Integrated Media Holdings, Inc.
Form 10KSB
April 15, 2008

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

FORM 10-KSB

[√] ANNUAL REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended December 31, 2007

[ ] TRANSITION REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from to

Commission File No. 001-16381
INTEGRATED MEDIA HOLDINGS, INC.
(Exact name of registrant as specified in its charter)
Doing Business As
ARRAYIT COMPANY

Delaware (State of other jurisdiction of incorporation)	76-0600966 (I.R.S. Employer Identification No.)
524 East Weddell Drive Sunnyvale, CA (Address of Principal Executive Office)	94089 (Zip Code)

Registrant's telephone number, including area code: (408) 744-1331

Securities registered pursuant to Section 12 (b) of the Act: NONE

Securities registered pursuant to Section 12 (g) of the Act: Common Stock $0.001 par value

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 X No .

Check if there is no disclosure of delinquent filers in response to Item 405 of Regulation S-B contained in this form, and no disclosure will be contained, to the best of registrant's knowledge, in definitive proxy or

information statements incorporated by reference in Part III of this Form 10-KSB or any amendment to this Form 10-KSB [ ].

Registrant's revenues for its most recent fiscal year were approximately $ -

The aggregate market value of the common stock held by non-affiliates computed based on the closing price of such stock on the OTC Bulletin Board on April 10, 2008 was approximately $~

On April 10, 2008, there were approximately 16,419,000 shares of the issuer's common stock outstanding.

Transitional Small Business Disclosure Format: Yes [ ] No [X]

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Signatures

This report contains trademarks and trade names that are the property of Integrated Media Holdings, Inc. and its subsidiaries, and of other companies, as indicated.

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PART I

Forward-Looking Statements

Part I of this Annual Report on Form 10-KSB, includes statements that constitute "forward-looking statements." These forward-looking statements are often characterized by the terms "may," "believes," "projects," "expects," or "anticipates," and do not reflect historical facts. Specific forward-looking statements contained in Part I of this Annual Report include, but are not limited to the Company's expectation that the lawsuit in which it is currently engaged will be settled without any material adverse effect on the Company.

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 identified in the section titled "Risk Factors" in Part II, 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.

ITEM 1. DESCRIPTION OF BUSINESS

Corporate History

Integrated Media Holdings, Inc., a Delaware corporation (“TeleChem” “ArrayIt”. "Endavo," the "Company," "we," "us" or "our"), is headquartered in Sunnyvale, California. We are a holding company that, subsequent to our year-end, on February 5, 2008, entered into a Plan and Agreement of Merger (the “Merger”) by and among IMHI, TeleChem International, Inc. (“TeleChem”), the majority shareholders of TeleChem (“Shareholders”), Endavo Media and Communications, Inc., a Delaware corporation (“Endavo”) and TCI Acquisition Corp., a Nevada corporation, and wholly owned subsidiary of the Company (“Merger Sub”). The Company, TeleChem, Endavo, Merger Sub and Shareholders are referred to collectively herein as the “Parties”.

Effective February 21, 2008, we completed the Plan and Agreement of Merger by and among us, TeleChem International, Inc., the majority shareholders of TeleChem, Endavo Media and Communications, Inc., a Delaware corporation and TCI Acquisition Corp., a Nevada corporation, and wholly owned subsidiary of the Company. Consummation of the merger did not require a vote of our shareholders. We issued 103,143 shares of Series C Convertible Preferred Stock to the Shareholders of TeleChem in exchange for 100% of the equity interests of TeleChem resulting in TeleChem being a wholly owned subsidiary .. The former shareholders of TeleChem now own approximately 73.5% of the outstanding interest and voting rights of the parent company. The Preferred Stock is convertible into 36,100,000 shares

of common stock after, but not before, the effective date of the reverse split of the outstanding Integrated Media common stock. Finally, in connection with the merger, we changed the address of our principal executive offices to 524 East Weddell Drive, Sunnyvale, CA 94089. Simultaneously with the merger we transferred our wholly-owned subsidiary, Endavo to an individual. As a result, the transaction will be accountedf or as a reverse merger, where Telechem is the accounting acquirer resulting in a recapitalization of our equity.

During 2006 and 2007 we provided digital content distribution and management solutions for content owners seeking to distribute online and over broadband, or Internet Protocol, networks. Prior to September 2005, the Company integrated broadband services, including voice, video, and data services to residential customers through IP based networks. The results of operations of Endavo, Bidchaser and WV Fiber (to April 11, 2007, the date of disposal) have been included in these financial statements and are presented as discontinued operations in the financial statements. On April11, 2007 we disposed of our wholly-owned subsidiary, WV Fiber, LLC. During the fourth quarter of 2007, we approved a plan to dispose of its wholly- owned subsidiaries, Endavo and Bidchaser.

We were originally incorporated as Ceristar, Inc. in December 1999. On September 10, 2002, we entered into a merger with a subsidiary of Planet Resources, Inc., a Delaware corporation, in which Ceristar survived the merger and became a wholly owned subsidiary of Planet and all of our issued and outstanding common and preferred stock was exchanged for Planet's common stock. Accordingly, as a result of the merger, we succeeded to the ownership of Planet, which was a holding company, changed the name to CeriStar, Inc., and we continued to operate our business through Susquina, Inc., a wholly-owned subsidiary of CeriStar. Prior to the merger, Planet had no operations for two years. Subsequent to the merger, we changed our name from CeriStar to Endavo Media and Communications, Inc. in order to more accurately reflect the new direction of the Company and our operating subsidiary remained Susquina, Inc. In 2006, we changed the name of our holding company to Integrated Media Holdings, Inc. and simultaneously changed the name of our sole operating company at the time to Endavo Media and Communications, to better reflect our corporate and operating structure. Endavo Media and Communications provides digital video delivery and asset management solutions to content owners and producers.

General Business Description, Operating History and Change in Control

Through our merger with TeleChem, we have undertaken a new strategic and business direction to become primarily a biotechnology company. Our core activities and associated capital investments will be redirected towards Microarray Analysis.

TeleChem’s business activities are in the life sciences, chemical trading and disease diagnostics areas. It was founded in 1993 by Rene Schena and Todd Martinsky as a chemical import and export trading company. TeleChem’s chemicals division provides customers with the raw materials required for plastics, water soluble fertilizers, and alternative fuels. TeleChem entered the biotechnology sector with the creation of the ArrayIt® Life Sciences Division in 1996. Because of the public interest in the Human Genome Project and microarray technology, TeleChem focused on microarray products and services for the research, pharmaceutical and diagnostics markets. TeleChem’s ArrayIt® Division currently provides its patented microarray platform (US 6,101,946) to more than 3,000 installations serving an estimated 10,000 laboratories, making it the most widely used microarray technology in the world. Supporting instruments, kits, reagents, and hardware complete the ArrayIt® line of more than 400 products making up what management believes is a universal microarray platform for any type of biomolecule.

During the year 2001, the Diagnostics Division was started in order to leverage the patented (6,913,879) multi-patient technology for genetic screening and testing. This next generation microarray format allows clinical laboratories to examine tens of thousands of patients on a single microarray, providing much more cost-effective gene information for population-wide diagnostics than traditional "single patient" microarrays. The company is currently developing or has developed tests for many major human diseases including cystic fibrosis, sickle cell anemia, and cancer. ArrayIt intends to compete in the $20 billion molecular diagnostics arena.

The TeleChem customer base includes major universities, pharmaceutical and biotech companies, agricultural and chemical companies, government agencies, national research foundations and private sector enterprises around the world. The company website receives more than 1,000,000 hits per month and the Shopping Cart allows on-line product ordering 24 hours a day. The website makes available the Electronic Library free-of-charge to the tens of thousands of researchers worldwide who wish to keep pace with the microarray literature. TeleChem scientists were featured on NOVA's television show "Cracking the Code of Life" in 2001. The company received the Rising Star Award from the City of Sunnyvale in 2002 and 2003, the Silicon Valley Top 50 Award from the San Jose Business Journal in 2003, and consecutive selection to the Inc. 500 List in 2002 and 2003 by Inc. magazine.

TeleChem's principal office is in Sunnyvale, California. TeleChem presently has eight employees.

Industry Segment for 2008

Biotechnology in its simplest state, attempts to study the human gene to determine variances which when properly analyzed can identify differences which lead to cures for diseases. Each person has cells in their body which consist of DNA, RNA and proteins. Each DNA is 23 pair of chromosomes, each of which have certain unique characteristics. When analyzed under a microscope, these "genes" produces a "spot" on a graph that glows or reflects some color spectrum for analysis. In each cell in a human body, there are roughly 3 Billion of these spots. This is a finite number. Thus analysis of 3 Billion spots can produce anomalies which can further assist in determination of disease states and ultimately cures.

The industry which uses this technology is roughly 50% pharmaceutical and 50% research, including for-profit, governmental and educational institutions. The expected growth of this industry is exponential.

Arrayit, and its founders (specifically Mark Schena, Ph.D.) are leading providers of components which are used widely in the industry. Schena is acknowledged as the inventor of Microarray Analysis. Microarray Analysis is a five step procedure that uses microarrays to explore the biological, chemical and physical world of life sciences. It basically takes microscopic pieces of human material (saliva, blood, urine…etc.) and using a patented needle and print head gently places this on a customized glass slide. This slide can then be analyzed to determine the "spot" illumination. The print head was created by the founder's father, and the glass slide along with other products are trade secrets. Prior to Microarray Analysis, the research laboratory or pharmaceutical company used a dish to grow and analyze these genes, as well as other creative procedures. Each had flaws which made the analysis unstable. Microarray Analysis, the basis of Arrayit, creates a very stable, permanent description of the 3 Billion spots for long term analysis.

Many major research laboratories in the world use products manufactured or patented by Arrayit. Arrayit empowers the biotech industry by providing unique products and services to a universal biochemistry platform.

Competitive Advantages

In 2008, we plan to generate revenues from the following:

Product	Competitor	Proprietary	Percent of Revenues
Glass Slides	Corning, Schott	Trade Secret	20%
Print Head and Needles	NONE	Patented	35%
Array Machine and Instrumentation	Genetix, Harvard BioScience (Digilab)	Trade Secret	10 to 20%
Chemicals and Reagents	Qiagen, Stratagene, Invitrogen	Trade Secret	10%
Instrumentation Hardware and Accessories	NONE	Trade Secrets	10 to 20%

The government recently announced that $18 Billion would be spent in 2008 on Agricultural Life Sciences, it is estimated that over $50 Billion is spent annually utilizing the technology, products or services of companies like Arrayit.

The future of the Biotech market:

Currently the industry expects to purchase 10,000 scanners over the next 12 months, and 100,000 scanners over the next five years. The cost is roughly $25,000 to $50,000 per scanner, and the margins are as high as 40%. The company can purchase the manufacturing of these scanners, which use their patented print head for under $20,000 each.

The shelf life of these products is estimated at five to thirty years. Unlike much of the technology industry, the data field is finite, and the process has limited upside development. The major cost is in the analysis which is largely human driven.

This is a uniquely American venture, with virtually no foreign competition. Thirty percent (30%) of the revenues are from exports.

Regulatory Matters

We are not subject to direct governmental regulation other than the laws and regulations generally applicable to businesses in the jurisdictions in which we operate. In addition, we believe we are in compliance with all relevant environmental laws.

Employees

As of December 31, 2007, our discontinued operations had no employees. On an as needed basis employees of our discontinued operations and our directors have provided general and administrative support. We have never experienced a work stoppage and consider our employee relations to be generally good. TeleChem presently has eight employees.

Comment Letters Issued by the SEC

During 2007 and 2008, the SEC has issued comment letters relating to its previously issued financials reported on Forms 10KSB for the year ended December 31, 2006 along with interim financial statements for the periods during 2007 reported on Forms 10QSB related to various accounting issues. We are in the process of responding to these comment letters and have included restated financial statements as of and for the period ending December 31, 2006 in this report. We found errors relating to the previous reporting of our convertible debt, goodwill, and stock options.

ITEM 2. DESCRIPTION OF PROPERTY

Integrated Media Holdings has corporate headquarters and operates out of leased premises in Sunnyvale, California.

ITEM 3. LEGAL PROCEEDINGS

Civil Action number 01-2226 between TeleChem International, Inc., Pediatrix Screening, Inc. and Pediatrix Screening LP went to jury trial in the United States District Court in the Western District of Pennsylvania in the summer of 2007. The jury awarded TeleChem $5 million in damages for Pediatrix's breach of contract, fraudulent misrepresentation, and punitive damages. The jury awarded Pediatrix $1,085,001 for TeleChem's breach of contract. Pediatrix appealed the jury's decision, and requested that the damages award to TeleChem be reduced. This appeal was denied. Pediatrix put $5 million in bond, and submitted an appeal to the Third Circuit Court of Appeals to request that the damages award to TeleChem be reduced. The parties await the Third Circuit Court's response.

There are no other legal proceedings, 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 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

None

PART II

ITEM 5. MARKET FOR COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND SMALL BUSINESS ISSUER PURCHASES OF EQUITY SECURITIES

Our Common Stock

Our common stock now trades publicly on the OTC Bulletin Board under the symbol "IMHI". Previous to March 13, 2006, our common stock traded under the symbol "EDVO". The OTCBB is a regulated quotation service that displays real-time quotes, last-sale prices and volume information in over-the-counter equity securities. The OTCBB securities are traded by a community of market makers that enter quotes and trade reports. This market is extremely limited and any prices quoted are not a reliable indication of the value of our common stock.

The following table sets forth the quarterly high and low bid prices per share of our common stock by the OTCBB during the last two fiscal years. The quotes represent inter-dealer quotations, without adjustment for retail mark-up, markdown or commission and may not represent actual transactions. The trading volume of our securities fluctuates and may be limited during certain periods. As a result of these volume fluctuations, the liquidity of an investment in our securities may be adversely affected.

Fiscal Year	Quarter Ended	High	Low
2006	March 31, 2006*	$2.20	$0.25
	June 30, 2006	$2.09	$0.30
	September 30, 2006	$1.30	$0.36
	December 31, 2006	$0.65	$0.35
2007	March 31, 2007*	$0.31	$0.10
	June 30, 2007	$0.15	$0.03
	September 30, 2007	$0.11	$0.01
	December 31, 2007	$0.02	$0.01

On March 31, 2008, the closing sale price of our common stock on the OTC Bulletin Board was $0.08 per share.

* On March 22, 2006, the Company effected a 40-for-1reverse stock split. All prices in this table have been adjusted for the reverse split as if the split had occurred on January 1, 2006. For a more detailed discussion of this reverse stock split see Item 6, Management's Discussion and Analysis - Recent Developments.

Holders of Record

On December 31, 2007, there were approximately 1,840 holders of record of our common stock according to our transfer agent. The Company has no record of the number of shareholders who hold their stock in "street" name with various brokers.

Dividends

We have never paid a cash dividend on our common stock nor do we anticipate paying cash dividends on our common stock in the near future. It is our present policy not to pay cash dividends on the common stock but to retain earnings, if any, to fund growth and expansion. Under Delaware law, a company is prohibited from paying dividends if the company, as a result of paying such dividends, would not be able to

pay its debts as they become due, or if the company's total liabilities preferences to preferred shareholders exceed total assets. Similar laws will be applicable once we are re-incorporated in Nevada. Any payment of cash dividends on our common stock in the future will be dependent on our financial condition, results of operations, current and anticipated cash requirements, plans for expansion, as well as other factors our board of directors deems relevant.

Sales of Unregistered Securities

All sales of unregistered common stock that occurred in 2007 has been previously reported in our public filings with the Securities and Exchange Commission and is described in detail in Management' Discussion and Analysis below.

ITEM 6. PLAN OF OPERATIONS

For a description of our significant accounting policies and an understanding of the significant factors that influenced our performance during the fiscal year ended December 31, 2007, this "Management's Discussion and Analysis" should be read in conjunction with the Consolidated Financial Statements, including the related notes, appearing in Item 7 of this Annual Report.

Forward-Looking Statements

This portion of this Annual Report on Form 10-KSB, includes statements that constitute "forward-looking statements." These forward-looking statements are often characterized by the terms "may," "believes," "projects," "expects," or "anticipates," and do not reflect historical facts. Specific forward-looking statements contained in this portion of the Annual Report include, but are not limited to the Company's (i) expectation that certain of its liabilities listed on the balance sheet under the headings "Accounts Payable," "Accrued Liabilities" and "Note Payable" will be retired by issuing stock versus cash during the next 12 months; (ii) expectation that it will continue to devote capital resources to fund continued development of the ArrayIT technology; (iii) expectation that it will execute employment agreements with certain executive officers in the next fiscal quarter; (iv) anticipation that it will incur significantly capital expenditures to further its deployment of the ArrayIT offerings; and (v) anticipation of a significant increase in operational and SG&A costs as it accelerates the development and marketing of the ArrayIT operations in beginning in the second quarter of 2008.

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 identified in the section titled "Risk Factors," as well as other factors that we are currently unable to identify or quantify, but that 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

Through our merger with TeleChem, we have undertaken a new strategic and business direction to become primarily a biotechnology company. Our core activities and associated capital investments will be redirected towards Microarray Analysis.

TeleChem's business activities are in the life sciences, chemical trading and disease diagnostics areas. It was founded in 1993 by Rene Schena and Todd Martinsky as a chemical import and export trading company. TeleChem's chemicals division provides customers with the raw materials required for plastics, water soluble fertilizers, and alternative fuels. TeleChem entered the biotechnology sector with the creation of the ArrayIt® Life Sciences Division in 1996. Because of the public interest in the Human Genome Project and microarray technology, TeleChem focused on microarray products and services for the research, pharmaceutical and diagnostics markets. TeleChem's ArrayIt® Division currently provides its patented microarray platform (US 6,101,946) to more than 3,000 installations serving an estimated 10,000 laboratories, making it the most widely used microarray technology in the world. Supporting instruments, kits, reagents, and hardware complete the ArrayIt® line of more than 400 products making up what management believes is a universal microarray platform for any type of biomolecule.

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TeleChem's principal office is in Sunnyvale, California. TeleChem presently has eight employees.

Recent Developments

Summary of TeleChem Purchase and Share Exchange Terms:

On February 5, 2008 Integrated Media, TeleChem and the TeleChem Shareholders entered into the Merger Agreement pursuant to which Integrate Media will,, acquire 100% of the outstanding equity interest of TeleChem. The Merger Agreement was amended effective January 11, 2008.

On or about February 21, 2008 there was the issuance of 1,000,000 shares of preferred stock that is convertible upon into 35,000,000 shares (a majority) of the common stock to the TeleChem Shareholders in exchange for 100% of the equity interests of TeleChem. The parent company will then change its name to Arrayit Corporation Afterwards there will be a reverse split and increase in the number of authorized and unissued shares and conversion of the preferred shares. TeleChem will be then be a wholly-owned subsidiary of Integrated Media and the present TeleChem Shareholders will own approximately 73.5% of the outstanding equity interest and voting rights of the parent company. Neither the first or second step of the Merger will require approval of shareholders of Integrate Media.

Upon completion of the "reverse-split" approved and reincorporation to the State of Nevada and adoption of the Nevada Articles of Incorporation that has been authorized by the board of directors and majority

shareholders of Integrated Media, there will be approximately 47,637,860 outstanding common shares. Approximately 35,000,000 common shares (73.5%) will be held by the present TeleChem Shareholders and approximately 11,537,860 common shares (24.20%) will be held by the present Integrated Media shareholders.

Private Placement Offerings

The Company issued 224,064 shares of common stock for services valued at $51,900 in total during the three months ended March 31, 2007. We also issued 37,500 Series A Preferred shares for services valued at $50,400 during the three months ended March 31, 2007. For the first quarter ending March 31, 2007, we recorded $102,300 in consulting services in exchange for common or preferred stock.

On January 22, 2007, we issued 200,000 shares of restricted common stock to an offshore accredited investor in exchange for $50,000 in net proceeds under a private purchase agreement. The issuance was exempt under Regulation S.

On February 9, 2007, we issued 280,000 shares of restricted common stock to SovCap Equity Partners, Ltd., a non-U.S. affiliate holder of our company, in exchange for cash proceeds of $52,500 under a private purchase agreement and exempt under Regulation S.

On March 9, 2007, we issued 64,830 shares of restricted common stock partially in exchange for cash proceeds of $5,000 under a private purchase agreement and partially as consideration for payment of an account payable for rent. The issuance was exempt under Regulation D.

The Company issued 50,000 shares of common stock for consulting services valued at $5,000 in total during the three months ended June 30, 2007.

On April 2, 2007 we reissued 813,494 Series A Preferred shares to SovCap Equity Partners, Ltd. The shares had been contributed to us by SovCap under agreement for the asset purchase of WV Fiber completed in August 2006. We also agreed to return unissued shares to SovCap after the purchase and related transactions were completed, which equaled 813,494 shares.

On April 11, 2007, 3,308,000 shares of common stock, 646,770 shares of Series A preferred stock and approximately $1.2 million in promissory notes, convertible into approximately 4.8 million shares of common stock were surrendered to us and retired into our treasury as a result of the sale of WV Fiber to Ultra Global Investment, LLC. More details of the sale are discussed in Recent Events section of “Managements Discussion & Analysis” below.

On June 7 and 9, 2007, we converted at total of $10,000 in outstanding Convertible Promissory Note principal, held by Omnia LLC since 2004, into 287,618 shares of common stock.

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 $5,071on 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.

No underwriting discounts or commissions were paid by the Company in connection with any of these transactions. The common stock transactions were exempt from registration under Section 4(2) of the Securities Act of 1933, as amended, and Section 506 of Regulation S or Regulation D promulgated thereunder. The Company relied, as applicable, upon the representations made by the purchasers of such securities in determining that such exemptions were available.

Critical Accounting Policies and Estimates

The preparation of our financial statements in conformity with accounting principles generally accepted in the United States of America requires our management to make certain estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. As such, in accordance with the use of accounting principles generally accepted in the United States of America, our actual realized results may differ from management's initial estimates as reported. A summary of our significant accounting policies are detailed in the notes to the financial statements, which are an integral component of this filing.

We identified our most critical accounting policies to be related to consolidation, goodwill valuation and impairment, accounting for convertible debt and accounting for stock based compesnation including stock options. A complete list of our accounting policies is contained in Note 1 to the notes of the consolidated financial statements. The following summarizes critical estimates made by management in the preparation of the financial statements.

Consolidation

The accompanying financial statements include the accounts of Integrated Media Holdings, Inc and all of its wholly-owned subsidiaries, including Endavo and Bidchaser All intercompany accounts and transactions have been eliminated.

Impairment of Long- lived assets and Goodwill

Goodwill represents the cost in excess of the fair value of net assets acquired in business combinations. Statement of financial accounting standards (SFAS) No. 142, “Goodwill and Other Intangible Assets” (SFAS 142), prescribes the process for impairment testing of goodwill on an annual basis or more often if a triggering event occurs. Goodwill is not amortized.
We evaluate the carrying value of goodwill during the fourth quarter of each year and between annual evaluations if events occur or circumstances change that would more likely than not reduce the fair value of the reporting unit below its carrying amount. Such circumstances could include a significant adverse change in legal factors or in business or the business climate or unanticipated competition. When evaluating whether goodwill is impaired, we compare the fair value of the business to its carrying amount, including goodwill. The fair value of the reporting unit is estimated using the income, or discounted cash flows, approach. If the carrying amount of the business exceeds its fair value, then the amount of the impairment loss must be measured. The impairment loss would be calculated by comparing the implied fair value of reporting unit goodwill to its carrying amount. We determined that as of December 31, 2006 (as restated) that the goodwill related to Bidchaser and WVFiber was impaired. As such we incurred an impairment charge of $12,165,738 during the year ended December 31, 2006.

Derivative Instruments

Statement of Financial Accounting Standard ("SFAS") No. 133, "Accounting for Derivative Instruments and HedgingActivities," as amended, requires all derivatives to be recorded on the balance sheet at fair value. These derivatives, including embedded derivatives, are separately valued and accounted for on our balance sheet.

Emerging Issues Task Force Issue No. 00-19, "Accounting for Derivative Financial Instruments Indexed to and Potentially Settled in, a Company's Own Stock" ("EITF 00-19"), requires freestanding contracts that are settled in a company's own stock, including warrants to purchase common stock, to be designated as an equity instrument, asset or a liability. Under the provisions of EITF 00-19, a contract designated as an asset or a liability must be carried at fair value on a company's balance sheet, with any changes in fair value recorded in the company's results of operations. A contract designated as an equity instrument must be included within equity, and no fair value adjustments are required.

Following guidance by SFAS No. 133 and EITF 00-19, we determined the conversion feature of our "SOV Cap" notes , Senior Secured Convertible Notes ("SSCN") and the warrants associated with the SSCN notes should be treated as separate derivative liabilities on our balance sheet under current liabilities. Unrealized changes in the value of these derivatives are recorded in the consolidated statement of operations as a gain or loss on derivative liabilities. Fair values of the derivative liability associated with the conversion features and warrants are determined using a Black-Scholes Model.

Accounting for Stock-based Compensation

We account for stock-based compensation issued to employees and directors under SFAS No. 123(R), "Share-Based Payment" and the related interpretations. Under SFAS 123R, compensation cost for all share based payments granted are based on the grant date fair value estimated in accordance with the provisions of SFAS No. 123(R). Compensation cost is recognized on a straight line basis over the requisite service period for the entire award in accordance with the provisions of SFAS No. 123(R). If at any date the portion of the grant-date fair value of the award that is vested is greater than that amount recognized on a straight line basis, the amount of the vested grant date fair value is recognized.

Risk Factors

An investment in our common stock is highly speculative, involves a high degree of risk, and should be made only by investors who can afford a complete loss. You should carefully consider the following risk factors, together with the other information in this prospectus, including our financial statements and the related notes, before you decide to buy our common stock. Our most significant risks and uncertainties are described below; however, they are not the only risks we face. Additional risks and uncertainties not presently known to us or that we currently deem immaterial also impair our business operations. If any of the following risks actually occur, our business, financial condition, or results of operations could be materially adversely affected, the trading of our common stock could decline, and you may lose all or part of your investment.

Off-Balance Sheet Arrangements

We have no off-balance sheet arrangements that have or are reasonably likely to have a current or future effect on our financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources that is material to investors.

RISKS RELATED TO OUR BUSINESS

We have a history of losses, anticipate future losses and our independent auditors have expressed doubt about our ability to continue as a going concern, any of which may hinder our ability to obtain future financing.

In their report for our most recent fiscal year, our independent auditors stated that our financial statements for the year ended December 31, 2007 were prepared assuming that we would continue as a going concern. Our ability to continue as a going concern is an issue raised as a result of a loss for the year ended December 31, 2007 in the amount of approximately $570,097 and a loss for the year ended December 31, 2006 in the amount of approximately $17,405,154. We continue to experience net operating losses. Our ability to continue as a going concern is subject to our ability to generate a profit and/or obtain necessary funding from outside sources, including obtaining additional funding from the sale of our securities, increasing sales or obtaining loans and grants from various financial institutions where possible. The going concern qualification in the auditor's report increases the difficulty in meeting such goals and there can be no assurances that such methods will prove successful. If we do not continue as a going concern, stockholders may lose their entire investment.

We may have difficulty raising additional capital, which could deprive us of necessary resources to grow our business and achieve our business objectives.

We expect to continue to devote capital resources to fund continued development of content delivery and management services and maintain and grow existing marketing capacity. In order to support the initiatives envisioned in our business plan, we intend to raise additional funds through the sale of equity, debt or a combination of the two. Our ability to raise additional financing depends on many factors beyond our control, including the state of capital markets, the market price of our common stock and the development, or prospects for development, of competitive technology by others.

Because our common stock is listed on the over-the-counter bulletin board, many investors may not be willing or allowed to purchase it or may demand steep discounts. Sufficient additional financing may not be available to us or may be available only on terms that would result in further dilution to the current owners of our common stock. If we are unable to raise additional funds when we need them, we may have to severely curtail our operations.

We may not be able to successfully deliver existing or develop new products and services in a cost-effective manner to meet customer demand .

Our service offerings may fail to be competitive with existing and new competitors.

Current and prospective competitors include many large companies that have substantially greater market presence, financial, technical, marketing and other resources than we have. We compete directly or indirectly with the following categories of companies:

Security breaches. We depend on the security of our network and, in part, on the security of the network infrastructures of our third-party service providers and our outsourced customer support service providers. Unauthorized or inappropriate access to, or use of, our network, computer systems and services could potentially jeopardize the security of confidential information, including credit card information, of our subscribers and of third parties. Consumers or businesses may use our services to perpetuate crimes in the future. Subscribers or third parties may assert claims of liability against us as a result of any failure by us to prevent these activities. Although we use security measures, there can be no assurance that the measures we

take will be successfully implemented or will be effective in preventing these activities. Further, the security measures of our third-party providers may be inadequate. These activities may subject us to legal claims, may adversely impact our reputation, and may interfere with our ability to provide our services, all of which could have a material adverse effect on our business, financial position and results of operations.

We regard our trademarks, service marks, copyrights, patents, trade secrets, proprietary technologies and similar intellectual property and those of our technology partners as critical to our success. We rely on trademark, copyright and patent law, trade secret protection, and confidentiality agreements with our employees, customers, partners and others to protect our proprietary rights and our technology partners employ similar practices. The efforts that both we and our technology partners have taken to protect our proprietary rights may not be sufficient or effective. Third parties may infringe or misappropriate either of our copyrights, trademarks, patents and similar proprietary rights. If either we or our technology partners are unable to protect our respective proprietary rights from unauthorized use, our respective brand images may be harmed and our business may suffer.

The protection of trademarks, service marks, copyrights, patents, trade secrets, proprietary technologies and intellectual property may require the expenditure of significant financial and managerial resources. Moreover, we cannot be certain that the steps we or our technology partners take to protect these assets will adequately protect our respective rights or that others will not independently develop or otherwise acquire equivalent or superior technology or other intellectual property rights. Such events could substantially diminish the value of our respective technology and property, which could adversely affect our business.

We may be accused of infringing upon the intellectual property rights of third parties, which is costly to defend and could limit our ability to use certain technologies in the future.

We may be subject to claims and legal proceedings regarding alleged infringement by us of the patents, trademarks, licenses and other intellectual property rights of third parties. Such claims, whether or not meritorious, may result in the expenditure of significant financial and managerial resources, injunctions against us or the imposition of damages that we must pay. We may need to obtain licenses from third parties who allege that we have infringed their rights, but such licenses may not be available on terms acceptable to us or at all. Any of these could result in increases in our operating expenses or could limit or reduce the number of our service offerings.

We may decide to initiate litigation in order to enforce our intellectual property rights, to protect our trade secrets, or to determine the validity and scope of our proprietary rights. Any such litigation could result in substantial expense, may reduce our profits, and may not adequately protect our intellectual property rights. In addition, we may be exposed to future litigation by third parties based on claims that our products or services infringe their intellectual property rights. Any such claim or litigation against us, whether or not successful, could result in substantial costs and harm our reputation. In addition, such claims or litigation could force us to do one or more of the following:

- cease selling or using any of our products that incorporate the challenged intellectual property, which would adversely affect our revenue; obtain a license from and/or make royalty payments to the holder of the intellectual property right alleged to have been infringed, which license may not be available on reasonable terms, if at all;

- divert management's attention from our business;

- redesign or, in the case of trademark claims, rename our products or services to avoid infringing the intellectual property rights of third parties, which may not be possible and in any event could be costly and time-consuming.

· Even if we were to prevail, such claims or litigation could be time-consuming and expensive to prosecute or defend, and could result in the diversion of our management's time and attention. These expenses and diversion of managerial resources could have a material adverse effect on our business, prospects, financial condition, and results of operations.

We may be unable to hire and retain sufficient qualified personnel, and the loss of any of our key executive officers could adversely affect us.

We believe that our success will depend in large part on our ability to attract and retain highly skilled, knowledgeable, sophisticated and qualified managerial, professional and technical personnel. We have experienced significant competition in attracting and retaining personnel who possess the skills that we are seeking. As a result of this competition, we may experience a shortage of qualified personnel. In addition, the loss of any of our key executives could have a material adverse effect on us. Much of our success depends upon the ability of our President and Chief Executive Officer, Paul D. Hamm, to identify, hire and retain senior management, sales, marketing and personnel. The loss of Mr. Hamm or the failure to attract, integrate, motivate and retain additional key employees could adversely impact our business. We do not have key person insurance on the life of Mr. Hamm or any other executive officer or key employee.

Government regulations could force us to change our business practices.

Declining levels of economic activity or fluctuations in the use of our services could negatively impact our subscriber growth rates and incremental revenue levels.

Changes in general economic conditions that affect demand for our voice, video and data services could adversely affect our revenues. While the number of subscribers has been rising, the infrastructure may not expand fast enough to meet the increased levels of demand. If use of the voice, video and data services as a medium for commerce declines or grows at a slower rate than we anticipate, our revenues could be lower than expected and our business could be harmed.

We may face risks as we expand our business into international markets.

We currently may explore opportunities to offer our products in foreign markets. If so, we have limited experience in developing and marketing our services internationally, and we may not be able to successfully execute our business model in markets outside the United States. We may face a number of risks inherent in doing business in international markets, including the following:

· changing regulatory requirements;

· fluctuations in the exchange rate for the United States dollar;

· the availability of export licenses;

· potentially adverse tax consequences;

· political and economic instability;

· changes in diplomatic and trade relationships;

- difficulties in staffing and managing foreign operations, tariffs and other trade barriers;

- complex foreign laws and treaties;
- changing economic conditions;
- difficulty of collecting foreign account receivables;
- exposure to different legal standards, particularly with respect to intellectual property and distribution of products;

In addition, we would be subject to the Foreign Corrupt Practices Act, which prohibits us from making payments to government officials and others in order to influence the granting of contracts we may be seeking. Our non-U.S. competitors are not subject to this law and this may give them a competitive advantage over us.

To the extent that international operations represent a significant portion of our business in the future, our business could suffer if any of these risks occur.

Failure to achieve and maintain effective internal controls in accordance with Section 404 of the Sarbanes-Oxley Act could have a material adverse effect on our business and stock price.

RISKS RELATED TO OUR OUTSTANDING SECURITIES

The conversion of our debt by the holders and/or the exercise of warrants or options may result in dilution of the ownership interest of existing shareholders.

The sale of the shares of our common stock acquired in private placements could cause the price of our common stock to decline.

On February 22, 2005, we completed a financing in which we issued a total of $1.425 million principal amount of 8% senior secured convertible notes due February 22, 2007 and warrants. The notes entitle the holders to convert principal and unpaid interest of $197,705 into shares of our common stock at a current rate of $0.38 per share, as of December 31, 2006, for a total of 4,270,279 our common stock. As required under the terms of those transactions, we were required to file a registration statement with the United States Securities and Exchange Commission under which the investors may resell to the public common stock acquired upon the conversion of the Notes. We filed a SB-2 registration statement in April 2005, which was declared effective in May 2005. However, that registration statement can no longer be relied upon for resale. The senior secured convertible noteholders may be able to rely on Rule 144 as an exemption from registration for resale of common stock. The notes matured on February 22, 2007, giving holders the right to demand payment in cash or shares of our common stock, at the holders’ discretion. As of the date of this filing, we have not received notice for payment or of default from any of the noteholders. However, we could receive notice of payment from any of the holders at any time. If we are not able to make payment in cash upon demand and if the holder does not accept payment in shares of our common stock, then we will be in default of these notes. Under default, holders would have the right to pursue remedy by legal claim, including under bankruptcy law, since these notes are secured by the general assets of the company under a filed UCC-1, as described further below.

The large number of shares underlying the derivative securities we issued in past private placements may be available for future sale. Depending upon market liquidity at the time, a sale of a significant amount of

shares at any given time could cause the trading price of our common stock to decline. The sale of a substantial number of shares of our common stock underlying our convertible notes and other derivatives, or anticipation of such sales, could make it more difficult for us to sell equity or equity-related securities in the future at a time and at a price that we might otherwise wish to effect sales.

The issuance of common stock upon the conversion or exercise of outstanding convertible notes and other derivative securities will dilute our stockholders' percentage of ownership and may put downward pressure on our common stock price. Many of our outstanding convertible securities are convertible at any time at the option of the holder into shares of our common stock at various conversion prices.

All of our material assets have been pledged as collateral for the $1,425,000 in principal amount of the senior secured convertible notes, dated February 22, 2005. In addition to the security interest in our assets, the promissory notes carry substantial covenants that impose significant requirements on us, including, among others, requirements that:

· we may be required to pay principal and other charges on the promissory notes when due and we pay interest semi-annually in arrears beginning June 30, 2005;

· while the promissory notes are outstanding, if we issue equity or equity linked securities at a price lower than the conversion price then the conversion price of the promissory notes will be reduced to the same price. If we issue any variable priced equity securities or variable price equity linked securities, then the conversion price of the promissory notes will be reduced to the lowest issue price applied to those securities;

· we keep reserved out of our authorized shares of common stock sufficient shares to satisfy our obligation to issue shares on conversion of the promissory notes and the exercise of the related warrants and other investment rights issued in connection with the sale of the promissory notes;

· we did not achieve revenues of at least $4,000,000 for calendar year 2005, therefore the conversion price of the promissory notes were to be adjusted to 85% of the volume weighted average closing market price of the common stock on the over-the-counter bulletin board for the 20 trading days prior to six-month anniversary of the release of the calendar 2005 financial statements, but in no event higher than the initial conversion price of $.892. The holders agreed on February 22, 2006 to accept a maximum conversion price of $4.00 (adjusted for reverse split) until October 22, 2008. On October 23, 2006, the conversion price adjusted to $0.38. The conversion price is also subject to adjustment upon the occurrence of certain specified events, including stock dividends and stock splits, pro rata distributions of equity securities, evidences of indebtedness, rights or warrants to purchase common stock or cash or any other asset, mergers or consolidations, or certain issuances of common stock at a price below the initial conversion price of $0.38 per share, subject to adjustment as set forth above;

· we shall not, directly or indirectly, (i) redeem, purchase or otherwise acquire any capital stock or set aside any monies for such a redemption, purchase or

other acquisition or (ii) issue any floating price security with a floor price below the conversion price.

Our ability to comply with these provisions may be affected by changes in our business condition or results of our operations, or other events beyond our control. The breach of any of these covenants could result in a default under the promissory notes, permitting the holders of the promissory notes to accelerate their maturity and to sell the assets securing them. Such actions by the holders of the promissory notes could cause us to cease operations or seek bankruptcy protection. If we are required for any reason to repay the promissory notes, we would be required to deplete our working capital, if available, or raise additional funds. Our failure to repay the promissory notes, if required, could result in legal action against us, which could require the sale of substantial assets.

The promissory notes were due and payable upon demand on February 22, 2007 and are currently in default. In addition, any event of default as described in the promissory notes could require the early repayment of the notes including a default interest rate of 28% on the outstanding principal balance of the promissory notes if the default is not cured with the specified grace period. We anticipate that the full amount of the promissory notes, together with accrued interest will be converted into shares of our common stock, in accordance with the terms of the promissory note or otherwise negotiated with holders to avoid default of outstanding notes. If we are required to repay the promissory notes, we would be required to use our limited working capital and raise additional funds. If we were unable to repay the promissory notes when required, the promissory noteholders could commence legal action against us and foreclose on all of our assets to recover the amounts due. Any such action may require us to curtail or cease operations.

Following guidance by SFAS No. 133 and EITF 00-19, we determined the conversion feature of our Senior Secured Convertible Notes (“SSCN”) and the warrants associated with the SSCN notes should be treated as separate derivative liabilities on our balance sheet under current liabilities. Unrealized changes in the value of these derivatives are recorded in the consolidated statement of operations as a gain or loss on derivative liabilities. Fair values of the derivative liability associated with the conversion features and warrants are determined using a Black-Scholes Model. The financial statements as of and for the period ended December 31, 2006 have been restated to reflect the cumulative effect of these derivative liabilities. See Note 3 of the accompanying consolidated financial statements.

There may be a volatility of our stock price.

The trading price of our common stock on the over-the-counter bulletin board has been and continues to be subject to wide fluctuations. The trading price of our common stock has closed as low as $0.25 per share and as high as $2.20 per share in the twelve months ended December 31, 2006. The market price of the common stock could be subject to significant fluctuations in response to various factors and events, including, among other things, the depth and liquidity of the trading market of the common stock, quarterly variations in actual or anticipated operating results, growth rates, changes in estimates by analysts, market conditions in the industry, announcements by competitors, regulatory actions and general economic conditions. In addition, the stock market from time to time experienced significant price and volume fluctuations, which may be unrelated to the operating performance of particular companies. As a result of the foregoing, our operating results and prospects from time to time may be below the expectations of public market analysts and investors. Any such event would likely result in a material adverse effect on the price of the common stock.

We do not intend to pay cash dividends on our common stock in the foreseeable future.

We currently anticipate that we will retain all future earnings, if any, to finance the growth and development of our business and do not anticipate paying cash dividends on our common stock in the foreseeable future. Any payment of cash dividends will depend upon our financial condition, capital requirements, earnings and other factors deemed relevant by our board of directors.

Our common stock is subject to the "penny stock" rules of the SEC and the trading market in our securities is limited, which makes transactions in our stock cumbersome and may reduce the value of an investment in our stock.

The Securities and Exchange Commission has adopted Rule 15g-9, which establishes the definition of a "penny stock," for the purposes relevant to us, as any equity security that has a market price of less than $5.00 per share or with an exercise price of less than $5.00 per share, subject to certain exceptions. For any transaction involving a penny stock, unless exempt, the rules require a broker or dealer to approve a person's account for transactions in penny stocks and that the broker or dealer receive from the investor a

written agreement to the transaction, setting forth the identity and quantity of the penny stock to be purchased.

In order to approve a person's account for transactions in penny stocks, the broker or dealer must obtain financial information and investment experience objectives of the person and make a reasonable determination that the transactions in penny stocks are suitable for that person and that the person has sufficient knowledge and experience in financial matters to be capable of evaluating the risks of transactions in penny stocks.

The broker or dealer must also deliver, prior to any transaction in a penny stock, a disclosure schedule prescribed by the Commission relating to the penny stock market, which, in highlight form sets forth the basis on which the broker or dealer made the suitability determination and that the broker or dealer received a signed, written agreement from the investor prior to the transaction.

Generally, brokers may be less willing to execute transactions in securities subject to the "penny stock" rules. This may make it more difficult for investors to dispose of our common stock and cause a decline in the market value of our stock.

If we fail to remain current on our reporting requirements, we could be removed from the over-the-counter bulletin board, which would limit the ability of broker-dealers to sell our securities and the ability of stockholders to sell their securities in the secondary market.

Companies trading on the over-the-counter bulletin board, such as us, must be reporting issuers under Section 12 of the Securities Exchange Act of 1934, as amended, and must be current in their reports under Section 13 in order to maintain price quotation privileges on the over-the-counter bulletin board.

If we fail to remain current on our reporting requirements, we could be removed from the over-the-counter bulletin board. As a result, the market liquidity for our securities could be severely affected by limiting the ability of broker-dealers to sell our securities and the ability of stockholders to sell their securities in the secondary market

Stock prices of technology companies have declined precipitously at times in the past and the trading price of our common stock is likely to be volatile, which could result in substantial losses to investors.

The trading price of our common stock has fluctuated significantly in the past and could continue to be volatile in response to factors including the following, many of which are beyond our control:

- variations in our operating results;
- announcements of technological innovations or new services by us or our competitors;
- changes in expectations of our future financial performance, including financial estimates by securities analysts and investors;
- our failure to meet analysts' expectations;
- changes in operating and stock price performance of other technology companies similar to us;
- conditions or trends in the technology industry;

· additions or departures of key personnel; and

· future sales of our common stock.

Domestic and international stock markets often experience significant price and volume fluctuations that are unrelated to the operating performance of companies with securities trading in those markets. These fluctuations, as well as political events, terrorist attacks, threatened or actual war, and general economic conditions unrelated to our performance, may adversely affect the price of our common stock. In the past, securities holders of other companies often have initiated securities class action litigation against those companies following periods of volatility in the market price of those companies' securities. If the market price of our stock fluctuates and our stockholders initiate this type of litigation, we could incur substantial costs and experience a diversion of our management's attention and resources, regardless of the outcome. This could materially and adversely affect our business, prospects, financial condition, and results of operations.

Provisions in our corporate charter and under Delaware law are favorable to our directors.

Pursuant to our certificate of incorporation, members of our management and board of directors will have no liability for violations of their fiduciary duty of care as officers and directors, except in limited circumstances. This means that you may be unable to prevail in a legal action against our officers or directors even if you believe they have breached their fiduciary duty of care. In addition, our certificate of incorporation allows us to indemnify our officers and directors from and against any and all expenses or liabilities arising from or in connection with their serving in such capacities with us. This means that if you were able to enforce an action against our directors or officers, in all likelihood we would be required to pay any expenses they incurred in defending the lawsuit and any judgment or settlement they otherwise would be required to pay.

Certain provisions of Delaware General Corporation Law and in our charter, as well as our current stockholder base may prevent or delay a change of control of our company.

Under the Delaware General Corporation Law, which we are subject to, it will be more difficult for a third party to take control of our company and may limit the price some investors are willing to pay for shares of our common stock. Furthermore, our certificate of incorporation authorizes the issuance of preferred stock without a vote or other stockholder approval. Finally, a majority of our outstanding common stock is held by insiders. Without a disparate stockholder base or a fluid aggregation of stockholders, it will be more difficult for a third-party to acquire our company without the consent of the insiders.

ITEM 7. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders of
Integrated Media Holdings, Inc.
Sunnyvale, California

We have audited the accompanying consolidated balance sheet of Integrated Media Holdings, Inc. (the "Company") as of December 31, 2007, and the related consolidated statements of operations, stockholders' deficit and cash flows for the year then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

We conducted our audit in accordance with standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. The Company is not required to have, nor were we engaged to perform an audit of internal control over financial reporting. Our audits included the consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Integrated Media Holdings, Inc. as of December 31, 2007, and the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The accompanying consolidated financial statements have been prepared assuming the Company will continue as a going concern. As discussed in Note 2 to the consolidated financial statements, the Company has incurred recurring losses and is in a negative working capital position and a stockholders' deficit position. These factors raise substantial doubt about the Company's ability to continue as a going concern. Management's plans in regard to these matters are also described in Note 2. The consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

We also have audited the adjustments described in Note 3 that were applied to restate the 2006 financial statements to correct errors. In our opinion, such adjustments are appropriate and have been properly applied. We were not engaged to audit, review or apply any procedures to the 2006 financial statements of the Company other than with respect to the adjustments, and accordingly, we do not express an opinion or any other form of assurance on the 2006 financial statements taken as a whole.

Malone & Bailey, PC
www.malone-bailey.com
Houston, TX
April 15, 2008

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Board of Directors
Integrated Media Holdings, Inc.
Sunnyvale, California

We have audited the before the effects of the adjustments for the correction for the errors described in Note 3 the accompanying consolidated balance sheet of Integrated Media Holdings, Inc. and subsidiaries as of December 31, 2006 and the related consolidated statements of operations, changes in stockholders' equity (deficit) and cash flows for the year then ended (the 2006 financial statements before the effects of the adjustments in Note 3 have been withdrawn and are not presented herein.) These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The Company has determined that it is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, except for the errors described in Note 3, the financial statements referred to above present fairly, in all material respects, the financial position of Integrated Media Holdings, Inc and subsidiaries as of December 31, 2006, and the results of their operations and their cash flows for the years then ended in conformity with U.S. generally accepted accounting principles.

We were not engaged to audit, review, or apply any procedures to the adjustments for the correction of the error described in Note 3 and, accordingly we not express an opinion or any other form of assurance about whether such adjustments are appropriate and have been properly applied. Those adjustments were audited by Malone and Bailey, PC.

The accompanying consolidated financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 3 to the financial statements, the Company has limited revenue, has incurred substantial losses from operations and has working capital and stockholders deficits. These factors raise substantial doubt about the Company's ability to continue as a going concern. Management's plans with regard to these matters are described in Note 3. The accompanying financial statements do not include any adjustments that might result from the outcome of this uncertainty.

Ronald N. Silberstein, CPA, PLLC
Farmington Hills, Michigan
April 11, 2007

INTEGRATED MEDIA HOLDINGS, INC.
(formerly ENDAVO MEDIA AND COMMUNICATIONS, INC.)
CONSOLIDATED BALANCE SHEETS

		December 31,	
		2007	2006 (As Restated)
Assets			
Current assets:			
	Cash	$ -	$ 1,382
	Total current assets	-	1,382
	Other Assets		10,000
	Assets of Discontinued Operations (Note 6)	247,945	1,865,109
	Goodwill		
	Total assets	247,945	$ 1,876,491
Liabilities and Stockholders' Deficit			
Current liabilities:			
	Accounts payable	$ 5,044	$ 136,061
	Accrued interest	850,462	560,179
	Derivative liability	226,545	950,865
	Notes payable including related parties, net of discount of $0 and $103,459, respectively	2,152,724	3,222,515
	Total current liabilities	3,234,775	4,869,620
	Liabilities of Discontinued Operations (Note 6)	1,463,741	2,975,058
	Total liabilities	4,450,796	7,844,678
Stockholders' deficit			
	Preferred stock, $.001 par value; 4,600,000 shares authorized, 3,810,262 and 2,921,749 shares issued and outstanding, respectively	3,810	2,884
	Common stock, $.001 par value, voting, 100,000,000 shares authorized, 16,419,262 and 16,368,710 shares issued and outstanding, respectively	16,419	16,369
	Additional paid-in capital	32,779,304	31,832,986
	Accumulated deficit	(37,250,329)	(37,820,426)
	Total stockholders' deficit	(4,450,796)	(5,968,187)

Total liabilities and stockholders' deficit	$ 247,945	$ 1,876,491

See accompanying notes to consolidated financial statements

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

	Years Ended December 31	
	2007	2006 (As Restated)
Total revenues	$ -	$ -
Cost of sales	-	-
Selling, general, and administrative expense	(2,295,025)	(1,845,965)
Loss from continuing operations before other income (expense)	(2,295,025)	(1,845,965)
Other income (expense):		
Gain on derivative liability	724,320	532,603
Gain on sale of subsidiary	3,510,458	-
Interest expense	(574,696)	(917,404)
Income (loss) from continuing operations	1,365,057	(2,230,766)
Loss from discontinued operations	(794,960)	(14,101,396)
Net income (loss)	570,097	(16,332,162)
Deemed dividend on preferred stock		(1,072,992)
Net income (loss) attributable to common shareholders from continuing operations	$ 570,097	$ (17,405,154)
Weighted average shares outstanding, basic and diluted	15,850,802	9,041,961
Continuing Operations	$ 0.09	$ (0.25)
Discontinued Operations	(0.05)	(1.56)
	$ 0.04	$ (1.81)

See accompanying notes to consolidated financial statements

INTEGRATED MEDIA HOLDINGS, INC.
(formerly ENDAVO MEDIA AND COMMUNICATIONS, INC.)
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' DEFICIT
Years Ended December 31, 2007 and 2006 (As Restated)

	Preferred Stock		Common Stock	
	Shares	Amount	Shares	Amount
Balance January 1, 2006	3,821,197	$ 3,821	21,259,300	$ 21,259
Issuance of common stock for:				
Cash (common stock purchase or purchase warrant exercise)	-	-	4,177,000	4,177
Services	-	-	7,684,800	7,685
Conversion of notes payable and interest to common stock	-	-	11,988,290	11,988
Stock issued for compensation	-	-	-	-
Stock issued to acquire operating assets of WV Fiber, LLC	990,116	990	4,055,450	4,055
Stock issued to acquire BidChaser ownership.	276,060	276	2,091,830	2,092
Reverse stock split (40:1)			(35,021,750)	(35,000)
Preferred stock conversion to common stock	(82,190)	(82)	133,790	113
Investor contribution of Series A Preferred Stock for acquisitions	(2,121,066)	(2,121)		
Net loss				
Balance December 31, 2006	2,884,117	$ 2,884	16,368,710	$ 16,369
Issuance of common stock for services			360,994	361
Issuance of common stock for unpaid rent of subsidiary			30,345	30

Settlement of unpaid note interest by issuance of common stock			951,283	951
Conversion of notes to common stock			1,439,438	1,440
Surrender for cancellation of common stock on disposal of WV Fiber			(3,246,000)	(3,246)
Common stock issued for cash			514,482	514
Preferred shares issued for consulting services	112,651	113		
Re-acquisition of Series A Preferred Shares on disposal of WV Fiber	(646,774)	(647)		