IMMEDIATEK INC
Form 10-Q
May 16, 2011

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UNITED STATES
SECURITIES 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, 2011

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.)
3301 Airport Freeway, Suite 200 Bedford, Texas	**76021**
(Address of principal executive offices)	(Zip code)

(888) 661-6565
(Issuer s telephone number, including area code)
8600 Freeport Parkway, Suite 220, Irving, Texas 75063
(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 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 o 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 13, 2011, the issuer had 15,865,641 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, Officeware, DiscLive, IMKI Ventures, we, us, our or ours or similar words are to Immedi its direct, wholly-owned subsidiaries, Officeware Corporation, DiscLive, Inc. or IMKI Ventures, Inc. Accordingly, there are no separate financial statements for Officeware Corporation, 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 may 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 integrate our recently acquired Officeware business;
- inability to execute our growth and acquisition strategy;
- dependence on third-party contractors, platforms, software, websites, and technologies used in the creation and maintenance of the FilesAnywhere service; and
- general economic conditions, including among others, the pronounced recession, rising unemployment, major bank failures and unsettled capital markets.

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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, 2010, which was filed with the Securities and Exchange Commission, or SEC, on March 31, 2011.

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.

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PART I UNAUDITED FINANCIAL INFORMATION

Item 1. Unaudited Financial Statements.

Immediatek, Inc.
Unaudited Condensed Consolidated Balance Sheets

	March 31, 2011	December 31, 2010
Assets		
Current assets:		
Cash	$ 1,702,678	$ 1,592,684
Accounts receivable, net of allowance for doubtful accounts of $56,385	121,298	112,896
Prepaid expenses and other current assets	119,251	114,525
Total current assets	1,943,227	1,820,105
Fixed assets, net	445,902	494,433
Intangible assets, net	1,446,884	1,510,006
Goodwill	766,532	766,532
Other assets	13,432	4,784
Total Assets	$ 4,615,977	$ 4,595,860
Liabilities, Preferred Stock and Stockholders Equity		
Current liabilities:		
Accounts payable	$ 92,850	$ 97,125
Accrued liabilities	61,566	39,346
Deferred revenue	758,126	671,952
Current portion of capital lease obligations	31,882	40,517
Total current liabilities	944,424	848,940
Capital lease obligations	13,848	19,821
Total liabilities	958,272	868,761
Series A convertible preferred stock (conditionally redeemable); $0.001 par value 4,392,286 authorized, issued and outstanding; redemption/liquidation preference 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; redemption/liquidation preference of $500,000	500,000	500,000
Stockholders equity:		
Common stock, $0.001 par value, 500,000,000 shares authorized, 15,865,641 shares issued and outstanding at March 31, 2011 and December 31, 2010, Respectively	15,865	15,865
Additional paid in capital	5,200,272	5,189,772
Accumulated deficit	(5,058,432)	(4,978,538)
Total stockholders equity	157,705	227,099

Total Liabilities, Preferred Stock and Stockholders Equity	$ 4,615,977	$ 4,595,860

See accompanying notes to unaudited condensed consolidated financial statements.

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Immediatek, Inc.
Unaudited Condensed Consolidated Statements of Operations

	For the Quarter Ended March 31, 2011	2010
Revenues	$ 730,616	$ 23
Cost of revenues	(226,484)	
Gross margin	504,132	23
Expenses:		
Research and development	198,095	98,519
Sales and marketing	79,942	
General and administrative	214,818	151,447
Non-cash consulting expense-related party	10,500	10,500
Depreciation and amortization	79,972	592
Total expenses	583,327	261,058
Net operating loss	(79,195)	(261,035)
Other income (expense):		
Other income related party		8,788
Interest income	457	
Interest expense	(1,156)	
Interest expense related party		(5,624)
Total other income (expense)	(699)	3,164
Net loss	$ (79,894)	$ (257,871)
Weighted average number of common shares outstanding basic and fully diluted	15,865,641	535,321
Basic and diluted loss per common share attributable to common stockholders	$ (0.01)	$ (0.48)

See accompanying notes to unaudited condensed consolidated financial statements.

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Immediatek, Inc.
Unaudited Condensed Consolidated Statements of Cash Flow

	For the Quarter Ended March 31,			
		2011		2010
Cash flows from operating activities				
Net loss	$	(79,894)	$	(257,871)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:				
Depreciation and amortization		117,499		592
Non-cash consulting fees related party		10,500		10,500
Adjustments to reconcile net loss to net cash used in operating activities:				
Accounts receivable		(8,402)		(6,874)
Prepaid expenses and other assets		(13,374)		(8,293)
Accounts payable		(4,275)		(2,109)
Accrued liabilities		22,220		38,383
Deferred revenue		86,174		
Net cash provided by (used in) operating activities		130,448		(225,672)
Cash flows from investing activities				
Purchase of fixed assets		(5,846)		
Net cash used in investing activities		(5,846)		
Cash flows from financing activities				
Payments on capital leases		(14,608)		
Net cash used in financing activities		(14,608)		
Net increase in cash		109,994		(225,672)
Cash at the beginning of the period		1,592,684		278,795
Cash at the end of the period	$	1,702,678	$	53,123
Supplemental disclosures:				
Interest paid	$	1,156	$	
Income taxes paid	$		$	

See accompanying notes to unaudited condensed consolidated financial statements.

IMMEDIATEK, INC.
NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2011

NOTE 1 DESCRIPTION OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of Business: Immediatek, Inc. (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, for sale. 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 Immediatek re-entered the development stage at that 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. Those acquired assets were developed into an e-commerce product called RadicalBuy, which was launched on October 23, 2007. As of September 30, 2010 we have determined that it is in the best interest of Immediatek to cease operation of the RadicalBuy product.

On December 16, 2009, Immediatek, Officeware Corporation (Officeware), Timothy Rice, Chetan Jaitly, Radical Holdings LP and Radical Investments LP entered into a Stock Exchange Agreement, or the Agreement. On April 1, 2010, Immediatek, Officeware, Timothy Rice, Chetan Jaitly, Radical Holdings LP, Radical Investments LP, Darin Divinia, Dawn Divinia, Robert Hart, Kimberly Hart, Martin Woodall and Officeware Acquisition Corporation (Merger Sub), entered into an Amendment to that Agreement dated December 16, 2009 (as so amended, the Merger Agreement). Under the Merger Agreement, Merger Sub, a wholly-owned subsidiary of Immediatek, merged with and into Officeware on April 1, 2010. As a result of such merger, Immediatek became the sole shareholder of Officeware and Officeware shareholders received 12,264,256 shares of Immediatek common stock for all of the outstanding shares of stock of Officeware. Due to the merger, it was determined that Immediatek ceased to be in the development stage as of April 1, 2010.

Officeware provides online back-up, file storage and other web-based services for individuals, businesses and governmental organizations. Officeware offers three primary services. First, Officeware operates the website FilesAnywhere.com, primarily designed for individuals and small businesses to allow them to establish a self-service account, enabling them to, among other things, store files on Officeware servers, share and collaborate on documents with other people online, and backup their computers to FilesAnywhere cloud storage. Second, for larger business users, Officeware offers three customized products, called the FilesAnywhere Private Site, Dedicated Server, and Enterprise Server. These corporate offerings are designed to meet the specific requirements of each business customer or organization. The Private Site, Dedicated Server, and Enterprise Server products provide flexible cloud storage and unlimited scalability for users, groups and internet applications, along with client-specific branding and web interfaces, customer data interfaces, and tailored security for mixed corporate environments. Third, Officeware also provides specialized information technology services related to the development of web based databases and data storage on a contract basis for clients.

Officeware s operations are primarily based in Bedford, Texas and additionally, Officeware has one employee and several consultants performing research and development in India. The cost of the India operations was approximately $107,611 for the three months ended March 31, 2011 and is included in research and development expenses in Immediatek s consolidated financial statements.

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 (GAAP) have been omitted pursuant to SEC rules and regulations. These condensed consolidated financial statements include the accounts of Immediatek s wholly-owned subsidiaries, Officeware, 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 follows the Financial Accounting Standard Board s Accounting Standards Codification (the Codification or ASC). The Codification is the single source of authoritative accounting principles applied by nongovernmental entities in the preparation of financial statements in conformity with GAAP.

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IMMEDIATEK, INC.
NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2011

The Company s condensed consolidated balance sheet at March 31, 2011 and condensed consolidated statements of operations for the three months ended March 31, 2011 and 2010 and condensed consolidated statements of cash flows for the three months ended March 31, 2011 and 2010 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, 2010, which was filed with the SEC on March 31, 2011 and should be read in conjunction with this Quarterly Report on Form 10-Q.

Goodwill and Intangible Assets: Goodwill is recorded as the difference, if any, between the aggregate consideration paid for an acquisition and the fair value of the acquired net tangible and intangible assets. Intangible assets primarily represent purchased intangible assets including customer relationships, developed technology, trade name and others. We currently amortize our intangible assets with definitive lives over periods ranging from six to ten years using the straight line method. Goodwill, which arose from the acquisition of Officeware, is not amortized, but is reviewed annually at March 31 for impairment based on the fair value of Officeware, or more frequently if certain indicators arise. At March 31, 2011, the Company determined that there had been no impairment to the fair value of Officeware.

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 March 31, 2011 and March 31, 2010 were not included in the computation of diluted loss per share, as the effect of their inclusion would be anti-dilutive.

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

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IMMEDIATEK, INC.
NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2011

NOTE 2 MERGER WITH OFFICEWARE CORPORATION

On April 1, 2010, a wholly-owned subsidiary of Immediatek merged with and into Officeware. Officeware provides online back-up, file storage and other web-based services for individuals, businesses and governmental organizations. The merger with Officeware provides the Company increased operations and a source of operating cash flow. As a result of such merger, Immediatek became the sole shareholder of Officeware and Officeware shareholders received 12,264,256 shares of Immediatek common stock in exchange for all of the outstanding shares of common stock of Officeware. Radical Investments LP, an affiliate of Radical Holdings LP, owned 24.6% of the Officeware common stock. Radical Holdings LP owns the Company s Series A and Series B preferred stock. The Immediatek common stock exchanged was valued at $4,000,000, or approximately $0.33 per share, as determined by negotiations among the parties and an independent third party valuation. Due to the closely held nature and extremely limited trading of the Company s stock, management does not believe the quoted value of its common stock was indicative of the value of the restricted common shares issued in conjunction with the merger. The following table summarizes the fair values of the assets acquired and liabilities assumed as of the date of the merger:

Cash	$ 1,243,806
Accounts receivable, net	406,120
Prepaid expenses and other current assets	47,374
Fixed assets	486,544
Intangible assets	1,701,622
Goodwill	766,532
Other assets	10,153
Accounts payable	(34,005)
Accrued liabilities	(92,636)
Deferred revenue	(432,304)
Capital lease obligations	(103,206)
Net assets acquired with merger	$ 4,000,000

Intangible assets consist of the following, including the estimated useful lives:

Trade name	$ 126,808	10 years
Developed technology	729,423	6 years
Customer relationships	842,413	8 years
Domain name	3,728	Indefinite

The excess of purchase price over tangible net assets and identified intangible assets acquired has been allocated to goodwill in the amount of $766,532. The goodwill is the residual value after identified assets are separately valued and represents the result of the acquired workforce and expected future cash flows. Goodwill is not expected to be deductible for tax purposes.

The unaudited pro forma financial information for the quarter ended March 31, 2010 combine the historical results of Immediatek and Officeware as if the acquisition of Officeware occurred on January 1, 2010 as follows:

	2010
Revenues	$ 845,268
Net operating income	(247,293)
Net loss	(309,024)
Basic and diluted net loss per share	$ (0.02)

NOTE 3   ISSUANCE OF COMMON STOCK

On April 1, 2010, in conjunction with the merger with Officeware described in Note 2, the Company issued and sold 3,066,064 shares of common stock for an aggregate purchase price of $1.0 million, or approximately $0.33 per share, as determined by negotiations among the parties and an independent third party valuation. Due to the closely held nature and extremely limited trading of the Company s stock, management does not believe the quoted value of its common stock was indicative of the value of the restricted common shares issued in this transaction. Of this amount, 290,661 shares were issued to directors and executive officers of the Company for $94,799.39 and 2,775,403 shares were issued for $905,201 to Radical Holdings, LP, a related party.

IMMEDIATEK, INC.
NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2011

NOTE 4 RELATED PARTY TRANSACTIONS

Management Services Agreement. On December 31, 2009, the Company entered into a Management Services Agreement with Radical Ventures L.L.C., an affiliate of Radical Holdings LP. Pursuant to this Management Services Agreement, personnel of Radical Ventures L.L.C. will provide certain management services to the Company, including, among others, legal, financial, marketing and technology. These services are provided to us at a cost of $3,500 per month; however, the Company will not be required to pay these fees or reimburse expenses and, accordingly, will account for these costs of services and expenses as deemed contributions to the Company. This agreement was extended on March 17, 2011, to be effective as of December 31, 2010.

This agreement may be terminated upon 30 days written notice by Radical Ventures L.L.C. for any reason or by the Company for gross negligence. The Company also agreed to indemnify and hold harmless Radical Ventures L.L.C. for its performance of these services, except for gross negligence and willful misconduct. Further, the Company limited Radical Ventures L.L.C. s maximum aggregate liability for damages under this agreement to the amounts deemed contributed to the Company by virtue of this agreement during twelve months prior to that cause of action.

Demand Promissory Note. On March 25, 2009, the Company received $750,000 from Radical Holdings LP, a related party, under an unsecured Demand Promissory Note bearing interest, calculated on the basis of a 365-day year, at a rate per annum equal to three percent (3%) due on March 24, 2010. On March 24, 2010, this note was refinanced through the issuance of a new Amended and Restated Demand Promissory Note due on March 23, 2012. The principal amount of this new Amended and Restated Demand Promissory Note was $772,500 and included accrued interest through the date of the amendment. This Amended and Restated Demand Promissory Note was prepaid in whole on December 17, 2010. The early repayment was made without premium or penalty. Interest expense incurred was $22,196 for the year ended December 31, 2010.

Officeware Service. The Company provided services to Magnolia Pictures, LLC an entity affiliated with Radical Holdings LP and Radical Investments LP, in the amount of $821 during the quarter ended March 31, 2011. There are no receivables related to this amount at March 31, 2011 as it was paid in full.

Consulting Agreements. On February 6, 2009, the Company entered into an Agreement for Project Staffing Services with Silver Cinemas Acquisition Co., an entity affiliated with Radical Holdings LP. Pursuant to this agreement the Company provided 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. As of October 31, 2010, we do not anticipate performing further services under this agreement.

On February 28, 2008, the Company entered into an Agreement for Project Staffing Services with HDNet Fights, Inc., an affiliate of Radical Holdings LP. Pursuant to this agreement the Company provided 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. As of October 31, 2010, we do not anticipate performing further services under this agreement.

For the three months ended March 31, 2010, we earned $8,788 under these agreements.

Office Space. On December 31, 2009, DiscLive, Inc., a wholly-owned subsidiary of the Company, entered into a letter agreement amending the sublease with HDNet LLC, an affiliate of Radical Holdings LP. Pursuant to the letter agreement, DiscLive, Inc. assigned the sublease to IMKI Ventures, Inc., another wholly-owned subsidiary of the Company and IMKI Ventures, Inc. subleased from HDNet LLC approximately 600 square feet of office space. The rent was $900 per month, utilities included. Lease expense for the three months ending March 31, 2010 was $2,700. During October 2010, the sublease was terminated.

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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

On March 17, 2011, but effective as of January 1, 2011, the Company extended its Management Services Agreement with Radical Ventures L.L.C., an affiliate of Radical Holdings LP. Pursuant to this Management Services Agreement, personnel of Radical Ventures L.L.C. will provide certain management services to the Company, including, among others, legal, financial, marketing and technology. These services are provided to us at a cost of $3,500 per month; however, the Company will not be required to pay these fees or reimburse expenses and, accordingly, will account for these costs of services and expenses as deemed contributions to the Company.

This agreement may be terminated upon 30 days written notice by Radical Ventures L.L.C. for any reason or by the Company for gross negligence. The Company also agreed to indemnify and hold harmless Radical Ventures L.L.C. for its performance of these services, except for gross negligence and willful misconduct. Further, the Company limited Radical Ventures L.L.C. s maximum aggregate liability for damages under this agreement to the amounts deemed contributed to the Company by virtue of this agreement during twelve months prior to that cause of action.

On March 17, 2011, Officeware, our wholly-owned subsidiary, entered into a Commercial Lease, by and between Officeware Corporation and Chow Family LLC. Pursuant to the Commercial Lease, Officeware will lease from Chow Family LLC approximately 9,900 square feet of office space at 3301 Airport Freeway, Bedford, Texas. Initially, the rent is approximately $7,400 per month plus Officeware s pro rata share of the projected monthly expenses for the property. After the first 24 months of the term of the Commercial Lease the base rent increases periodically in accordance with a set schedule contained in the Commercial Lease. The term of the Commercial Lease is from May 1, 2011 until October 31, 2016.

Our Business

General

Immediatek is a Nevada corporation. Our principal executive offices are located at 3301 Airport Freeway, Suite 200, Bedford, Texas 76021, and our telephone number is (888) 661-6565. On December 16, 2009, Immediatek, Officeware, Tim Rice, Chetan Jaitly, Radical Holdings LP, and Radical Investments LP entered into a Stock Exchange Agreement. On April 1, 2010, Immediatek, Officeware, Timothy Rice, Chetan Jaitly, Radical Holdings LP, Radical Investments LP, Darin Divinia, Dawn Divinia, Robert Hart, Kimberly Hart, Martin Woodall and Officeware Acquisition Corporation, or the Merger Sub, entered into an Amendment to that Agreement dated December 16, 2009, or, the Merger Agreement. Under the Merger Agreement, Merger Sub, a wholly-owned subsidiary of Immediatek, merged with and into Officeware on April 1, 2010. As a result of such merger, Immediatek became the sole shareholder of Officeware and Officeware shareholders received 12,264,256 shares of Immediatek common stock for all of the outstanding shares of stock of Officeware. Radical Investments LP, an affiliate of Radical Holdings LP, owned 24.6% of the Officeware common stock. Radical Holdings LP owns the Company s Series A and Series B preferred stock. In addition, subject to the terms and conditions of the Merger Agreement, Immediatek issued and sold, and Radical Holdings LP, Darin Divinia, Dawn Divinia, Robert Hart, Kimberly Hart and Martin Woodall collectively purchased, 3,066,064 shares of Immediatek common stock for an aggregate purchase price of $1.0 million, or approximately $0.33 per share. Due to the merger, it was determined that the Company ceased to be in the development stage as of April 1, 2010.

Currently, the Company primarily operates in one business segment: e-commerce. Our services and products are primarily offered through Officeware. Officeware provides online back-up, file storage and other web-based services for individuals, businesses and governmental organizations. Officeware offers three primary services. First, Officeware operates the website FilesAnywhere.com, primarily designed for individuals and small businesses to allow them to establish a self-service account, enabling them to, among other things, store files on Officeware servers, share and collaborate on documents with other people online, and backup their computers to FilesAnywhere cloud storage. Second, for larger business users, Officeware offers three customized products, called the FilesAnywhere Private Site, Dedicated Server, and Enterprise Server. These corporate offerings are designed to meet the specific requirements of each business customer or organization. The Private Site, Dedicated Server, and Enterprise Server products provide flexible cloud storage and unlimited scalability for users, groups and internet applications, along with client-specific branding and web interfaces, customer data interfaces, and tailored security for mixed corporate environments. Third, Officeware also provides specialized information technology services related to the development of web based databases and data storage on a contract basis for clients.

Officeware s operations are primarily based in Bedford, Texas and additionally, Officeware has one employee and several consultants performing research and development in India.

As a result of services provided to larger business users, our business can depend on one or a few major customers which could potentially expose the Company to concentration of credit risk. Our revenue and receivables are comprised principally of amounts due from customers throughout the United States.

Our subsidiary, IMKI Ventures, provided an e-commerce product called RadicalBuy. The Company determined that it would be in the best interest of Immediatek to cease operation of the RadicalBuy product.

History of Operating Losses

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

	For the Three Months Ended March 31,	
	2011 (unaudited)	**2010 (unaudited)**
Net loss	$ (79,894)	$ (257,871)
Net cash provided by (used in) operating activities	$ 130,448	$ (225,672)

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

We funded our operations during the three months ended March 31, 2011, primarily from the income generated by Officeware. With the Officeware merger on April 1, 2010, operating cash flows have turned positive for the Company. Management estimates that the Officeware merger will generate sufficient funds from operations to fund future operating activities.

Our Objectives and Areas of Focus

Officeware Increase Users. We are focused on increasing the number of users of the various online back-up, file storage and other web-based services for individuals, businesses and governmental organizations offered through Officeware. We may pursue aggressive advertising campaigns or other promotions primarily aimed at new users. Additionally, we are focusing on efficiently integrating the Officeware business with our business.

Acquisitions. In addition to the Officeware acquisition which was consummated on April 1, 2010, we may identify and pursue additional potential acquisition candidates to support our strategy of growing and diversifying our business through selective acquisitions. 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 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.

Growing Users. In order to be successful with the products and services offered through Officeware, we will be required to attract new customers and deepen the current customer relationships which we currently have. Our largest clients require customized solutions, which in turn requires us to anticipate their needs.

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, 2010, which was filed with the SEC on March 31, 2011.

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 policy and estimates relate to the following:

> *Revenue Recognition*. Officeware generates revenue primarily from monthly fees for the services and products that it offers. While revenues for Officeware s FilesAnywhere.com product are often received in advance of providing the applicable service, the Company defers recognizing such revenues until the service has been performed. Revenues for Officeware s custom products for large enterprises are often received after such services are provided. The Company recognizes such revenues when service has been provided and collection is reasonably assured.

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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.

Operations Review

The Three Months Ended March 31, 2011 Compared to the Three Months Ended March 31, 2010

	For the Three Months Ended March 31, 2011	For the Three Months Ended March 31, 2010	2011 vs. 2010 Change	2011 vs. 2010 % Change
Revenues	$ 730,616	$ 23	$ 730,593	3,176,491%
Cost of revenues	(226,484)		(226,484)	0%
Gross margin	504,132	23	504,109	2,191,778%
Expenses:				
Research and development	198,095	98,519	99,576	101%
Sales and marketing	79,942		79,942	(1%)
General and administrative	214,818	151,447	63,371	42%
Non-cash consulting expense-related party	10,500	10,500		0%
Depreciation and amortization	79,972	592	79,380	13,409%
Total expenses	583,327	261,058	322,269	123%
Net operating loss	(79,195)	(261,035)	181,840	70%
Other income (expense):				
Other income related party		8,788	(8,788)	(100%)
Interest income	457		457	100%
Interest expense	(1,156)		(1,156)	(100%)
Interest expense related party		(5,624)	5,624	(100%)
Net loss	$ (79,894)	$ (257,871)	$ 177,977	69%
Weighted average number of common shares outstanding basic and fully diluted	15,865,641	535,321	15,330,320	2,864%
Basic and diluted loss per common share attributable to common stockholders	$ (0.01)	$ (0.48)	$ 0.47	98%

The merger with Officeware was effective on April 1, 2010. Thus, operations of Officeware are included in the Company s results for the three months ended March 31, 2011. The increases from the same period of 2010 are primarily related to Officeware s operations. Management expects future quarterly results to be comparable and Officeware s operations to generate positive cash flows. However, no assurances can be given that we will be able to maintain the accretive results of the Officeware merger.

Liquidity and Capital Resources and Financial Position

General

On March 25, 2009, the Company received $750,000 from Radical Holdings LP under an unsecured Demand Promissory Note bearing interest, calculated on the basis of a 365-day year, at a rate per annum equal to three percent (3%) due on March 24, 2010. On March 24, 2010, Radical Holdings LP agreed to the Amended and Restated Demand Promissory Note in the principal amount of $772,500, bearing interest, calculated on the basis of a 365-day year, at a rate per annum equal to three percent (3%) to evidence a loan from Radical Holdings LP of $772,500 due March 23, 2012. This Amended and Restated Demand Promissory Note was prepaid in whole on December 17, 2010. The early repayment was made without premium or penalty.

On April 1, 2010, we closed the merger with Officeware and stock sale described above under Our Business General and in Note 2 Merger with Officeware Corporation and Note 3 Issuance of Common Stock.

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As of March 31, 2011, we had $1,702,678 of cash, which management anticipates will sustain our operations. Management anticipates that the operating cash flows of the Company will be positive for the fiscal year ending December 31, 2011. However, no assurances can be given that we will ever achieve profitability. If we need to seek additional funds, 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 products and services offered through Officeware, which we expect will generate revenue to support our operations. No assurances, however, can be given that these lines of business will generate sufficient operating funds to support our operating activities. In addition, we are exploring whether other companies may have interest in utilizing our technology to deliver their content and allow for interactivity with their customers or users across these various platforms.

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 provided by operations was $130,448 in the three months ended March 31, 2011, as compared to cash used of $225,672 for the three months ended March 31, 2010. The increase was primarily a result of the Officeware operations included for the three month ended March 31, 2011.

Investing Activities. Cash used for investing activities was $5,846 and $0 for the three months ended March 31, 2011 or March 31, 2010, respectively. The increase was primarily for the purchase of computer equipment.

Financing Activities. Cash used for financing activities was $14,608 and $0 for the three months ended March 31, 2011 and March 31, 2010. The increase was for the payments on capital leases.

Liquidity

We believe that the funds received from the issuance of common stock, the cash received in the merger with Officeware, and funds generated by the operation of Officeware will provide us with the necessary funds to operate our business. While we are also 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.

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Item 3. Quantitative and Qualitative Disclosures about Market Risk

Not Applicable.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

Our chief executive officer and president (our Principal Executive Officer) and our chief financial officer (our Principal Financial Officer) are 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, as amended, or the Exchange Act) for us. Based on the evaluation of our disclosure controls and procedures (as defined in the Rules 13a-15(e) and 15d-15(e) under the Exchange Act) required by Exchange Act Rules 13a-15(b) or 15d-15(b), our principal executive officer and our principal financial officer have concluded that as of the end of the period covered by this report, our disclosure controls and procedures were effective.

Changes in internal controls. There were no changes in our internal controls over financial reporting as defined in Exchange Act Rule 13a-15(f) that occurred during our most recently completed fiscal quarter that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

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PART II OTHER INFORMATION

Item 1. Legal Proceedings.

The Company is involved from time to time in claims, proceedings and litigation. Please refer to Item 3. Legal Proceedings in the Company s Annual Report on Form 10-K for the fiscal year ended December 31, 2010, which was filed with the Securities and Exchange Commission, or SEC, on March 31, 2011.

From time to time we may become subject to additional proceedings, lawsuits and other claims in the ordinary course of business, including proceedings related to our services, applications and other matters. Such matters are subject to many uncertainties, and outcomes are not predictable with assurance.

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	Amended and Restated Certificate of Designation, Rights and Preferences of Series A Convertible Preferred Stock of the Registrant, dated as of October 13, 2009 and filed with the Secretary of State of the State of Nevada on October 15, 2009 (filed as Exhibit 4.1 to the Registrant s Form 8-K (filed on October 19, 2009) 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	Amended and Restated Certificate of Designation, Rights and Preferences of Series B Convertible Preferred Stock of the Registrant, dated as of October 13, 2009 and filed with the Secretary of State of the State of Nevada on October 15, 2009 (filed as Exhibit 4.2 to the Registrant s Form 8-K (filed on October 19, 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).
10.1	Management Services Agreement, dated March 17, 2011, between Immediatek, Inc. and Radical Ventures LLC (filed as Exhibit 10.1 to the Registrant s Current Report on Form 8-K (filed on March 17, 2011) and incorporated herein by reference).

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Exhibit Number	Description of Exhibit
10.2	Commercial Lease, by and between Officeware Corporation and Chow Family LLC dated March 17, 2011(filed as Exhibit 10.1 to the Registrant s Current Report on Form 8-K (filed on March 23, 2011) and incorporated herein by reference).
31.1**	Certification of Principal Executive Officer pursuant to Rule 13a-14(a) of the Securities Exchange Act.
31.2**	Certification of 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).
32.2**	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: May 16, 2011

IMMEDIATEK, INC.,
a Nevada corporation

By: /s/ TIMOTHY RICE
Name: Timothy Rice
Title: Chief Executive Officer
(On behalf of the Registrant and as Principal Executive Officer)

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