

Integrated Media Holdings, Inc.
Form 10QSB
November 16, 2007

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549**

FORM 10-QSB

Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934
For the quarterly period ended September 30, 2007

Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act
(Mark One)

Commission File Number **33-119586**

INTEGRATED MEDIA HOLDINGS, INC.
(Exact Name of Small Business Issuer as Specified in Its Charter)

Delaware
(State or Other
Jurisdiction of
Incorporation or
Organization)

76-0600966
(IRS Employer
Identification No.)

10 Glenlake
Parkway, Suite 130
Atlanta, Georgia
(Address of Principal
Executive Offices)

30238
(Zip Code)

(678) 222-3445
(Issuer's Telephone Number, Including Area Code)

Endavo Media and Communications, Inc.
(Former Name)

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

APPLICABLE ONLY TO CORPORATE ISSUERS

The number of shares of the issuer's common equity outstanding as of November 16, 2007 was approximately 16,368,000 shares of common stock, par value \$.001.

Transitional Small Business Disclosure Format: Yes No

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FOR THE QUARTER ENDED SEPTEMBER 30, 2007**

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PART I – FINANCIAL INFORMATION

ITEM 1.

FINANCIAL STATEMENTS

INTEGRATED MEDIA HOLDINGS, INC.

(formerly ENDAVO MEDIA AND COMMUNICATIONS, INC.)

CONDENSED CONSOLIDATED UNAUDITED BALANCE SHEET

| | As of September 30, | |
|--|----------------------------|--------------|
| | 2007 | 2006 |
| Assets | | |
| Current assets: | | |
| Cash | \$ 11,890 | \$ 74,853 |
| Accounts receivable, net of allowance for doubtful accounts of \$0 and \$0, respectively | 152,779 | 421,831 |
| Prepaid Expenses | 1,713 | 8,365 |
| Deposits | - | 16,214 |
| Total current assets | 166,382 | 521,263 |
| Property and equipment, net | 203,892 | 877,024 |
| Other Assets | 16,214 | 84,656 |
| Goodwill | 582,644 | 1,548,852 |
| Total assets | \$ 969,132 | \$ 3,031,795 |
| Liabilities and Stockholders' Deficit | | |
| Current liabilities: | | |
| Accounts payable | \$ 539,835 | \$ 606,754 |
| Accrued liabilities | 1,047,948 | 1,258,742 |
| Notes payable including related parties | 888,998 | 2,518,477 |
| Total current liabilities | 2,476,781 | 4,383,973 |
| Stockholders' deficit | | |
| Preferred stock, \$.001 par value; 5,000,000 shares authorized, 3,163,469 and 1,696,310 shares issued and outstanding, respectively | 3,163 | 1,696 |
| Common stock, \$.001 par value, voting, | 16,284 | 14,385 |

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100,000,000 shares
authorized,
16,284,210 and
14,384,690 shares
issued and
outstanding,
respectively

| | | |
|--------------------------------|--------------|--------------|
| Additional paid-in capital | 22,873,539 | 21,991,326 |
| Accumulated deficit | (24,400,635) | (23,359,585) |
| Total stockholders' deficit | (1,507,649) | (1,352,178) |

| | | | | |
|--|----|---------|----|-----------|
| Total liabilities and stockholders' deficit | \$ | 969,132 | \$ | 3,031,795 |
|--|----|---------|----|-----------|

See accompanying notes to condensed consolidated financial statements.

INTEGRATED MEDIA HOLDINGS, INC.
(formerly ENDAVO MEDIA AND COMMUNICATIONS, INC.)
CONDENSED CONSOLIDATED UNAUDITED STATEMENTS OF OPERATIONS

| | Three Months Ended | | Nine Months Ended | |
|--|---------------------------|--------------|--------------------------|----------------|
| | September 30 | | September 30 | |
| | 2007 | 2006 | 2007 | 2006 |
| Total revenues | \$ 25,897 | \$ 567,904 | \$ 1,042,579 | \$ 594,614 |
| Cost of sales | (11,109) | (508,098) | (979,399) | (527,924) |
| Selling, general, and administrative expense | (256,184) | 1,343,549 | 1,458,769 | (3,153,506) |
| Profit (loss) from operations | (241,396) | 1,403,355 | 1,521,948 | (3,086,816) |
| Other income (expense) | - | 628,198 | 1,135,585 | 669,411 |
| Interest (expense) | (29,478) | (239,531) | (183,511) | (710,750) |
| Net income (loss) | (270,874) | 1,792,022 | 2,474,022 | (3,128,155) |
| Net income (loss) attributable to common shareholders | \$ (270,874) | \$ 1,792,022 | \$ 2,474,022 | \$ (3,128,155) |
| Net income (loss) per common share - basic and diluted | \$ (0.02) | \$ 0.15 | \$ 0.16 | \$ (0.47) |
| Weighted average shares - basic and diluted | 15,425,930 | 11,966,432 | 15,541,440 | 6,708,697 |

See accompanying notes to condensed consolidated financial statements.

INTEGRATED MEDIA HOLDINGS, INC.
(formerly ENDAVO MEDIA AND COMMUNICATIONS, INC.)
CONDENSED CONSOLIDATED UNAUDITED STATEMENTS OF CASHFLOWS

| | For the Nine Months ended | |
|---|----------------------------------|----------------|
| | September 30, | |
| | 2007 | 2006 |
| Cash flows from operating activities: | | |
| Net loss | \$ 2,465,462 | \$ (3,128,156) |
| Adjustments to reconcile net loss to net cash used in operating activities: | | |
| Depreciation and amortization | 119,530 | 84,903 |
| Stock and options issued for services | (2,499,091) | 2,192,282 |
| Amortization of discount on long-term debt | - | 532,911 |
| Gains on settlements | | (257,010) |
| Gains on the extinguishment of debt | | (401,658) |
| Interest expense converted to equity or debt | 130,395 | |
| Gains on sale of subsidiary | (1,135,585) | - |
| Decrease (increase) in: | | |
| Accounts Receivable | (1,786) | (58,572) |
| Deposits and Prepaid Expenses | (18,149) | (18,365) |
| Increase (decrease) in: | | |
| Accounts Payable | 441,604 | 105,552 |
| Accrued liabilities | 205,283 | 374,551 |
| Net cash used by operating activities | (292,338) | (573,562) |
| Cash flows used in investing activities | | |
| Purchases of property and equipment | (21,899) | (14,541) |
| Purchase of business assets | (0) | (1,662,500) |
| | 10,000 | - |

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| | | |
|--|------------------|------------------|
| Additions to Security Deposits | | |
| Net cash provided by investing activities | (11,899) | (1,677,041) |
| Cash flows from financing activities: | | |
| Proceeds from issuance of common stock | 242,787 | 1,286,498 |
| Proceeds from issuance of notes payable | 60,141 | 1,068,500 |
| Payments on note payable | - | (35,000) |
| Payments on convertible long-term debt | (2,998) | - |
| Net cash provided by financing activities | 299,931 | 2,319,998 |
| Net increase (decrease) in cash and cash equivalents | (4,306) | 69,395 |
| Cash and cash equivalents at beginning of period | 16,196 | 5,458 |
| Cash and cash equivalents at end of period | \$ 11,890 | \$ 74,853 |

See accompanying notes to condensed consolidated financial statements.

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation. The financial statements reflect the consolidated results of Integrated Media Holdings, Inc. and its wholly owned subsidiaries Endavo Media and Communications, Inc., WV Fiber, Inc., Bidchaser, Inc. and New Planet Resources, Inc. All material inter-company transactions have been eliminated in the consolidation. WV Fiber was sold on April 11, 2007 as described in Recent Events of this filing. Therefore, our financial statements reflect WV Fiber results through April 10, 2007.

Reverse Stock Split. In the first quarter of 2006, the Company completed a reverse stock split whereby the shareholders received 1 share of stock for every 40 that were previously owned. All share and per share amounts in prior periods have been restated to reflect the reverse stock split.

Basis of Presentation. The accompanying condensed consolidated financial statements are unaudited. Certain information and footnote disclosures normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States have been condensed or omitted pursuant to the rules and regulations of the Securities and Exchange Commission. Integrated Media Holdings, Inc., (the “Company”) believes that the following disclosures are adequate to make the information presented not misleading.

These condensed financial statements reflect all adjustments (consisting only of normal recurring adjustments) that, in the opinion of management, are necessary to present fairly the financial position and results of operations for the periods presented.

Interim results are not necessarily indicative of the operating results to be expected for the full year. These financial statements should be read in conjunction with the company’s financial statements and notes thereto for the year ended December 31, 2006 included in the Company’s Annual Report on Form 10-KSB.

Net Loss Per Common Share. Basic earnings per share are computed on the basis of the weighted average number of common shares outstanding. Diluted earnings per share are computed on the basis of the weighted average number of common shares outstanding plus the effect of outstanding stock options using the “treasury stock” method. The earnings per common share for the nine months ended September 30, 2006 have been adjusted to give retroactive effect to the one-for-forty reverse stock split effective March 13, 2006 as if the reverse stock split had occurred on January 1, 2006. Options, warrants, convertible debt and convertible preferred stock, which if exercised or converted would require the company to issue approximately 67,000,000 shares of common stock, are not included in the diluted earnings per share calculation for September 30, 2007 and 2006, respectively, since their effect on a net loss per share calculation is anti-dilutive.

Revenue Recognition. Revenue is recognized when a valid contract or purchase order has been executed or received, services have been performed or product has been delivered, the selling price is fixed or determinable, and collectability is reasonably assured. Payments received prior to performance are recorded as deferred revenue and amortized over the estimated service period.

Stock-Based Compensation. Effective January 1, 2006, the Company adopted the provisions of Statement of Financial Standards No. 123 (revised 2004), Share-Based Payment (“SFAS No. 123(R)”), which is a revision of SFAS No. 123. SFAS No. 123 (R) supersedes APB Opinion No. 25, Accounting for Stock Issued to Employees, and amends FASB Statement No. 95, Statement of Cash Flows. Generally, the approach to accounting for share-based payments in SFAS No. 123(R) is similar to the approach described in SFAS No. 123. However, SFAS No. 123(R) requires all new share-based payments to employees, including grants of employee stock options, to be recognized in the financial statements based on their fair values. Pro forma disclosure of the fair value of new share-based payments is no longer an alternative to financial statement recognition.

Prior to 2006, the Company accounted for its employee stock option plans under the intrinsic value method, in accordance with the provisions of Accounting Principles Board ("*APB*") Opinion No. 25, "*Accounting for Stock Issued to Employees*", and related interpretations. Compensation expense related to the granting of employee stock options is recorded over the vesting period only if, on the date of grant, the fair value of the underlying stock exceeds the option's exercise price. The Company had adopted the disclosure-only requirements of SFAS No. 123, "*Accounting for Stock-Based Compensation*", which allowed entities to continue to apply the provisions of APB No. 25 for transactions with employees and provide pro forma net income and pro forma income per share disclosures for employee stock grants made as if the fair value based method of accounting in SFAS No. 123 had been applied to these transactions.

Property and Equipment. Property and equipment are recorded at cost less accumulated depreciation. Depreciation and amortization on property and equipment are determined using the straight-line method over a five year estimated useful life of the asset.

NOTE 2—GOING CONCERN

The Company has a working capital deficit, a stockholders' deficit, and has experienced recurring net losses from operations for most periods prior to the quarter ended September 30, 2007. These factors create substantial doubt about the Company's ability to continue as a going concern. The financial statements do not include any adjustment that might be necessary if the Company is unable to continue as a going concern.

The ability of the Company to continue as a going concern is dependent on the Company generating cash from the sale of its common stock or obtaining debt financing and attaining future profitable operations. Management's plans include selling its equity securities and obtaining debt financing to fund its capital requirements and ongoing operations; however, there can be no assurance the Company will be successful in these efforts.

NOTE 3—SHORT-TERM NOTES PAYABLE

Notes payable and convertible notes payable outstanding as of September 30, 2007 consisted of the following:

On February 22, 2005, the Company consummated a private placement of \$1,425,000 principal amount of 8% Senior Secured Convertible Two Year Notes and related securities, including common stock warrants and additional investment rights. These Notes became due and payable in full on February 22, 2007. In connection with these securities, the Company has filed a registration statement with the Securities and Exchange Commission registering the shares of common stock issuable upon conversion of these notes, exercise of the warrants, and the shares related to the additional investment rights if they are exercised in the future. The Securities and Exchange Commission had declared this filing effective but we have not been able to keep the registration current. The debt is convertible to common stock at a beneficial conversion rate of \$0.38 per share and 1,597,529 warrants to purchase common stock were issued with the notes. 1,121,072 warrants were exercised in June 2005 and 11,911 (adjusted for reverse split) warrants remain outstanding with an exercise price of \$5.70 (adjusted for reverse split) after giving effect to an amendment to the exercise price that occurred in June 2005. All the Additional Investment Rights expired unexercised in September 2005. The beneficial conversion feature and the warrants resulted in a discount to the notes of \$1,425,000 which was being amortized over the two year term of the notes. As of June 30, 2007, \$1,425,000 has been amortized, although we continue to show accrued interest payable in the amount of \$. We have paid interest on these notes in the total amount of \$21,079 in exchange for 79,038 shares common stock as of September 30, 2007. As of September 30, 2007 all of these Notes remained due and payable. Since the notes matured, we have been discussing possible conversion of these notes into common stock. We have also discussed a possible sale of these notes to a third party. Although we believe these notes will ultimately be converted into common stock, we can provide no assurance that we will successfully negotiate conversion with all the holders. Our common stock decline during the nine months

ended September 30, 2007 has made these negotiations difficult to finalize. Until these notes are converted, we are at risk that the holders may choose to issue a demand notice for payment at any time and pursue all rights and remedies, under the terms of the note, if we are not able to make payment upon demand. Since the holders have a general lien on the company to secure these notes, our ability to survive a claim of this nature and magnitude is doubtful, based on our financial position as of September 30, 2007.

Since 2002, we have issued Convertible Promissory Notes purchased by SovCap Equity Partners, Ltd., a private equity fund and related party, totaling \$2,405,800. To reduce long term debt outstanding \$1,806,000 principal amount of these notes were converted into the Company's Series A Preferred shares or common stock during 2004 and 2005. In the quarter ended March 31, 2006, \$194,500 principal amount was also converted into 491,937 shares (adjusted for reverse split), leaving \$405,300 in principal amount outstanding as of September 30, 2007. The notes are due on demand and bear interest at 18% per year. The notes are convertible into the Company's common stock under a beneficial conversion rate that resulted in the notes being initially discounted in 2004 by \$340,700 all of which was amortized in 2004.

During the period of August 2005 through November 2006, the Company issued Promissory Notes to the same private equity fund holding Convertible Promissory Notes described above, in the total amounts of \$163,000 in exchange for proceeds in the amount of \$153,000. These Notes carry a simple interest rate of 6% per annum and are payable on demand after 45 days from the issue date. As of September 30, 2007, a total principal amount of \$163,000 of these Promissory Notes remained outstanding.

On March 24, 2006, the company issued a Promissory Note in the principal amount of \$25,000 to AlphaWest Capital Partners, LLC, a related party, in exchange for proceeds in the same amount. The Promissory note is payable on demand, after May 8, 2006, non-convertible and bears an annual interest rate of 12%. AlphaWest also loaned \$4,250 in the first quarter of 2007 and \$10,000 in the third quarter of 2007 with no interest payable or accrued.

During the third quarter ended September 30, 2007, the company issued a Promissory Note in the principal amount of \$10,000 to John Lynch, a non-related party, in exchange for proceeds in the same amount. The Promissory note is payable on demand or convertible at \$0.08 per share, after February 15, 2008, and bears an annual interest rate of 15%.

On September 28, 2007, the company issued a Promissory Note in the principal amount of \$25,000 to Coastal Financial Realty, Inc., a non-related party, in exchange for proceeds in the same amount. The Promissory note is payable on demand or convertible, after January 24, 2008, and bears an annual interest rate of 18%. The conversion price of this note is defined as the closing bid price of the Common Stock for the five trading days ending on the trading day immediately preceding the Conversion Date.

NOTE 4—COMMON AND PREFERRED STOCK TRANSACTIONS

The Company issued 75,000 shares of our Series A Preferred stock for consulting services valued at \$72,000 in total during the three months ended September 30, 2007.

During the quarter ended September 30, 2007, we issued 107,910 shares of common stock as an interest payment in the amount of \$5,071.79 on Senior Secured Notes dated February 22, 2005.

During the quarter ended September 30, 2007, we converted at total of \$56,200 in an outstanding Convertible Promissory Note dated August 4, 2004, held by Omnia LLC, into 1,916,000 shares of common stock.

NOTE 5 – SUBSEQUENT EVENTS

None

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS

For a description of our significant accounting policies and an understanding of the significant factors that influenced our performance during the nine months ended September 30, 2007, this "Management's Discussion and Analysis" should be read in conjunction with the Condensed Consolidated Unaudited Financial Statements, including the related notes, appearing in Item 1 of this Quarterly Report, as well as the Company's Annual Report on Form 10-KSB for the year ended December 31, 2006. The preparation of this Quarterly Report on Form 10-QSB requires us to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of our financial statements, and the reported amounts of revenue and expenses during the reporting period. There can be no assurance that actual results reported in the future will not differ from those estimates or that revisions of these estimates may not become necessary in the future.

Forward-Looking Statements

This Quarterly Report on Form 10-QSB, includes statements that constitute "forward-looking statements." These forward-looking statements are often characterized by the terms "may," "believes," "projects," "expects," or "anticipates," and not reflect historical facts. Forward-looking statements involve risks, uncertainties and other factors, which may cause our actual results, performance or achievements to be materially different from those expressed or implied by such forward-looking statements. Factors and risks that could affect our results and achievements and cause them to materially differ from those contained in the forward-looking statements include those to be identified in our Annual Report on Form 10-KSB for the year ended December 31, 2006 in the section titled "Risk Factors," as well as other factors that we are currently unable to identify or quantify, but may exist in the future.

In addition, the foregoing factors may affect generally our business, results of operations and financial position. Forward-looking statements speak only as of the date the statement was made. We do not undertake and specifically decline any obligation to update any forward-looking statements.

Executive Overview

This section presents summary information regarding our industry and operating trends only. For further information regarding the events summarized herein, you should read "Management's Discussion and Analysis" in its entirety.

Company and Industry Overview

Integrated Media Holdings was originally founded and incorporated in 1999 as CeriStar, Inc. by a group of technology entrepreneurs led by founder and former CEO of Iomega Corporation. On September 10, 2002, we merged with a wholly owned subsidiary of Planet Resources Inc., a non-operating publicly held company (together referred to as "Planet") in which all of our issued and outstanding stock, including Convertible Preferred Series A shares and the Convertible Preferred Series B shares, were exchanged for shares of Planet common stock. Series A and B preferred shares were exchanged at a rate of .757 shares for every common share of Planet and the common stock of the Company were exchanged into .322 shares of common stock of Planet. Just prior to the merger, Planet authorized a 1 for 5.23 reverse stock split. The merger was accounted for as a reverse merger with CeriStar being the accounting acquirer. On October 15, 2002, Planet Resources Inc. was renamed CeriStar, Inc. The company changed its name to Endavo Media and Communications, Inc. in September 2004 to reflect its concentration on the distribution of content and services over the Internet and broadband networks. We executed a consolidation of equity capital in order to reposition the company to raise public capital. In September 2005, we consolidated operations to reduce costs while we redirected the company's business plan focus and pursued possible acquisitions. In April 2006, we reorganized as a public holding company, changing our name to Integrated Media Holdings, Inc., in order to pursue the strategic

objective of acquiring interest in broadband media and services companies, along with rolling out Endavo's new business plans. In April 2006, Endavo began operating as a wholly owned subsidiary of Integrated Media Holdings, Inc. by way of a revival, reorganization and name change of Integrated Media's subsidiary, Susquima, Inc., incorporated and acquired in 1999 as part of the CeriStar merger. Endavo Media and Communications, Inc. provides digital video delivery solutions and products to owners of video and media content through Internet Protocol, or "IP," based networks.

After our September 2005 staff reorganization and under a newly refocused business plan, in 2006, Endavo began testing and launching specific new products designed to provide digital content distribution and management solutions for content owners seeking to distribute online and over broadband, or IP, networks. Specifically, our new solutions facilitate the distribution of digital entertainment, information and communications services, on behalf of the owners of content and applications being distributed, to connected customers and broadband communities. We primarily distribute over a national fiber (IP) backbone network to reach consumers over the Internet, local broadband networks and through IP service providers. We call our integrated content management & distribution system and content delivery network the Endavo Digital Broadcast System (DBS). Our restructured vision and business plan is to distribute digital video and programming to certain targeted groups of broadband consumers through web-based portals, or communities, and to connected networks, platforms and consumer media devices. Our development plans and acquisitions in 2006 and 2007 were directed toward this vision.

Description of our Subsidiaries

Endavo Media and Communications, Inc.

After initial development and testing was successfully completed in early 2006, Endavo began marketing its EnHance and EnVision products to website owners, music artists and labels, owners of independent film libraries, television channels, and self-produced audio and video content. By the end of 2006, we were developing and testing numerous web-community, digital video portal and "Broadband TV" projects for prospective customers. We began developing our IPTV and web streaming solution, EnVision, during the 3rd quarter of 2006 and now market EnVision, along with EnHance, as part of our integrated web video delivery solutions.

Our "EnHance" content delivery solution provides a cost effective method for owners of web-based communities or portals to increase user traffic on their websites by offering high-quality video content that is delivered directly to the personal computer of each registered user from the website community. EnHance utilizes the latest managed peer-to-peer (P2P) distribution platform technologies, integrated into our Digital Broadcast System, which provides certain cost efficiencies for distributing to larger networks of users. EnHance is particularly attractive to content owners seeking to deliver high-resolution programming cost-effectively to a large network of users. We target our marketing of our EnHance solution toward content owners who have an existing inventory of video content or programs and ideally also have an existing audience from other distribution sources, such as radio, web or television. EnHance enables a content owner to cost-effectively expand or strengthen their existing viewer or listener base by offering and marketing their programming digitally to any broadband connected user worldwide.

Our "EnVision" content delivery solution employs video streaming technologies utilized by content owners, websites, organizations and enterprise for streaming video programming (live or play-out) on their websites for the purpose of entertainment, information, communication and brand-building. EnVision can be used to redistribute existing TV channels (satellite, cable, or air) over the web or to deliver new programming and channels to IPTV networks or set top box (STB) TV providers to be viewed on television sets as an alternative to traditional broadcast methods. EnVision supports simulcast, live and play-out delivery methods. EnVision also allows distribution of streaming video to cell phones or mobile networks.

During the nine months ended September 30, 2007, we have begun down-linking satellite television channels into our network on behalf of customers, encoding them into digital format to be distributed over the Internet and played out

through the Windows Media Player platform from the content owner's websites.

Generally, Endavo's business model is to generate revenues by providing managed content and services delivery solutions over the Internet and broadband networks, technical support, digital commerce transaction processing and other specialized services. We also expect to receive "set-up" and customization fees for initial customization and integration of our products to meet the specific needs of our content partners within their existing websites or by developing new customer interfaces. Once our core systems are in place and operational on our network, we expect to quickly accelerate revenue growth and achieve greatly improved margins as our ongoing operations are predominantly software driven.

The Endavo Digital Broadcast System (DBS). Endavo enables digital content and services to be distributed all the way down to the end-user's PC or other IP-enabled devices directly, via open or closed web-based portals, accessed through any broadband Internet connection, or through "closed" community broadband networks controlled by local network service providers. We have aggregated and integrated various content delivery, management, tracking and accounting applications and platforms necessary to provide a comprehensive closed digital media broadcast distribution platform that delivers content programming and allows for content and service management directly to many end users in multiple formats and over multiple platforms from our media management system.

Endavo's integrated content management and distribution solution is comprised of the following basic components to create a Digital Broadcast System for digital content and services delivery:

- The Delivery Platforms - An integrated set of multiple content and service delivery platforms used to translate all content and applications into common signals so they all can be transmitted together over a single IP network and delivered to common end-user devices, such as personal computers, mobile devices or set top boxes.
- The Delivery Network - Endavo delivers digital signals over multiple content delivery networks to enable cost-efficient and reliable distribution over the Internet or directly to other broadband networks, including fiber, wireless and copper, for distribution to geographical groups of end users.
- The Endavo Media Management System (EMMS) - An integrated digital asset management, programming, delivery and accounting framework that allows Endavo customers to preside over their entire inventory of digital content, manage delivery, track usage, bill for their services, secure and control access to content, and provide customer support. This system also provides remote management capabilities for easy 24/7 access by content and service provider.
- Connected Networks, Platforms and Devices - Endavo continuously seeks out and partners with hardware and device partners that provide the devices necessary to make network matter for consumers. Appropriate connected devices in a home network environment, or even mobile, allow subscribers to seamlessly manage and access content - including music, photos, TV, and video (movies and self-created), surf the Internet and communicate from a central PC or server .
 - A unique characteristic of Endavo's network will be the capability to use a peer-to-peer system, live/web streaming and flash streaming together in an integrated platform to deliver content to help content owners deliver a unique and rich user experience and create significant bandwidth efficiencies, through flexibility, within an on-demand environment.

Although we now have content delivery solutions, which have been tested and deployed in live environments, and we have begun marketing our solutions commercially this year, the key risk with Endavo's business plan at this point is that we may not be able to deliver our current pipeline of video projects for our customers, due to technological problems or limited resources, or that our customers are not able to successfully market their own content or services to a

sufficient amount of targeted broadband users to produce satisfactory revenues for themselves or for us to sustain operations. Our success financially is largely dependent on the success of our customers. We have not yet achieved substantial sales since launching new products and services in 2006 and, therefore, we remain dependent on raising capital from financing resources and we will also ask some vendors to accept stock as payment for services in order to meet our obligations and operating expenses. There can be no guarantee that these efforts will be successful and, therefore, we can provide no absolute assurance of our financial success or economic survival.

WV Fiber Inc.

On August 8, 2006 we closed the purchase of the assets of WV Fiber LLC, a provider an Internet transit and network transport services, through the United States Bankruptcy Court for the Middle District of Tennessee Nashville Division. All assets and operations of WV Fiber LLC were purchased by Louros Networks, a newly-formed wholly-owned subsidiary of Integrated Media. After unsuccessfully improving the financial performance of WV Fiber and to eliminate negative cash flow and creditor pressures on the company, on April 11, 2007, we sold WV Fiber, Inc. to Ultra Global Investments, LLC, a company formed by Peter Marcum and Harish Shah (former directors of Integrated Media Holdings). Since our stock price declined during the period after acquiring WV Fiber, we were unable to obtain equity financing necessary to support WV Fiber's operations or satisfy secured creditors of WV Fiber. As a result of the sale, our financial statements for the nine months ended September 30, 2007 include WV Fiber only through April 10, 2007. Please refer to the "Recent Events" section of "Managements Discussion & Analysis" for more details of the sale.

Bidchaser, Inc.

On October 2, 2006 we closed the merger of Bidchaser, Inc. with our wholly-owned subsidiary, BCI Acquisition Corporation, and changed the name of the company to Bidchaser, Inc. Bidchaser, headquartered in Orlando, Florida, is an information technology provider that has created an online trading community and electronic commerce engine. The company had considered the development and launch of market specific online merchant portals, including services that target Indian consumer markets, such as consumer goods, travel, art, entertainment, and web design services. However, in April 2007, Bidchaser senior management resigned from Bidchaser in order to pursue the purchase of WV Fiber, along with WV Fiber management, which occurred on April 11, 2007. As a result of management's retirement and early results from marketing efforts for merchant portals, we have been unable to support Bidchaser's operations and therefore decided, during the quarter ended June 30, 2007, to discontinue marketing efforts and Bidchaser operations. We may be able to utilize some or all of Bidchaser's software technology to support our content delivery business plan as a value-added component of our overall services offering and business plan, but we can provide no assurance that we will be successful in utilizing any of Bidchaser's remaining assets, which consist mainly of proprietary software engineered specifically for their intended business of merchant portals. Bidchaser has been without employees or operations since April 11, 2007.

Recent Developments

As of September 30, 2007, outstanding Senior Secured Convertible Notes, dated February 22, 2005, remained due and payable since February 22, 2007. Since the notes matured, we have been discussing possible conversion of these notes into common stock or possible sale of the notes to interested third parties. Although we believe these notes will ultimately be converted into common stock, we can provide no assurance that we will successfully negotiate conversion with all the holders or find a buyer for the notes with the intent of conversion. Our common stock decline during the quarter has made these negotiations more difficult to negotiate and finalize. Until these notes are converted or paid, we are at risk that the holders can demand payment at any time and pursue all rights and remedies, under the terms of the note, if we are not able to make payment upon demand. Since the holders have a general lien on the company to secure these notes, our ability to survive a claim of this nature and magnitude is doubtful, based on our financial position as of September 30, 2007.

On April 11, 2007 we completed the sale of WV Fiber Inc. to Ultra Global Investments, LLC, a company formed by Peter Marcum (WV Fiber CEO) and Harish Shah (Bidchaser CEO) for the purpose of completing this purchase. The purchase price for this transaction was as follows: (a) \$200,000 cash; (b) assumption and payment of all indebtedness due from the Company to HT Investments, LLC, in the principal amount of \$1,046,822; (c) assumption of the indebtedness owed by the us to certain creditors in the total amount of \$1,183,500; and (f) common stock and options in the total amount of 3,633,000 shares (g) Series A Preferred stock in the amount of 646,700, convertible into approximately 6,200,000 shares of common stock. We recorded and net gain on the sale of approximately \$500,000. Our 2007 financials reflect WV Fiber operations from January 1, 2007 until April 11, 2007.

Results of Operations

Our operating results showed a decrease in revenues, a decrease in operating losses but a decrease net income for the three-month period ended September 30, 2007. For the nine-month period ended September 30, 2007, we showed an increase in revenues, a decrease in operating losses and an increase in net income, as compared to the same periods in 2006.

| | Three Months | | Nine Months | |
|--|-----------------------------|--------------|-----------------------------|----------------|
| | Ended September 30, 2007 | 2006 | Ended September 30, 2007 | 2006 |
| Summary of Operations | | | | |
| Revenues | \$ 25,897 | \$ 567,904 | \$ 1,042,579 | \$ 594,614 |
| Cost of Revenue | (11,109) | (508,098) | (979,399) | (527,924) |
| Gross Income (Loss) | 14,787 | 59,806 | 63,179 | 66,690 |
| Selling, general, and administrative costs | (256,184) | 1,343,549 | 1,458,769 | (3,153,506) |
| Operating Income (Loss) | (241,396) | 1,403,355 | 1,521,948 | (3,086,816) |
| Other Income (Expense) | - | 628,198 | 1,135,585 | 669,411 |
| Interest Expense | (29,478) | (239,531) | (183,511) | (710,750) |
| Net Income (Loss) | \$ (270,874) | \$ 1,792,022 | \$ 2,474,022 | \$ (3,128,155) |

Our consolidated revenues increased 75% in the nine months ended September 30, 2007 compared to the same period in 2006. Individually, WV Fiber, Endavo Media and Bidchaser each generated \$996,562, \$46,673, and \$1,965 in revenues respectively. As noted in the Recent Events section above, we sold WV Fiber, Inc. to Ultra Global Investments, LLC on April 11, 2007. Therefore, we only recorded operations results from WV Fiber until April 10, 2007 and will not record further operations from that company. The most significant contribution to our operations during the nine months ended September 30, 2007 was from WV Fiber. Please refer to "Recent Developments" above for more details of the sale.

Our revenues decreased 95% during the quarter ended September 30, 2007, compared to the same period in 2006, to \$25,897. This decrease was a result of the sale of WV Fiber in April 2007, which generated most of our revenue during the third quarter of 2006, as well as for previous quarters in 2007. All revenue in the third quarter was generated from Endavo Media.

Our cost of revenues increased modestly as a percentage of our revenues in the same comparative periods from 88% to 93%. Our operating expenses decreased significantly in the nine months ended September 30, 2007, compared to the same period in 2006. However, we recorded a reduction of stock options expenses (expense credit) in the amount

of \$2,614,629 during the nine months ended September 30, 2007, as a result of a decline in our stock price from December 31, 2006 and June 30, 2007, and we recorded an expense charge of \$927,182 during the same period in 2006. Before accounting for the effect of the stock options expense reduction this year and charge last year during the same period, our selling, general and administrative costs were \$1,115,860 during the nine months ended September 30, 2007 compared to \$2,226,324 during the same period in 2006, a decrease of approximately 50%.

Our cost of revenues decreased 98% during the quarter ended September 30, 2007, compared to the comparative quarter of 2006, to \$11,109. This dramatic decrease was the result of the sale of WV Fiber, which generated most of our revenue but also had very high cost of sales relative to revenues generated.

Revenues

For the three-month period ended September 30, 2007, we recorded \$25,897 in revenues, entirely being generated from Endavo Media, since WV Fiber was sold on April 11, 2007 and Bidchaser ceased operations on the same approximate date. This resulted in a 95% decrease in revenues during the quarterly period ended September 30, 2007 compared to the same period in 2006.

Our revenues increased to \$1,042,579 in the nine-month period ended September 30, 2007 from \$594,614 in the same period in 2006. This increase was mainly due to the acquisition of the operations of WV Fiber LLC in August 2006, which consists generally of Internet transit and network transport services revenues. WV Fiber generated \$996,562 in revenue. Our other subsidiary, Endavo Media, generated revenue in the amount of \$46,673 from the sale of its content delivery network products and services. Bidchaser only generated \$1,965 in e-commerce revenue from its merchant web portal, qshopnow.com. As noted in "Recent Developments" above, we sold WV Fiber, Inc. to Ultra Global Investments, LLC on April 11, 2007, therefore only recorded revenue from WV Fiber from August 8, 2006 to September 30, 2006, for the nine months ended September 30, 2006, and from January 1, 2007 to April 11, 2007, for the nine months period ended September 30, 2007. Please refer to "Recent Developments" above for more details of the sale.

Cost of Revenues and Gross Margins

Our cost of revenues increased significantly to \$979,399 in the nine months ended September 30, 2007 compared to \$527,924 in the same period in 2006. This significant increase was the result of the acquisition of the network operations of WV Fiber LLC into our subsidiary, WV Fiber Inc. The network used for providing Internet transit and network transport services has certain fixed costs associated with the lease of the fiber network and data center facilities around the network.

Our gross margin on sales in nine months ended September 30, 2007 was income of \$63,179 compared to a gross income of \$66,690 in the same period in 2006. WV Fiber generated \$45,314 in gross income on 996,562 in sales. Endavo generated \$18,521 in gross income on \$46,673 in sales, and Bidchaser generated \$1,965 in gross income on \$1,965 in sales during the nine months ended September 30, 2007.

During the quarter ended September 30, 2007, our cost of sales was only \$11,109 on \$25,897 in sales, a margin of \$14,787. Since we sold WV Fiber on April 11, 2007 and Bidchaser ceased operations approximately the same date, we only recorded revenue from Endavo Media. Endavo has a significantly lower cost of sales relative to WV Fiber but has yet to produce substantial revenues or, therefore, gross income.

Selling, General and Administrative Costs

Selling, general and administrative costs decreased to \$1,115,860 in nine months ended September 30, 2007 compared to \$2,226,324 in the same period in 2006, before accounting for the effect of stock options expenses during the comparative periods. For the nine months ended September 30, 2007, we recorded a reversal (credit) of our stock

options expenses in the amount of \$2,614,629, as a result of the decline in our stock price during the nine months ended September 30, 2007. During the comparative period in 2006, we recorded a charge of \$927,182 for stock options expenses. Before the effect of stock options expense recognitions, the decrease in our SG&A costs was attributable primarily to decreases in stock issued for professional and consulting services. However, we showed an increase in payroll, commission and contract labor costs, primarily due to the acquisition of operations and employees of WV Fiber. We also increased our depreciation expense due to the acquisition of network equipment of WV Fiber. As noted in the Recent Events footnote above, we sold WV Fiber, Inc. to Ultra Global Investments, LLC on April 11, 2007. Please refer to Recent Developments section above for more details of the sale.

**Nine Months
Ended September 30,**

| Selling, General, Administrative Costs | 2007 | 2006 |
|--|-----------------------|---------------------|
| Payroll Expenses | \$ (2,244,170) | \$ 1,334,042 |
| Sales Commissions | 33,743 | 19,385 |
| Contract Labor | 150,325 | 66,577 |
| Office Expense | 4,599 | 1,023 |
| Professional services, including stock and options issued for services | 263,303 | 1,465,174 |
| Travel | 28,540 | 43,338 |
| Bad Debt | 654 | - |
| Employee benefits | 27,068 | 26,275 |
| Equipment expense | 7,984 | 6,181 |
| Advertising and marketing | 34,623 | 28,310 |
| Rent | 24,753 | 10,812 |
| Depreciation | 119,530 | 84,903 |
| Other | 90,280 | 67,486 |
| Total | \$ (1,458,769) | \$ 3,153,506 |

Other Income (Expense)

Our interest expense decreased significantly in the nine-month period ended September 30, 2007 as compared to the same period in 2006, due primarily to the cancellation of \$1,183,500 in loans payable as part of the sale of WV Fiber, Inc. We also showed a significant increase in Other Income as a result of receiving a profit on the sale of WV Fiber.

**Nine Months
Ended September 30,**

| Other Income (Expense) | 2007 | 2006 |
|---------------------------------------|-------------------|--------------------|
| Interest Expense | \$ (183,511) | \$ (710,750) |
| Other income | 1,135,585 | 669,411 |
| Total | \$ 952,074 | \$ (41,339) |

Liquidity and Capital Resources

We do not have any significant credit facilities available with financial institutions or other third parties. During the three and nine months ended September 30, 2007, we generated a gross profit the amount of \$14,787 and \$63,179 respectively. We were required to finance remaining operations with the cash proceeds from the sale of WV Fiber and from the sale of our own equity and debt securities. Though we have been successful enough at raising sufficient capital to sustain operations in the past, we can provide no assurance that we will continue to be successful in any future funding efforts. Our stock price and liquidity has experienced a significant decline during the past year, which makes it increasingly difficult to successfully raise capital using our equity securities. Our balance sheet is overburdened with liabilities, compared to assets, and we have a senior secured loan that is at a high risk of default, making it difficult for us to raise capital using debt or to obtain credit facilities. If we are unable to either obtain financing from external sources or generate internal liquidity from operations in the future, we may need to curtail or cease operations.

Current assets at September 30, 2007 totaled \$166,382 as compared to approximately \$628,000 at the beginning of the year. The significant decrease is due the sale of WV Fiber on April 11, 2007, which held the majority of our current assets. Of the remaining \$166,382, \$139,000 represent accounts receivable on the books of Bidchaser Inc.

We expect that a significant portion of our liabilities listed on the balance sheet under the headings "Accrued Liabilities" and "Notes Payable" will be retired by issuing stock versus cash during the next 12 months, although we cannot provide assurance that we will successfully convert short term notes and loans payable, especially if our stock price continues to decline.

We are incurring significantly less operating and capital expenditures network infrastructure as a result of our sale of WV Fiber as discussed in the Recent Events section above. Please refer to Recent Events above for more details of the sale. As Endavo's business is primarily software driven, the costs of acquiring and operating the systems necessary to support operations and generate revenue are significantly lower than WV Fiber's fiber network operations. Going forward, however, we anticipate that we will need to incur significantly more sales and marketing costs and a modest amount of additional capital expenditures than shown in the past quarter as we expect to procure new equipment and software systems to be installed into existing network facilities that will accommodate the delivery of content and services over our network or the network of our partners. We anticipate attempting to acquire a credit or leasing facilities by a third party in order to finance new equipment expenditures but can provide no assurance that we will be successful. We also anticipate a significant increase in Endavo's SG&A costs in the future, as the company rolls out its sales and marketing plans for content delivery products and services during the rest of 2007 and into 2008. Until we achieve substantial revenues or profitability over several quarters, we will be dependent on raising capital in order to remain in operation.

Going Concern

Our financial statements have been prepared in accordance with accounting principles generally accepted in the United States applicable to a going concern that contemplates the realization of assets and the satisfaction of liabilities and commitments in the normal course of business. Our general business strategy is unproven, and we have only recently begun to record revenues. To date, we have relied primarily on the sale of our equity and debt securities to fund our operations. We have incurred losses since our inception and we continue to incur legal, accounting, and other business and administrative expenses. Our auditor has therefore recognized that there is substantial doubt about our ability to continue as a going concern.

ITEM 3. CONTROLS AND PROCEDURES

Disclosure controls and procedures are designed with an objective of ensuring that information required to be disclosed in our periodic reports filed with the Securities and Exchange Commission, such as this Quarterly Report on

Form 10-QSB, is recorded, processed, summarized and reported within the time periods specified by the Securities and Exchange Commission. Disclosure controls also are designed with an objective of ensuring that such information is accumulated and communicated to our management, including our chief executive officer and chief financial officer, in order to allow timely consideration regarding required disclosures.

The evaluation of our disclosure controls by our chief executive officer, who is also our acting chief financial officer, included a review of the controls' objectives and design, the operation of the controls, and the effect of the controls on the information presented in this Quarterly Report. Our management, including our chief executive officer, does not expect that disclosure controls can or will prevent or detect all errors and all fraud, if any. A control system, no matter how well designed and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Also, projections of any evaluation of the disclosure controls and procedures to future periods are subject to the risk that the disclosure controls and procedures may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Based on his review and evaluation as of the end of the period covered by this Form 10-QSB, and subject to the inherent limitations all as described above, our chief executive officer, who is also our acting chief financial officer, has concluded that our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934) contain material weaknesses and are not effective.

A material weakness is a significant deficiency, or a combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the annual or interim financial statements will not be prevented or detected.

The material weaknesses we have identified are the direct result of a lack of adequate staffing in our accounting department. Currently, our chief executive officer and a controller have sole responsibility for receipts and disbursements. We do not employ any other parties to prepare the periodic financial statements and public filings. Reliance on these limited resources impairs our ability to provide for a proper segregation of duties and the ability to ensure consistently complete and accurate financial reporting, as well as disclosure controls and procedures. As we grow, and as resources permit, we project that we will hire such additional competent financial personnel to assist in the segregation of duties with respect to financial reporting, and Sarbanes-Oxley Section 404 compliance.

We believe that we will be able to improve our financial reporting and disclosure controls and procedures and remedy the material weakness identified above.

PART II – OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

None, although we may, from time to time, be party to certain legal proceedings and other various claims and lawsuits in the normal course of our business, which, in the opinion of management, are not material to our business or financial condition.

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

(a). Exhibits and Index of Exhibits

The following exhibits are either attached hereto or incorporated herein by reference as indicated:

| Exhibit Number | Description |
|-------------------|--|
| 31 | Certification of Chief Executive and Chief Financial Officer pursuant to SEC Release No. 33-8238, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 |
| 32 | Certification of Chief Executive and Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 |

(b). Reports on Form 8-K.

Item 4.01 Changes in Registrant's Certifying Accountant. Merger Involving Independent Accountants On July 1, 2007, we were informed by Ronald N. Silberstein, CPA, PLLC ("RNS"), the independent registered public accounting firm for Integrated Media Holdings, Inc. (the "Company"), as follows:

1. RNS has consummated a merger (the "Merger") with Maddox Unger, PLLC ("MU"). The name of the post-merger firm is Maddox Ungar Silberstein, PLLC ("Maddox Ungar Silberstein"), which is registered with the Public Company Accounting Oversight Board (United States); and
2. We are required to file this Form 8-K as notification that Maddox Ungar Silberstein succeeds RNS as our independent registered auditor.

Changes in Registrant's Certifying Accountants. As a result of the Merger, on July 1, 2007, RNS resigned as the Company's independent registered auditor. The Company has engaged Maddox Ungar Silberstein as its independent

registered auditor effective July 1, 2007. The decision to change auditors was approved by the Company's board of directors. The Company did not consult with Maddox Ungar Silberstein on any matters prior to retaining such firm as its independent registered auditor.

RNS's audit report on the financial statements of the Company for the fiscal year ended December 31, 2006 contained no adverse opinion or disclaimer of opinion, nor were they qualified or modified as to uncertainty, audit scope or accounting principles, except that the audit reports on the financial statements of the Company for the fiscal year ended December 31, 2006 contained an uncertainty about the Company's ability to continue as a going concern.

During the year ended December 31, 2006, and through the interim period ended July 1, 2007, there were no disagreements with RNS on any matter of accounting principles or practices, financial statement disclosure, or auditing scope or procedures, which disagreements if not resolved to the satisfaction of RNS would have caused them to make reference thereto in their reports on the financial statements for such periods.

During the year ended December 31, 2006, and through the interim period ended July 1, 2007, RNS did not advise the Company with respect to any of the matters described in paragraphs (a)(1)(iv)(A) and (B) of Item 304 of Regulation S-B.

On July 5, 2007, the Company provided RNS with its disclosures in this Form 8-K disclosing the resignation of RNS and requested in writing that RNS furnish the Company with a letter addressed to the Securities and Exchange Commission stating whether or not they agree with such disclosures. RNS's response is filed as an exhibit to this Current Report on Form 8-K.

SIGNATURES

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

**INTEGRATED MEDIA
HOLDINGS, INC.**

Date: November 16, 2007

By: /s/ PAUL D HAMM
Paul D Hamm, Chief
Executive Officer and Chief
Financial Officer