INNOVATION HOLDINGS
Form 10QSB
June 18, 2003

U.S. SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

FORM 10-QSB

[X] QUARTERLY REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended March 31, 2003

[ ] TRANSITION REPORT UNDER SECTION 13 OR 15(d) OF THE EXCHANGE ACT

For the transition period from _____ to _____.

Commission File No.: 000-27777

Innovation Holdings, Inc. f/k/a Blagman Media International, Inc.
(Exact name of Registrant as specified in its Charter)

Nevada	91-192-3501
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification Number)

14622 Ventura Blvd., Suite 1015, Sherman Oaks, CA 91403
(Address of Principal Executive Offices) (Zip Code)

Registrant's telephone number, including area code: 310.788.5444

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

Securities registered pursuant to Section 12(G) of the Act:
COMMON STOCK - $.001 PAR VALUE

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. YES [X] NO [ ]

State the number of shares outstanding of each of the issuer's classes of common equity, as of the latest practicable date: 2,380,712,006 shares of common stock as of May 31, 2003.

Transitional Small Business Disclosure Format (check one): YES [ ] NO [X]

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INNOVATION HOLDINGS, INC. AND SUBSIDIARIES
(FORMERLY BLAGMAN MEDIA INTERNATIONAL, INC.)
CONDENSED CONSOLIDATED BALANCE SHEETS
AS OF MARCH 31, 2003 AND DECEMBER 31, 2002

ASSETS

	March 31 2003 (Unaudited)	December 31 2002
CURRENT ASSETS		
Accounts receivable, net of allowance for doubtful accounts of $18,667 and $0, respectively	$ 56,480	$ 31,779
Prepaid expenses, media and other current assets	1,169,780	341,561
Assets related to discontinued operations	9,645	9,645
Total Current Assets	1,235,905	382,985
PROPERTY & EQUIPMENT - NET	97,185	104,902
OTHER ASSETS		
Deposits	4,576	4,576
Total Other Assets	4,576	4,576
TOTAL ASSETS	1,337,666	492,463

LIABILITIES AND STOCKHOLDERS' DEFICIENCY CURRENT LIABILITIES

Cash overdraft	735	11,782
Loans payable - current portion	95,100	50,000
Accounts payable and accrued expenses	1,645,486	1,542,976
Accrued compensation - officers	1,484,750	1,314,392
Deferred revenue	4,982	-
Due to officer	142,374	112,844
Capital lease obligation - current portion	20,519	19,978

Liabilities related to discontinued operations	10,400,999	10,400,999
Total Current Liabilities	13,794,945	13,452,971
LONG-TERM LIABILITIES		
Loans payable	445,500	445,500
Capital lease obligation - long-term portion	13,021	18,358
Total Long-Term Liabilities	458,521	463,858
TOTAL LIABILITIES	14,253,466	13,916,829
COMMITMENTS AND CONTINGENCIES		
STOCKHOLDERS' DEFICIENCY		
Preferred stock, series A, $.001 par value, super convertible redeemable preferred stock, 10,000,000 shares authorized, 0 shares issued and outstanding	-	-
Preferred stock, series B, $.001 par value, super convertible redeemable preferred stock, 100 shares authorized, 100 shares issued and outstanding	1	1
Common stock, $.001 par value, 20,000,000,000 shares authorized, 17,535,135and 3,819,639 shares issued and outstanding in 2003 and 2002, respectively	17,535	3,819
Additional paid in capital	37,846,029	35,587,400
Accumulated deficit	(49,846,085)	(49,015,586)
	(11,982,520)	(13,424,366)
Deferred stock based compensation	(933,280)	-
Total Stockholders' Deficiency	(12,915,800)	(13,424,366)
TOTAL LIABILITIES AND STOCKHOLDERS' DEFICIENCY	1,337,666	492,463

See accompanying notes to consolidated financial statements.

I NNOVATION HOLDINGS, INC. AND SUBSIDIARIES
(FORMERLY BLAGMAN MEDIA INTERNATIONAL, INC.)
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
UNAUDITED

	For the Three Months Ended March 31 2003	For the Three Months Ended March 31 2002
REVENUES - NET	$ 83,778	$ 48,459
OPERATING EXPENSES		
Selling, general and administrative	889,971	3,622,957
Depreciation	7,717	4,155
Total Operating Expenses	897,688	3,627,112
LOSS FROM OPERATIONS	(813,910)	(3,578,653)
OTHER INCOME (EXPENSE)		
Interest expense	(16,589)	(7,433)
Interest income	-	321
Total Other (Expense)	(16,589)	(7,112)
LOSS FROM CONTINUING OPERATIONS	(830,499)	(3,585,765)
LOSS FROM DISCONTINUED OPERATIONS	-	(746,390)

NET LOSS	(830,499)	(4,332,155)
NET LOSS PER COMMON SHARE - BASIC AND DILUTED - CONTINUING OPERATIONS	(0.14)	(7.70)
NET LOSS PER COMMON SHARE - BASIC AND DILUTED - DISCONTINUED OPERATIONS	-	(1.61)
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING - BASIC AND DILUTED	6,041,906	465,506

See accompanying notes to consolidated financial statements.

INNOVATION HOLDINGS, INC. AND SUBSIDIARIES
(FORMERLY BLAGMAN MEDIA INTERNATIONAL, INC.)
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
UNAUDITED

	For the Three Months Ended March 31 2003	For the T Months En March 31
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss from continuing operations	$ (830,499)	$ (3,585,7
Adjustments to reconcile net loss from continuing operations to net cash provided by (used in) operating activities:		
Depreciation and amortization	7,717	4,1
Provision for bad debt	18,667	
Stock issued for compensation and services	464,765	3,597,0
Changes in operating assets and liabilities:		
(Increase) decrease in:		
Accounts receivable	(43,368)	(18,1
Prepaid expenses, media and other current assets	46,081	244,7
Deposits	-	(17,5
Increase (decrease) in:		
Accounts payable and accrued expenses	102,510	695,3
Media cost refunds payable	-	
Accrued compensation - officers	170,358	115,7
Deferred revenue	4,982	(99,2
Due to/from officer	29,530	
Net Cash Provided By (Used In) Operating Activities	(29,257)	936,4
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property and equipment	-	(3,7
Payment for acquisition, net of cash acquired	-	(367,2
Net Cash Used In Investing Activities	-	(370,9
CASH FLOWS FROM FINANCING ACTIVITIES:		
Loan proceeds	45,100	
Cash overdraft (decrease)	(11,047)	
Payments under capital lease obligation	(4,796)	
Net Cash Provided By Financing Activities	29,257	
NET INCREASE IN CASH	-	565,4
CASH - BEGINNING OF PERIOD	-	199,9
CASH - END OF PERIOD	-	765,3

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:

Interest paid	-	24,0

NON-CASH INVESTING AND FINANCIAL ACTIVITIES:

During the period ended March 31, 2003, the Company issued 6,245,000 shares of common stock having a fair value of $874,300 to its SEC attorney for future legal services recorded as a prepaid expense.

See accompanying notes to consolidated financial statements.

INNOVATION HOLDINGS, INC. AND SUBSIDIARIES
(FORMERLY BLAGMAN MEDIA INTERNATIONAL, INC.)
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
AS OF MARCH 31, 2003

NOTE 1 BASIS OF PRESENTATION

On February 10, 2003, the stockholders of the Blagman Media International, Inc. approved an amendment to the articles of incorporation to change its name to Innovation Holdings, Inc.

The accompanying unaudited condensed consolidated financial statements include the accounts of the Innovation Holdings, Inc. and its subsidiaries (the "Company"). All significant inter-company transactions and balances have been eliminated in consolidation.

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America and the rules and regulations of the Securities and Exchange Commission for interim financial information. Accordingly, they do not include all the information necessary for a comprehensive presentation of financial position and results of operations.

It is management's opinion, however that all material adjustments (consisting of normal recurring adjustments) have been made which are necessary for a fair financial statements presentation. The results for the interim period are not necessarily indicative of the results to be expected for the year.

The accompanying condensed consolidated financial statements and the information included under the heading "Management's Discussion and Analysis or Plan of Operation" should be read in conjunction with the Company's Form 10-KSB for the year ended December 31, 2002 filed on May 16, 2003.

In preparing financial statements in conformity with generally accepted accounting principles, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and revenues and expenses during the reported period. Actual results could differ from those estimates.

Certain reclassifications have been made to the prior period financial statements to conform to the current presentation.

NOTE 2 RECENT ACCOUNTING PRONOUNCEMENTS

In April 2003, the Financial Accounting Standards Board ("FASB") issued Statement of Financial Accounting Standards ("SFAS") No. 149, "Amendment of Statement 133 on Derivative Instruments and Hedging Activities". SFAS No. 149 amends and clarifies financial accounting and reporting for derivative instruments, including certain derivative instruments embedded in other contracts (collectively referred to as derivatives) and for hedging activities under SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities". The changes in SFAS No. 149 improve financial reporting by requiring that contracts with comparable characteristics be accounted for similarly. This statement is effective for contracts entered into or modified after June 30, 2003 and all of its provisions should be applied prospectively.

The FASB has issued SFAS No. 150, "Accounting for Certain Financial Instruments with Characteristics of both Liabilities and Equity." The Statement improves the accounting for certain financial instruments that, under previous guidance, issuers could account for as equity. The new Statement requires that those instruments be classified as liabilities in statements of financial position.
SFAS No. 150 affects the issuer's accounting for three types of freestanding financial instruments. One type is mandatorily redeemable shares, which the issuing company is obligated to buy back in exchange for cash or other assets. A second type, which includes put options and forward purchase contracts, involves instruments that do or may require the issuer to buy back some of its shares in exchange for cash or other assets. The third type of instruments that are liabilities under this Statement is obligations that can be settled with shares, the monetary value of which is fixed, tied solely or predominantly to a variable such as a market index, or varies inversely with the value of the issuers' shares. SFAS No. 150 does not apply to features embedded in a financial instrument that is not a derivative in its entirety.
In addition to its requirements for the classification and measurement of financial instruments in its scope, SFAS No. 150 also requires disclosures about alternative ways of settling the instruments and the capital structure of entities, all of whose shares are mandatorily redeemable. Most of the guidance in SFAS No. 150 is effective for all financial instruments entered into or modified after May 31, 2003, and otherwise is effective at the beginning of the first interim period beginning after June 15, 2003. For private companies, mandatorily redeemable financial instruments are subject to the provisions of this Statement for the fiscal period beginning after December 15, 2003.

Management does not expect the impact from the pronouncements in these statements to have a material impact on the Company's consolidated financial position or results of operations.

NOTE 3 DISCONTINUED OPERATIONS

Pursuant to an Agreement and Plan of Reorganization dated March 4, 2002, effective March 22, 2002, the Company acquired 100% of the outstanding stock of Century Media, Inc., a California corporation ("Century") by merging Blagman USA, Inc., into Century.
Pursuant to the transaction, the Company acquired all of the capital stock of Century for cash and common stock of the Company,

assumed current debt obligations and unexercised option and stock appreciation rights of Century and assumed accrued and ongoing trade and other ordinary course obligations and relationships. Prior to the closing, the parties negotiated with the holders of portions of the outstanding Century debt to restructure the term and payments of such debt and in certain cases, to allow for the issuance of shares of common stock of the Company in lieu of cash payments. Currently, the Company remains obligated on certain contingent obligations including $1.25 million from the TMT Media Corporation acquisition by Century in 2000 (See Note 6).

At closing, holders of Century shares received twenty cents per Century share, of which two and one-half cents was payable in cash and the balance of seventeen and one-half cents was payable by the delivery of shares of common stock of the Company, for a total of $903,292, and 14,377 options.

In relation to the acquisition, the Company recorded goodwill in the amount of $3,048,484, of which $2,321,360 was on the balance sheet of Century Media on the acquisition date, and recorded an intangible asset of $5,855,286 related to the customer list acquired. The Company evaluated the customer list and assigned it a three-year life.

The Company's management performs on-going business reviews based on quantitative and qualitative measures and assesses the need to record impairment losses when impairment indicators are identified. In the third quarter of 2002, the review made by management of the Company determined that the goodwill related to Century's business and the customer list acquired in the acquisition were not recoverable. The Company then recorded impairment charges of $3,048,484 and $5,599,007 (net of amortization) related to the goodwill and customer list, respectively.

In December 2002, management of the Company determined that it would no longer invest its capital and human resources into Century and entered into a plan to discontinue and abandon the operations of Century. Effective with the fourth quarter of 2002, this operating entity is reflected as a discontinued operation.

For the three months ended March 31, 2003, Century was not operating and therefore did not have any revenues or operating expenses. For the period from acquisition to December 31, 2002, revenues and loss from discontinued operations were as follows:

Revenues	$3,459,294
Net loss from discontinued operations	12,966,399

Assets and liabilities of the discontinued operations as of March 31, 2003 and December 31, 2002 were as follows:

Assets	
Cash	$ 313
Prepaid expenses	7,005
Deposits	2,327
Total Assets	9,645
Liabilities	
Accounts payable	5,606,399
Accrued expenses	1,113,699
Deferred revenue	1,364,866

Notes payable	2,286,755
Capital lease obligation	29,280
Total Liabilities	10,400,999
Net liabilities of discontinued operations	10,391,354

The creditors of Century Media have filed various actions for breach of contract. Said actions arise out of obligations incurred by Century Media prior to the merger with the Company. The Company disputes these claims and is actively seeking to resolve these matters.

NOTE 4 NOTES AND LOANS PAYABLE

The following schedule reflects notes and loans payable as of March 31, 2003 and December 31, 2002:

	March 31 2003	December 31 2002
Note payable, interest at 6% due March 31, 2001. The holder of the note is currently not demanding payment and the note continues to accrue interest.	$50,000	$50,000
Note payable - related party, interest at 6%, due March 30, 2006	163,500	163,500
Note payable - stockholder, interest at 6%, due April 2, 2006	85,000	85,000
Note payable - stockholder, interest at 6%, due April 9, 2006	197,000	197,000
Note payable, interest at 3.8%, due January 10, 2004	10,400	-
Note payable, interest at 4%, due January 27, 2004	24,700	-
Note payable, interest at 2.8%, principal and interest due February 11, 2004	10,000	-
	540,600	495,500
Less current portion	95,100	50,000
Notes and loans payable	445,500	445,500

On January 10, 2003, the Company entered into a note payable whereby the lender agrees to fund the Company on an as needed basis up to $100,000 at an interest rate of 3.8% per annum. Principal and interest are due no later than January 10, 2004.

On January 27, 2003, the Company entered into a note payable whereby the lender agrees to fund the Company on an as needed basis up to $75,000 at an interest rate of 4% per annum. Principal and interest are due no later than January 27, 2004.

NOTE 5 STOCKHOLDERS' DEFICIENCY

In February 2003, the Board of Directors authorized a 5,000 for 1

reverse stock split. All share and per share amounts in the accompanying consolidated financial statements and footnotes have been restated to give effect to such reverse stock split.

In March 2003 and on May 5, 2003, 6,245,000 and 20,000,000 shares of common stock were issued to the Company's SEC attorney, respectively, for an agreement to provide future legal services. (See Note 8)

During the three months ended March 31, 2003, the Company issued approximately 6,570,000 common shares for consulting services. The fair value of the issued shares was based upon the market price of the Company's stock on the date of grant.

During the three months ended March 31, 2003, the Company issued approximately 6,300,000 restricted common shares to the Chief Executive Officer and subsequently cancelled and rescinded the issuance. Accordingly, the Company has not included these shares in its equity. The Company also issued 630,000 common shares to three directors of the Company for services. The fair value of the issued shares was based upon the market price of the Company's stock on the date of grant.

NOTE 6 LITIGATION

The Company is a party to a number of lawsuits and claims, which have been disclosed in the Company's Form 10-KSB for the year ended December 31, 2002 filed on May 16, 2003. In the opinion of management and external legal counsel, the status of the pending lawsuits and claims have not materially changed from what was disclosed in the Company's Form 10-KSB.

NOTE 7 GOING CONCERN

The Company's financial statements for the three months ended March 31, 2003 have been prepared on a going concern basis, which contemplated the realization of assets and the settlement of liabilities and commitments in the normal course of business. The Company incurred a net loss of $830,499 for the three months ended March 31, 2003, and has a working capital deficiency of $12,559,040 and a stockholders deficiency of $12,915,800 as of March 31, 2003. The Company's working capital deficiency as of March 31, 2003 may not enable it to meet such objectives as presently structured. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

The ability of the Company to continue as a going concern is dependent on the Company's ability to raise additional capital, and implement its business plan. Management believes that actions presently taken to obtain additional funding provide the opportunity for the Company to continue as a going concern. The Company is also actively seeking businesses to acquire.

NOTE 8 SUBSEQUENT EVENTS

During the period from April 1, 2003 through May 30, 2003, the Company has issued approximately 1,337,000,000 common shares, in the aggregate, to 24 different consultants for consulting services to be provided over varying terms, which expires at various dates during the fiscal year 2004.

On May 5, 2003, 20,000,000 shares of common stock were issued to

the Company's SEC attorney for an agreement to provide future legal services.

The Company has issued 1 billion shares of restricted stock to be placed in trust for the sole purpose of a shareholders fund. The fund will be valued at approximately $1,000,000 (one million) and additional stock may be required to reach this financial goal. A fairness opinion doctrine will also be developed to support the fund. This fund will be managed and maintained by an outside independent financial firm. This trust will be maintained to compensate shareholders who were unknowingly adversely effected by the actions of outside parties (named in the SEC findings on March 31, 2003). The goal of the company is to return to shareholders losses they realized from January 2002 - June 2002. The process and procedure in claiming restitution by shareholders will be forthcoming and detailed in an 8k filing within 30 days.

Item 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OR PLAN OF OPERATION

General

Innovation Holdings, Inc. f/k/a Blagman Media International, Inc. is a Nevada corporation (collectively with its subsidiaries, the "Company"), which is the successor to a corporation founded in 1961. We are a direct marketing, direct response and media enterprise based in Century City, California which principally provides direct market services and media buying for our clients and their products and services through television, radio, Internet, print and outdoor advertising media. In addition, we organize direct response media campaigns on radio, television and in print and provide assistance in backend marketing and creative production.

We began operations in 1994 as a sole proprietorship and formed a corporation, Blagman Media International, Inc., in early 1999. On August 2, 1999, we completed a reverse acquisition with Unisat, Inc., an inactive, public non-reporting company, founded in 1961 and formerly known as Combined Companies, Inc. On the same date, Unisat, Inc. changed its name to Blagman Media International, Inc. and we therefore have two Nevada entities with the same name. The transaction was structured as a share exchange, in which Robert Blagman exchanged all of his shares in the privately held entity for 8,200,000 common shares of Unisat, Inc. In April 2000, we entered into a share exchange agreement with MNS Eagle Equity Group I, an inactive, reporting Nevada corporation, which resulted in our becoming the parent reporting company.

The primary purpose of these transactions was to give us access to a public market, to create a new corporate vehicle with which to build a more expansive media-buying infrastructure, thereby allowing us to leverage our direct marketing and direct response efforts. Currently, we are actively pursuing acquisitions and various strategic and working relationships which, if successful, will allow us to create a "network" of alliance partners with the capacity to deliver a broader range of services in a more cost-efficient manner.

In 2001, internally we focused on our core competencies by making quantitative media buys and in assisting our clients in implementing traditional radio, television and out of home media strategies. Given the general uncertainties in Internet advertising and Internet business models that developed in late 2000, and which continue, we plan to monitor the use and styles of Internet advertising. In this way, we can assess the opportunities available to us in Internet

advertising while not making any firm financial commitments to an Internet strategy. In addition to considering merger and acquisition opportunities for consolidation and industry growth, we are continuing to pursue an expansion in the television production field through strategic alliances.

In 2001, we also actively pursued acquisitions and completed our first industry acquisition transaction in March 2002 when Century Media, Inc. ("Century") became a wholly-owned subsidiary under the name Blagman-Century Media, Inc. ("Blagman-Century"), subsequently renamed Century Media, Inc. We had been negotiating since early 2001 to acquire Century Media, a Santa Monica based advertising agency in business for over ten years with historical billings and placements that ranged from $35 million to $110 million. In 2001, we entered into agreements to acquire all of the outstanding stock of Century, but certain requirements were not satisfied. In October 2001, we concluded that the purchase price for Century, which was then set at $5.7 million cash plus the assumption of significant debt, needed to be substantially reduced as a result of our due diligence conclusions.

In March 2002, we completed the transaction through a merger of a wholly-owned special purpose subsidiary into Century in exchange for the payment of the equivalent of $0.20 per share to the shareholders of Century ($0.025 in cash and the balance in shares of the common stock of the parent company (hereafter "Common Shares"), repayment of $749,778 in debentures through the issuance of Common Shares, and the recognition of debts. As a result, at closing approximately $600,000 in cash and $2.2 million in restricted Common Shares were distributed to holders of existing Century shares, debentures, and certain stock rights. Under the merger agreement, the Common Shares were valued at the closing bid price over the seven days prior to the date of the agreement or $0.0008857, resulting in the issuance of 2,555,651,387 new Common Shares to the holders of Century shares, debentures and certain stock rights. Century also had continuing debt obligations due to affiliates and third parties of approximately $1.6 million, exclusive of trade and contingency obligations. In connection with our interest in the Century transaction, we provided management services to Century from late 2001 to early 2002, essentially on a reimbursement basis. As a result of the overwhelming debt and departures by members of Century, we no longer consider this acquisition viable. We are in the process of resolving all issues related to the Century acquisition.

Following the acquisition of Century Media in March 2002, the Company has determined that Century Media was not strategic to the Company's ongoing objectives and has discontinued capital and human resource investment in Century Media effective as of December 2002.

Results of Operations

Three Months Ended March 31, 2003 Compared to Three Months Ended March 31, 2002

	2003	2002
Total net revenues	$ 83,778	$ 48,459
Operating Expenses:		
General and Administrative	889,971	3,622,957
Net Loss from Operations	(830,499)	(3,585,765)

Net Loss Per Share	(0.14)	(7.70)

Net Revenues

Net Revenues (principally from advertising placements, commissions and revenue sharing arrangements) for the three months ended March 31, 2003 as compared to the three months ended March 31, 2002 increased from $48,459 to $83,778. The increase in revenues is attributed to the Company's ability to outsource many functions and reduce staffing thereby allowing the Company to make more money.

Operating Expenses

Total operating expenses decreased $2,729,424 (76%) from $3,627,112 in 2002 to $897,688 in 2003. Included in operating expenses are general and administrative expenses which decreased from $3,622,957 for the three month period ended March 31, 2002 to $889,971 (490%) for the three month period ended March 31, 2003, due primarily to more deferred stock based compensation being expensed during 2002 than in 2003 for a total decrease of $2,258,018 (63%) in expense recognized for stock issued for services.

The total net loss of the Company in 2003 was $830,499 compared to $4,332,155 for 2002, an 81% decrease.

Other Income (Expenses)

Other income expenses increased from $7,433 in 2002 to $16,589 (123%) in 2003, primarily due to interest expense incurred from additional costs the Company has incurred.

Liquidity and Capital Resources

The Company's current assets increased from $492,463 at December 31, 2002 to $1,337,999 at March 31, 2003 primarily due to prepaying legal expenses in the amount of $874,300 via a stock issuance to the Company's attorneys.

In connection with the various initiatives being pursued by management to expand the Company's operations internally and through strategic alliances or acquisitions with other industry partners, additional capital funding will be required. The Company hopes to raise these funds through an increase in general business profits due to a shift in the main focus of its core business. the Company plans to pass low profit making activity such as media buying to third party contracted companies. The Company also plans to invest in product ownership and development as well as actively pursue opportunities to expand the marketing aspects of these products. As the advertising industry goes through it's transitions, the Company plans to react by adjusting its focus away form pure media buying to product development. Product development continues to be a strong avenue for the direct response advertising business. Affiliations and associations with other advertising agencies will also expand the Company's ability to increase cash flow and revenues without adding staff.

During 2002 and in the current quarter, the market price of our common shares has continued to dropped precipitously. We believe that there are two underlying causes. First, we apparently were one of the companies targeted in an organized pattern of depressing prices through "shorting" by a group pursuing a coordinated effort to effect and profit from a falling share price and from attempts to extort favorable stock issuances from the Company without fair

consideration. Management initiated referrals to appropriate regulatory agencies for their action. While actions from these referrals may reduce future manipulation, it cannot eliminate the impact of the downward price spiral. The second factor apparently affecting our price was the market reaction to the increase in authorized and issued common shares which we undertook to compensate consultants in our industry, to support Company growth and, more recently, to effect the Century transaction. Following the acquisition of Century Media in March 2002, the Company has determined that Century Media was not strategic to the Company's ongoing objectives and has discontinued capital and human resource investment in Century Media effective as of December 2002. Management is currently unwinding the Century transaction, evaluating other opportunities and pursuing other initiatives to expand the Company's operations internally and through strategic alliances or acquisitions with other industry partners. These endeavors will be funded in part from operations but will also require additional capital funding which the Company hopes to raise through debt or equity financing arrangements, if appropriate financing is available, on reasonable and acceptable terms.

The Company intends to continue to seek additional working capital to meet its operating requirements and to provide further capital for expansion, acquisitions or strategic alliances with businesses that are complementary to the Company's long term business objectives. Additional capital will be needed to maintain the growth plans of the Company.

The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

New Accounting Pronouncements

In April 2003, the Financial Accounting Standards Board ("FASB") issued Statement of Financial Accounting Standards ("SFAS") No. 149, "Amendment of Statement 133 on Derivative Instruments and Hedging Activities". SFAS No. 149 amends and clarifies financial accounting and reporting for derivative instruments, including certain derivative instruments embedded in other contracts (collectively referred to as derivatives) and for hedging activities under SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities". The changes in SFAS No. 149 improve financial reporting by requiring that contracts with comparable characteristics be accounted for similarly. This statement is effective for contracts entered into or modified after June 30, 2003 and all of its provisions should be applied prospectively.

The FASB has issued SFAS No. 150, "Accounting for Certain Financial Instruments with Characteristics of both Liabilities and Equity." The Statement improves the accounting for certain financial instruments that, under previous guidance, issuers could account for as equity. The new Statement requires that those instruments be classified as liabilities in statements of financial position. SFAS No. 150 affects the issuer's accounting for three types of freestanding financial instruments. One type is mandatorily redeemable shares, which the issuing company is obligated to buy back in exchange for cash or other assets. A second type, which includes put options and forward purchase contracts, involves instruments that do or may require the issuer to buy back some of its shares in exchange for cash or other assets. The third type of instruments that are liabilities under this Statement is obligations that can be settled with shares, the monetary value of which is fixed, tied

solely or predominantly to a variable such as a market index, or varies inversely with the value of the issuers' shares. SFAS No. 150 does not apply to features embedded in a financial instrument that is not a derivative in its entirety.

In addition to its requirements for the classification and measurement of financial instruments in its scope, SFAS No. 150 also requires disclosures about alternative ways of settling the instruments and the capital structure of entities, all of whose shares are mandatorily redeemable. Most of the guidance in SFAS No. 150 is effective for all financial instruments entered into or modified after May 31, 2003, and otherwise is effective at the beginning of the first interim period beginning after June 15, 2003. For private companies, mandatorily redeemable financial instruments are subject to the provisions of this Statement for the fiscal period beginning after December 15, 2003.

Management does not expect the impact from the pronouncements in these statements to have a material impact on the Company's consolidated financial position or results of operations.

Forward-Looking Statements

Safe Harbor statement under the Private Securities Litigation Reform Act of 1995: Except for historical information contained herein, the matters discussed in this filing are forward-looking statements that involve risks and uncertainties, including but not limited to economic, competitive, governmental and technological factors affecting the Company's operations, markets, products and prices and other factors discussed in the Company's various filings with the Securities and Exchange Commission.

Critical Accounting Policies.

The Securities and Exchange Commission ("SEC") recently issued Financial Reporting release No. 60, "Cautionary Advice Regarding Disclosure About Critical Accounting Policies" (FRR 60"), suggesting companies provide additional disclosure and commentary on their most critical accounting policies. In FRR 60, the SEC defined the most critical accounting policies as the ones that are most important to the portrayal of a company's financial condition and operating results, and require management to make its most difficult and subjective judgments, often as a result of the need to make estimates of matters that are inherently uncertain.

Based upon the foregoing definition, the registrant's most critical accounting policies include:

Revenue Recognition

The Company recognizes revenue from the sale of media time to advertising clients when the related advertisement is broadcasted. Included in the monies received from advertising clients are amounts which represent the reimbursement of media time purchased on behalf of the customer for the related advertisements. These media purchase reimbursements have been accounted for as an offset to the related media purchases for the respective advertisement and not as gross revenues as required under EITF 99-19 and SAB 101. Monies received prior to the broadcast of the related advertisement are recorded as deferred revenue. In addition, the Company earns commissions in connection with the procurement of media time on behalf of advertising clients. Such commissions are also considered earned when

the underling advertisement is broadcasted. Additionally, the Company has entered into contractual agreements with other advertising firms to share revenues based upon the terms of the specific agreements. The income produced by these revenue-sharing contracts are recognized as media or commission income depending upon the nature of the income earned from the agreement.

Goodwill

In July 2001, the FASB issued SFAS No. 142, 'Goodwill and Other Intangible Assets,' which was required to be adopted for fiscal 2002. SFAS No. 142 established accounting and reporting standards for goodwill and intangible assets resulting from business combinations. SFAS No. 142 included provisions discontinuing the periodic amortization of, and requiring the assessment of the potential impairments of, goodwill (and intangible assets deemed to have indefinite lives). As SFAS No. 142 replaced the measurement guidelines for goodwill impairment, goodwill not considered impaired under previous accounting literature may be considered impaired under SFAS No. 142. SFAS No. 142 also required that the Company complete a two-step goodwill impairment test. The first step compared the fair value of each reporting unit to its carrying amount, including goodwill. If the fair value of a reporting unit exceeded its carrying amount, goodwill is not considered to be impaired and the second step was not required. SFAS 142 required completion of this first step within the first six months of initial adoption and annually thereafter. If the carrying amount of a reporting unit exceeded its fair value, the second step is performed to measure the amount of impairment loss. The second step compared the implied fair value of goodwill to the carrying value of a reporting unit's goodwill. The implied fair value of goodwill is determined in a manner similar to accounting for a business combination with the allocation of the assessed fair value determined in the first step to the assets and liabilities of the reporting unit. The excess of the fair value of the reporting unit over the amounts assigned to the assets and liabilities is the implied fair value of goodwill. This allocation process was only performed for purposes of evaluating goodwill impairment and did not result in an entry to adjust the value of any assets or liabilities. An impairment loss is recognized for any excess in the carrying value of goodwill over the implied fair value of goodwill. Upon the initial adoption, any impairment loss identified was presented as a change in accounting principle, net of applicable income tax benefit, and recorded as of the beginning of that year. Subsequent to the initial adoption, any impairment loss recognized would be recorded as a charge to income from operations.

Asset Impairment

The Company reviews its long-lived assets and identifiable intangibles for impairment whenever events or changes in circumstances indicate that the carrying amount of the asset may not be recoverable. In performing the review for recoverability, the Company estimates the future cash flows expected to result from the use of the asset and its eventual disposition. If the sum of the expected future cash flows (undiscounted and without interest charges) is less than the carrying amount of the asset, an impairment loss is recognized.

Otherwise, an impairment loss is not recognized. Measurement of an impairment loss for long-lived assets and identifiable intangibles would be based on the fair value of the asset.

Item 3. CONTROLS AND PROCEDURES

(a) Evaluation of disclosure controls and procedures.

Within the 90 days prior to March 31, 2003, the Registrant carried out an evaluation of the effectiveness of the design and operation of its disclosure controls and procedures pursuant to Rule 13a-14 under the Securities and Exchange Act of 1934 ("Exchange Act"). This evaluation was done under the supervision and with the participation of the Registrant's President. Based upon that evaluation, they concluded that the Registrant's disclosure controls and procedures are effective in gathering, analyzing and disclosing information needed to satisfy the Registrant's disclosure obligations under the Exchange Act.

(b) Changes in internal controls.

There were no significant changes in the Registrant's internal controls or in its factors that could significantly affect those controls since the most recent evaluation of such controls.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings.

There have been no material changes in any pending legal proceedings to include on this report.

Item 2. Changes in Securities.

None.

Item 3. Defaults Upon Senior Securities.

None.

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

The following matters were submitted during the period covered by this report to a vote of security holders, through the solicitation of proxies or otherwise:

(a) The meeting was the Registrant's annual meeting and was held on Monday, February 10, 2003.

(b) The meeting involved the election of the following directors: Nominees: Robert Blagman, Andrew Givens, Walter Lubars and Jeffrey Wald.

(c) Matters voted upon at the meeting:

Matters voted upon at the At the Meeting	No. of votes cast for	No. of votes cast against	No. of votes withheld	No. of abstentions	No. bro Non
1. Election of directors					
Robert Blagman	9,812,773,286	-	59,148,134	-	
Andrew Givens	9,797,209,771	-	74,430,649	-	

Walter Lubars	9,813,202,171	-	58,719,249	-
Jeffrey Wald	9,788,199,322	-	83,722,098	-
2. Amendment to the Company's Certificate of Incorporation to change the name of the Company	9,746,074,964	94,701,678	30,995,780	-
3. Approval of grant of discretionary authority to the Company's Board of Directors to amend the Company's Certificate of Incorporation to effect a reverse stock split of the Company's common stock at a ratio within the range from one-for-two thousand to one-for-five thousand at any time prior to June 1, 2003	9,358,061,890	367,163,992	39,997,010	-
4. Appointment of Weinberg & Company as the Company's independent auditors for the new fiscal year commencing on January 1, 2003	9,777,740,079	24,101,138	50,944,300	-

ITEM 5. Other Information

None.

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

Exhibits.

Exhibits included or incorporated by reference herein are set forth in the attached Exhibit Index.

Reports on Form 8-K.

None.

SIGNATURES

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

INNOVATION HOLDINGS, INC.
F/K/A BLAGMAN MEDIA INTERNATIONAL, INC.

Dated: June 11, 2003 /s/ ROBERT BLAGMAN
Robert Blagman, President

CERTIFICATION

I, Robert Blagman, certify that:

1. I have reviewed this quarterly report on Form 10-QSB of Innovation Holdings, Inc.;

2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;

3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report;

4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and have:

a) designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;

b) evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this quarterly report (the "Evaluation Date"); and

c) presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):

a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and

b) any fraud, whether or not material, that involves management or other employees who have a significant role

in the registrant's internal controls; and

6. The registrant's other certifying officers and I have indicated in this quarterly report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Dated: May June 11, 2003

By: /s/ Robert Blagman
Robert Blagman President

EXHIBIT LIST

2.11 Agreement and Plan of Reorganization (Incorporated by reference; Form 8-K filed on March 11, 2002)

3.1 Articles of Incorporation (Incorporated by reference; Form 8-K of MNS Eagle Equity Group I, Inc. filed on April 27, 2000)

3.2 Bylaws (Incorporated by reference; Form 8-K of MNS Eagle Equity Group I, Inc. filed on April 27, 2000)

3.3 Certificate of Designation for Series B Convertible Preferred Stock (Incorporated by reference; Form 8-K of MNS Eagle Equity Group I, Inc. filed on April 27, 2000)

10.1 Employment Agreement with Robert Blagman (Incorporated by reference; Form 10-KSB/A filed on April 30, 2001)

10.2 Employment Agreement with Leslie Blagman (Incorporated by reference; Form 10-KSB/A filed on April 30, 2001)

10.3 Equity Line of Credit Agreement dated July 12, 2001 with GazelleGroup LLP and DRH Investment Company LLP (Incorporated by reference; Form SB-2/A filed on November 1, 2001)

10.4 Registration Rights Agreement dated July 12, 2001 with GazelleGroup LLP and DRH Investment Company LLP (Incorporated by reference; Form SB-2/A filed on November 1, 2001)

10.5 Securities Purchase Agreement dated July 12, 2001 with certain named buyers (Incorporated by reference; Form SB-2/A filed on November 1, 2001)

10.6 Placement Agent Agreement dated July 12, 2001 with May Davis Group, Inc. (Incorporated by reference; Form SB-2/A filed on November 1, 2001)

10.7 Registration Rights Agreement dated July 12, 2001 with certain named persons (Incorporated by reference; Form SB-2/A filed on November 1, 2001)

10.8 2000 Employee Stock Compensation Plan (Incorporated by reference; Form S-8 for MNS Eagle Equity Group I, Inc. filed on September 11, 2000)

10.9 2001 Employee Stock Option Plan (Incorporated by reference; Form S-8 filed on August 27, 2001)

21.1 List of Subsidiaries (Incorporated by reference, Form 10KSB, as amended filed on April 15, 2002)

99.1 Certification Pursuant to 18 U.S.C. Section 1350, As Adopted Pursuant To Section 906 Of The Sarbanes-Oxley Act Of 2002 (filed herewith)

Exhibit 99.1

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report of Innovation Holdings, Inc. (the "Company") on Form 10-QSB for the year ended March 31, 2003 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), the undersigned, in the capacity and on the date indicated below, hereby certifies pursuant to 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to his knowledge:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

A signed original of this written statement required by Section 906 has been provided to Innovation Holdings, Inc. and will be retained by Innovation Holdings, Inc. and furnished to the Securities and Exchange Commission or its staff upon request.