the Company received \$750,000 from Radical Holdings LP under a Demand Promissory Note bearing interest, calculated on the basis of a 365-day year, at a rate per annum equal to three percent (3%). The Demand Promissory Note must be repaid within 30 days of receiving a demand for repayment or on March 24, 2010, whichever comes earlier.

Management anticipates our operating funds will sustain our operations, as presently conducted, through the first quarter of 2010. By the end of the first quarter of 2010, we will be required to seek additional funds if we do not generate sufficient cash from operating activities to fund our future operations. If substantial growth in our revenues does not occur, we may not be able to achieve or maintain profitability in the future. The amount of losses we will incur before achieving profitability, and the time required to reach profitability, are each highly uncertain. No assurances can be given that we will ever achieve profitability. We expect to continue to experience operating losses. Our ability to obtain financing will depend, among other things, on our development efforts, business plans, operating performance and condition of the capital markets at the time we seek financing. No assurances can be given that additional financing will be available to us on favorable terms when required, or at all. If we raise additional funds through the issuance of equity, equity-linked or debt securities, those securities may have rights, preferences or privileges senior to the rights of our common stock, and our stockholders may experience dilution.

Our goal is to grow the use of RadicalBuy, which we expect 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.

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 \$189,139 in the three months ended June 30, 2009, as compared to \$255,856 for the three months ended June 30, 2008. Cash used in operations was \$382,121 in the six months ended June 30, 2009, as compared to \$497,397 for the six months ended June 30, 2008. The decrease is primarily due to the reduction of legal fees directly incurred by the Company as these services are being provided under the Management Services Agreement with Radical Incubation LP, an affiliate of Radical Holdings LP and the reduction in salary expenses attributable to the reduction in workforce which the Company implemented in the first quarter of 2009.

Investing Activities. Cash used in investing activities was \$3,218 for the three months ended June 30, 2009 as compared to \$0 for the three months ended June 30, 2008. Cash provided by investing activities for the six months ended June 30, 2009 was \$4,431, as compared to \$740 for the six months ended June 30, 2008. The activity was primarily related to proceeds received from the sale of assets held for sale.

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Financing Activities. On March 25, 2009, the Company received \$750,000 from Radical Holdings LP under a Demand Promissory Note bearing interest, calculated on the basis of a 365-day year, at a rate per annum equal to three percent (3%). The Demand Promissory Note must be repaid within 30 days of receiving a demand for repayment or on March 24, 2010, whichever comes earlier.

Indebtedness

At June 30, 2009, indebtedness for borrowed money consisted of the Demand Promissory Note, in the principal amount of \$750,000, bearing interest, calculated on the basis of a 365-day year, at a rate per annum equal to three percent (3%) with Radical Holdings LP. The Demand Promissory Note must be repaid within 30 days of receiving a demand for repayment or on March 24, 2010, whichever comes earlier.

Contractual Obligations and Commercial Commitments

The following table highlights, as of June 30, 2009, our contractual obligations and commitments by type and period:

Contractual Obligations	Total	Payments due by period	
		Less than 1 year	1-3 years
Sublease (a)	\$ 5,400	\$ 5,400	\$
Total:	\$ 5,400	\$ 5,400	\$

- (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 believe that the funds received from the issuance of the Demand Promissory Note on March 25, 2009 will provide us with the necessary funds to operate our business until the first quarter of 2010. 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 that 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 by the end of the first quarter of 2010 to fund our future operating activities.

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 maintains its accounts with financial institutions with high credit ratings. 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 June 30, 2009, this change would not have had a material effect on the fair value of our cash and cash equivalents as of that date.

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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. 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 detailed 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;

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

the effectiveness of our Code of Business Conduct and Ethics which 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 September 30, 2006 and our limited number of personnel. 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 had a limited number of personnel within our organization, which we believe prevented us from meeting the criteria set 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 retention of outside consultants, our plan for remediation 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.

Based upon the evaluation for the period ended June 30, 2009, 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 (June 30, 2009), 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.

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Changes in Internal Controls

As a result of our conclusion that our internal control over financial reporting was ineffective during 2007 and 2008, we retained an outside consulting firm to assist us in reviewing our internal controls and to assist in designing and implementing effective controls. Based on information received from our consultant, we have implemented policies and procedures and retained the services of outside consultants that we believe have improved our internal control over financial reporting. Other than the implementation of these policies and procedures and the retention of these consultants, there was no change in our internal control over financial reporting that occurred during the period covered by this Quarterly Report on Form 10-Q that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting. We continue to enhance our internal control over financial reporting, primarily by evaluating and enhancing our process and control documentation. We discuss with and disclose these matters to our Board of Directors and our auditors.

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. 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.

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PART II OTHER INFORMATION

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

On April 9, 2009, Radical Holdings LP delivered a written consent in lieu of an annual meeting of stockholders to us authorizing or approving the following actions:

- the election of Darin Divinia and Robert Hart to the board of directors of Immediatek for one year terms; and
- the ratification of the appointment of KBA Group LLP as our independent registered public accounting firm.

As of April 9, 2009, Radical Holdings LP owned 98% of the outstanding voting stock of Immediatek, which was sufficient to authorize or approve these actions. In accordance with the rules promulgated by the Securities and Exchange Commission, these actions were not effective until May 14, 2009.

Effective June 1, 2009, KBA Group LLP joined BKD, LLP. As a result, on June 19, 2009, KBA Group LLP resigned as the Company's independent registered public accounting firm. The Company with the approval of the Audit Committee of the Company engaged Hein & Associates LLP as the Company's independent registered public accounting firm for the fiscal year ending December 31, 2009 to replace the firm of KBA Group LLP. The engagement of Hein is effective as of July 16, 2009.

Item 6. Exhibits.

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

Exhibit Number	Description of Exhibit
3.1	Amended and Restated Articles of Incorporation of the Registrant, dated as of June 2, 2006 and filed with the Secretary of State of the State of Nevada on June 5, 2006 (filed as Exhibit 3.1 to the Registrant's Quarterly Report on Form 10-QSB for quarter ended March 31, 2006 (filed on June 26, 2006) and incorporated herein by reference).
3.2	Bylaws of the Registrant (filed as Exhibit 3.2 to the Registrant's Annual Report on Form 10-KSB for year ended December 31, 2005 (filed on May 11, 2006) and incorporated herein by reference).
4.1	Form of common stock certificate of the Registrant (filed as Exhibit 4.1 to the Registrant's Annual Report on Form 10-KSB for year ended December 31, 2005 (filed on May 11, 2006) and incorporated herein by reference).
4.2	Certificate of Designation, Rights and Preferences of Series A Convertible Preferred Stock of the Registrant, dated as of June 2, 2006 and filed with the Secretary of State of the State of Nevada on June 5, 2006 (filed as Exhibit 4.7 to the Registrant's Quarterly Report on Form 10-QSB for quarter ended March 31, 2006 (filed on June 26, 2006) and incorporated herein by reference).
4.3	Form of stock certificate for Series A Convertible Preferred Stock (filed as Exhibit 4.8 to the Registrant's Quarterly Report on Form 10-QSB for quarter ended March 31, 2006 (filed on June 26, 2006) and incorporated herein by reference).
4.4	Certificate of Designation, Rights and Preferences of Series B Convertible Preferred Stock of the Registrant, dated as of July 18, 2008 and filed with the Secretary of State of the State of Nevada on July 18, 2008 (filed as Exhibit 4.4 to the Registrant's Annual Report on Form 10-K for year ended December 31, 2008 (filed on March 31, 2009) and incorporated herein by reference).
4.5	Form of stock certificate for Series B Convertible Preferred Stock (filed as Exhibit 4.5 to the Registrant's Annual Report on Form 10-K for year ended December 31, 2008 (filed on March 31, 2009) and incorporated herein by reference).

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- 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).

* Indicates
document filed
herewith.

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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: August 14, 2009

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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