

EMAZING INTERACTIVE, INC.
Form 10-Q
November 14, 2008

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT
OF 1934

For the quarterly period ended September 30, 2008

OR

TRANSITION REPORT UNDER SECTION 13 OF 15(d) OF THE EXCHANGE ACT OF 1934

From the transition period from _____ to _____.

Commission File Number 333-138111

EMAZING INTERACTIVE, INC.
(Exact name of small business issuer as specified in its charter)

Nevada
(State or other jurisdiction of incorporation or
organization)

20-4672080
(IRS Employer Identification No.)

101 C North Greenville, Suite 255, Allen, Texas 75002
(Address of principal executive offices)

(972) 983-1453
(Issuer's telephone number)

N/A
(Former name, former address and former fiscal year, if changed since last report)

Indicate by check mark whether the registrant (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

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reports), and (2) has been subject to such filing requirements for the past 90 days: Yes [X] No [] .

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of “large accelerated filer,” “accelerated filer” and “smaller reporting company” in Rule 12b-2 of the Exchange Act:

Large Accelerated Filer []

Accelerated Filer []

Non-Accelerated Filer []

Smaller Reporting Company [X]

Indicate by a check mark whether the company is a shell company (as defined by Rule 12b-2 of the Exchange Act): Yes [] No [X].

As of October 31, 2008, there were 5,753,500 shares of Common Stock of the issuer outstanding.

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EMAZING INTERACTIVE, INC.
Consolidated Balance Sheets
As of September 30, 2008 and December 31, 2007

Assets	September 30, 2008 (Unaudited)	December 31, 2007 (Audited)
Current Assets		
Cash	\$ 2,634	\$ 17,513
Total Current Assets	2,634	17,513
Fixed assets:		
Computer Equipment	27,950	27,950
Less: Accumulated Depreciation	(18,205)	(11,216)
Total Fixed Assets	9,745	16,734
Intangible Assets:		
Gaming Software	48,488	48,488
Less: Accumulated Amortization	(35,406)	(23,285)
Total Intangible Assets	13,082	25,203
Total Assets	\$ 25,461	\$ 59,450
Liabilities and Shareholders' Equity/(Deficit)		
Current Liabilities		
Accounts Payable	\$ 43,957	\$ 42,217
Accounts Payable – Related Parties	4,250	21,500
Accrued Expenses	4,250	0
Line of Credit	35,000	0
Due to Related Parties	4,751	5,678
Total liabilities (all current)	92,208	69,395
Shareholders' Equity/(Deficit):		
Common Stock, \$.001 par value, 50,000,000 shares authorized, 5,753,500 and 5,659,500 shares issued and outstanding respectively	5,754	5,659
Additional Paid in Capital	237,846	190,941
Accumulated Deficit	(310,347)	(206,545)
Total Shareholders' Equity/(Deficit)	(66,747)	(9,945)
Total Liabilities and Shareholder' Equity/(Deficit)	\$ 25,461	\$ 59,450

See accompanying summary of accounting policies and notes to financial statements.

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EMAZING INTERACTIVE, INC.
Consolidated Statement of Operations
For the Three and Nine months Ended September 30, 2008 and 2007
(Unaudited)

	Three Months Ended		Nine months Ended	
	September	September	September	September
	30,	30,	30,	30,
	2008	2007	2008	2007
Revenue	\$ 14,891	\$ 9,805	\$ 39,042	\$ 19,694
Operating Expenses:				
Depreciation and Amortization	6,370	4,506	19,109	13,518
General and Administrative	25,924	42,528	122,005	86,075
Total Operating Expenses	32,294	47,034	141,114	99,593
Net Operating Income	(17,403)	(37,229)	(102,072)	(79,899)
Other Income (Expense)				
Interest Income	0	157	20	944
Interest Expense	(833)	0	(1,750)	0
Total Other Income (Expense)	0	157	(1,730)	944
Net Loss	\$ (18,236)	\$ (37,072)	\$ (103,802)	\$ (78,955)
Basic and Diluted Earnings per Share	\$ 0.00	\$ (0.01)	\$ (0.02)	\$ (0.01)
Weighted Average Shares Outstanding:				
Basic and Diluted	5,747,708	5,601,370	5,724,394	5,547,449

See accompanying summary of accounting policies and notes to financial statements.

EMAZING INTERACTIVE, INC.
 Consolidated Statement of Shareholders' Equity
 For the Nine months Ended September 30, 2008 (Unaudited)
 and the Year Ended December 31, 2007

	Common Shares	Par	Additional Paid-in Capital	Retained (Deficit)	Totals
Balances at December 31, 2006	5,350,000	\$ 5,350	\$ 36,500	\$ (81,389)	\$ (39,539)
Issuance of Common Stock for Cash	303,500	304	151,446		151,750
Conversion of Debt for Stock	6,000	6	2,994		3,000
Net loss				(125,156)	(125,156)
Balance at December 31, 2007	5,659,500	5,660	190,940	(206,545)	(9,945)
Issuance of Common Stock for Cash	24,000	24	11,976		12,000
Issuance of Common Stock for Services	70,000	70	34,930		35,000
Net loss				(103,802)	(103,802)
Balance at September 30, 2008	5,753,500	\$ 5,754	\$ 237,846	\$ (310,347)	\$ (66,747)

See accompanying summary of accounting policies and notes to financial statements.

EMAZING INTERACTIVE, INC.
Consolidated Statements of Cash Flows
(Unaudited)

	Nine months Ended September 30, 2008	Nine months Ended September 30, 2007
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss	\$ (103,802)	\$ (78,955)
Adjustments to reconcile net deficit to cash used by operating activities:		
Depreciation and amortization	19,110	13,518
Common stock issued for services	35,000	0
Change in assets and liabilities:		
Increase (decrease) in other assets	0	(12,606)
Increase (decrease) in accounts payable	1,740	(10,961)
Decrease in accounts payable – related parties	(17,250)	(10,318)
Decrease in due to related parties	(927)	0
Increase in accrued expenses	4,250	0
CASH FLOWS FROM (USED) IN OPERATING ACTIVITIES	(61,879)	(99,322)
CASH FLOWS USED IN INVESTING ACTIVITIES		
Software upgrade	0	(10,000)
CASH FLOWS USED IN INVESTING ACTIVITIES	0	(10,000)
CASH FLOWS FROM FINANCING ACTIVITIES		
Conversion of debt to stock	0	3,000
Proceeds from sale of common stock	12,000	151,751
Proceeds from line of credit	35,000	0
CASH FLOWS PROVIDED BY FINANCING ACTIVITIES	47,000	154,751
NET INCREASE IN CASH	(14,879)	45,429
Cash, beginning of period	17,513	71
Cash, end of period	\$ 2,634	\$ 45,500
SUPPLEMENTAL CASH FLOW INFORMATION		
Interest paid	\$ 917	\$ 0

Common stock issued for services	\$	35,000	\$	0
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See accompanying summary of accounting policies and notes to financial statements.

EMAZING INTERACTIVE, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
September 30, 2008

NOTE 1 – NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities, History and Organization:

Emazing Interactive, Inc. (The “Company”) operates as an online gaming facilitator through its subsidiary Emazing Gaming, LLC. The Company is located in Allen, Texas and was incorporated on April 11, 2006 under the laws of the State of Texas. On October 2, 2006, the Company converted its corporate charter to domicile in Nevada.

Unaudited Interim Financial Statements:

The accompanying unaudited interim financial statements have been prepared in accordance with accounting principles generally accepted in the United States and applicable Securities and Exchange Commission (“SEC”) regulations for interim financial information. These financial statements are unaudited and, in the opinion of management, include all adjustments (consisting of normal recurring accruals) necessary to present fairly the balance sheets, statements of operations and statements of cash flows for the periods presented in accordance with accounting principles generally accepted in the United States. Certain information and footnote disclosures normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States have been condensed or omitted pursuant to SEC rules and regulations. It is presumed that users of this interim financial information have read or have access to the audited financial statements and footnote disclosure for the preceding fiscal year contained in the Company’s Annual Report on Form 10-K. Operating results for the interim periods presented are not necessarily indicative of the results that may be expected for the year ending December 31, 2008.

Significant Accounting Policies:

The Company’s management selects accounting principles generally accepted in the United States of America and adopts methods for their application. The application of accounting principles requires the estimating, matching and timing of revenue and expense. It is also necessary for management to determine, measure and allocate resources and obligations within the financial process according to those principles. The accounting policies used conform to generally accepted accounting principles which have been consistently applied in the preparation of these financial statements.

The financial statements and notes are representations of the Company’s management which is responsible for their integrity and objectivity. Management further acknowledges that it is solely responsible for adopting sound accounting practices, establishing and maintaining a system of internal accounting control and preventing and detecting fraud. The Company’s system of internal accounting control is designed to assure, among other items, that 1) recorded transactions are valid; 2) valid transactions are recorded; and 3) transactions are recorded in the proper period in a timely manner to produce financial statements which present fairly the financial condition, results of operations and cash flows of the Company for the respective periods being presented.

Management believes that all adjustments necessary for a fair statement of the results of the three months ended September 30, 2008 and 2007 have been made.

Basis of Presentation:

The Company prepares its financial statements on the accrual basis of accounting. All intercompany balances and transactions are eliminated. Investments in subsidiaries are reported using the equity method. The financial statements include the accounts of Emazing Gaming, LLC, an operating subsidiary.

Reclassification:

Certain prior year amounts have been reclassified in the consolidated balance sheets, consolidated statements of operations and consolidated statements of cash flows to conform to current period presentation. These reclassifications were not material to the consolidated financial statements and had no effect on net earnings reported for any period.

Use of Estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Recently Issued Accounting Pronouncements:

The Company does not expect the adoption of recently issued accounting pronouncements to have a significant impact on the Company's results of operations, financial position or cash flow. See Notes 9 and 10 for a discussion of new accounting pronouncements.

Cash and Cash Equivalents:

Cash and cash equivalents includes cash in banks with original maturities of three months or less and are stated at cost which approximates market value, which in the opinion of management, are subject to an insignificant risk of loss in value.

Revenue Recognition:

The Company recognizes revenue from the sale of products in accordance with the Securities and Exchange Commission Staff Accounting Bulletin No. 104 ("SAB 104"), "Revenue Recognition in Financial Statements". Revenue will be recognized only when all of the following criteria have been met:

- Persuasive evidence of an arrangement exists;
- Ownership and all risks of loss have been transferred to buyer, which is generally at point of sale;
- The price is fixed and determinable; and
- Collectibility is reasonably assured.

Revenue from game rental is all paid at the point of purchase online through PayPal.

Web-Site Development Costs:

The Company adopted EITF 00-02, "Accounting for Website Developments Costs". In accordance with EITF 00-02, the costs incurred for the (i) website application and infrastructure development; (ii) graphics development; and (iii) content development, which took the website to a functional stage where it could receive server and gaming orders, were capitalized and are being amortized over three years. Maintenance expenses or costs that do not result in new revenue producing features or functions, such as updating information and products or maintenance of the website or

promotion of the website using search engines, are expensed as incurred. Prior to this development, Emazing had no website. As of September 30, 2008, \$488 has been expensed and \$48,488 capitalized. For the three month periods ended September 30, 2008 and September 30, 2007 amortization expense was \$4,041 and \$3,207 respectively.

Income Taxes:

The Company has adopted SFAS No. 109, which requires the use of the liability method in the computation of income tax expense and the current and deferred income taxes payable.

Property and Equipment:

Property and equipment are stated at cost less accumulated depreciation. Major renewals and improvements are capitalized; minor replacements, maintenance and repairs are charged to current operations. Depreciation is computed by applying the straight-line method over the estimated useful lives which are generally five to seven years.

Earnings per Share:

Earnings per share (basic) is calculated by dividing the net income (loss) by the weighted average number of common shares outstanding for the period covered. As the Company has no potentially dilutive securities, fully diluted earnings per share is identical to earnings per share (basic).

Comprehensive Income:

SFAS No. 130 "Reporting Comprehensive Income", establishes standards for reporting and display of comprehensive income and its components in a full set of general purpose financial statements. For the quarters ended September 30, 2008 and 2007, the Company had no items of other comprehensive income. Therefore, the net loss equals the comprehensive loss for the periods then ended.

NOTE 2 – FIXED ASSETS

Fixed assets at September 30, 2008 and December 31, 2007 are as follows:

	September 30, 2008	Dec 31, 2007
Computer Equipment	\$ 27,950	\$ 27,950
Less: Accumulated Depreciation	(18,205)	(11,216)
Total Fixed Assets	\$ 9,745	\$ 16,734

Depreciation expense for the three month periods ended September 30, 2008 and 2007 was \$2,329 and \$1,663 respectively, and \$6,987 and \$4,987 for the nine month periods ended September 30, 2008 and 2007 respectively.

NOTE 3 – INTANGIBLE ASSETS

Intangible assets at September 30, 2008 and December 31, 2007 are as follows:

	September 30, 2008	Dec 31, 2007
Gaming Software	\$ 48,488	\$ 48,488
Less: Accumulated Amortization \	(35,406)	(23,285)
Total Intangible Assets	\$ 13,082	\$ 25,203

Amortization expense for the three month period ended September 30, 2008 and 2007 was \$4,041 and \$3,207 respectively, and \$12,122 and \$9,622 for the nine month period ended September 30, 2008 and 2007 respectively.

NOTE 4 – COMMON STOCK

The Company is authorized to issue 50,000,000 common shares at a par value of \$0.001 per share. These shares have full voting rights. At September 30, 2008, there were 5,753,500 shares outstanding.

NOTE 5 – INCOME TAXES

The Company follows FASB Statement Number 109, Accounting for Income Taxes. Deferred income taxes reflect the net tax effects of (a) temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax reporting purposes, and (b) net operating loss carry forwards. For Federal income tax purposes, the Company uses the cash basis of accounting, whereas the accrual basis is used for financial reporting purposes. In addition, certain assets are charged to expense when acquired under Section 179 of the Internal Revenue Code for income tax purposes. The cumulative tax effect at the expected tax rate of 25% of significant items comprising the Company's net deferred tax amounts as of September 30, 2008 are as follows:

	September 30, 2008
Deferred tax assets attributable to:	
Prior years	\$ 67,565
Tax benefit (liability) for current year	25,950
Total Deferred Tax Benefit	\$ 93,515
Valuation allowance	(93,515)
Net Deferred Tax Benefit	\$ 0

Components of the current provision (benefit) for taxes on income for the current year are as follows:

	September 30, 2008
Income tax before extraordinary item:	\$ 0
Tax (benefit) liability on current year operations	(25,950)
Valuation reserve	25,950
Net Provision (Benefit)	\$ 0

The realization of deferred tax benefits is contingent upon future earnings and is fully reserved at September 30, 2008.

NOTE 6 – DUE TO SHAREHOLDER – RELATED PARTY TRANSACTIONS

The Company is obligated to a shareholder and related parties for funds advanced to the Company for start up expenses and working capital. The advances are unsecured and are to be paid back as the Company has available funds to do so. No interest rate or payback schedule has been established. There has been no interest paid on these advances. Amounts due at September 30, 2008 were \$4,751.

NOTE 7 - LINE OF CREDIT

The Company entered into a line of credit (“LOC”) in November 2007. The LOC had a credit line of \$20,000 and accrued interest at a rate of 10% per annum, compounded monthly. In March 2008 this LOC increased to \$40,000. It is secured by 100% of the stock of Emazing Interactive, Inc. that is beneficially owned by the President and his father.

As of September 30, 2008, the balance owed pursuant to the LOC was \$35,000. Interest accrued but not paid during the three and nine month periods ended September 30, 2008 was \$833 and \$1,750, respectively.

NOTE 8 – FINANCIAL CONDITION AND GOING CONCERN

Emazing Interactive, Inc. has an accumulated deficit through September 30, 2008 totaling \$310,347 and had negative working capital of \$89,574. Because of this accumulated loss, Emazing Interactive, Inc. will require additional working capital to develop its business operations. Emazing Interactive, Inc. intends to raise additional working capital either through private placements, public offerings, bank financing and/or shareholder funding. There are no assurances that Emazing Interactive, Inc. will be able to either (1) achieve a level of revenues adequate to generate sufficient cash flow from operations; or (2) obtain additional financing through either private placement, public offerings, bank financing and/or shareholder funding necessary to support Emazing Interactive, Inc.'s working capital requirements. To the extent that funds generated from any private placements, public offerings, bank financing and/or shareholder funding are insufficient, Emazing Interactive, Inc. will have to raise additional working capital. No assurance can be given that additional financing will be available, or if available, will be on terms acceptable to Emazing Interactive, Inc.. If adequate working capital is not available Emazing Interactive, Inc. may not be able to continue its operations.

Management believes that the efforts it has made to promote its business will continue for the foreseeable future. These conditions raise substantial doubt about Emazing Interactive, Inc.'s ability to continue as a going concern. The financial statements do not include any adjustments relating to the recoverability and classification of asset carrying amounts or the amount and classification of liabilities that might be necessary should Emazing Interactive, Inc. be unable to continue as a going concern.

NOTE 9 - RECENTLY ADOPTED ACCOUNTING PRONCEMENTS

In September 2006, the Financial Accounting Standards Board (“FASB”) issued Statement of Financial Standards (“SFAS”) No. 157, Fair Value Measurements (“SFAS No. 157”), which defines fair value, establishes a framework for consistently measuring fair value under GAAP and expands disclosures about fair value measurements. SFAS No. 157 became effective for the Company on January 1, 2008. SFAS No. 157 establishes a hierarchy in order to segregate fair value measurements using quoted prices in active markets for identical assets or liabilities, significant other observable inputs and significant unobservable inputs. For assets and liabilities that are measured at fair value on a recurring basis, SFAS No. 157 requires disclosure of information that enables users of financial statements to assess the inputs used to determine fair value based on the aforementioned hierarchy. See Note 11 for further information regarding our assets and liabilities that are measured at fair value on a recurring basis.

In February 2008, the FASB issued FASB Staff Position (“FSP”) 157-2 “Partial Deferral of the Effective Date of Statement 157”. FSP 157-2 delays the effective date of SFAS No. 157 to fiscal years beginning after November 15, 2008 for all nonfinancial assets and nonfinancial liabilities, except those that are recognized or disclosed at fair value in the financial statements on a recurring basis (at least annually). The Company has adopted SFAS No. 157 as of January 1, 2008 related to financial assets and financial liabilities. Refer to Note 11 for additional discussion on fair value measurements. The Company is currently evaluating the impact of SFAS No. 157 related to nonfinancial assets and nonfinancial liabilities on the Company’s financial position, results of operations and cash flows.

In February 2007, the FASB issued SFAS No. 159, The Fair Value Option for Financial Assets and Financial Liabilities – Including an Amendment of FASB Statement No. 115 (“SFAS No. 159”). SFAS No. 159 permits entities to choose to measure eligible items at fair value at specified election dates and report unrealized gains and losses on items for which the fair value option has been elected in earnings at each subsequent reporting date. SFAS No. 159 was effective for the Company on January 1, 2008. However, the Company has not elected to apply the provisions of SFAS No. 159 to any of our financial assets and financial liabilities, as permitted by the Statement.

NOTE 10 – ACCOUNTING PRONOUNCEMENTS NOT YET ADOPTED

In December 2007, the FASB issued SFAS No. 141(R), Business Combinations (“SFAS No. 141(R)”) which replaces SFAS No. 141, Business Combinations, and requires the acquirer of a business to recognize and measure the identifiable assets acquired, the liabilities assumed, and any non-controlling interest in the acquiree at fair value. SFAS No. 141(R) also requires transaction costs related to the business combination to be expensed as incurred. SFAS No. 141(R) is effective for business combinations for which the acquisition date is on or after fiscal years beginning after December 15, 2008. Management does not believe that adoption of this statement will have a material impact on the Company’s consolidated financial position or results of operations.

In December 2007, the FASB issued SFAS No. 160, Noncontrolling Interests in Consolidated Financial Statements (“SFAS No. 160”). This Statement amends ARB No. 51, Consolidated Financial Statements, to establish accounting and reporting standards for the noncontrolling interest in a subsidiary and for the deconsolidation of a subsidiary. SFAS No. 160 is effective for fiscal years beginning after December 15, 2008. We are currently evaluating the effect that the adoption of SFAS No. 160 will have on our consolidated financial position, results of operations and cash flows.

In March 2008, the FASB issued FASB Statement No. 161, Disclosures about Derivative Instruments and Hedging Activities. The new standard is intended to improve financial reporting about derivative instruments and hedging activities by requiring enhanced disclosures to enable investors to better understand their effects on an entity’s financial position, financial performance, and cash flows. It is effective for financial statements issued for fiscal years and interim periods beginning after November 15, 2008, with early application encouraged. The new standard also improves transparency about the location and amounts of derivative instruments in an entity’s financial statements; how derivative instruments and related hedged items are accounted for under Statement 133; and how derivative instruments and related hedged items affect its financial position, financial performance, and cash flows. Management is currently evaluating the effect of this pronouncement on financial statements.

In May 2008, the FASB issued SFAS No. 162, “The Hierarchy of Generally Accepted Accounting Principles” (SFAS 162”). SFAS 162 identifies the sources of accounting principles and the framework for selecting principles to be used in the preparation of financial statements of nongovernmental entities that are presented in conformity with generally accepted accounting principles in the United States. This statement shall be effective 60 days following the SEC’s approval of the Public Company Accounting Oversight Board’s amendments to AU section 411, The Meaning of Present Fairly in Conformity with Generally Accepted Accounting Principles. The Company is currently evaluating the impact of SFAS 162, but does not expect the adoption of this pronouncement will have a material impact on its financial position, results of operations or cash flows.

In May, 2008, FASB issued SFAS No. 163, Accounting for Financial Guarantee Insurance Contracts—an interpretation of FASB Statement No. 60. Based on the Company's industry, the issuance of this guidance should not have a significant impact on the Company's financial statements.

In June 2008, the Securities and Exchange Commission announced that it has approved a one-year extension of the compliance data for smaller public companies to meet the section 404(b) auditor attestation requirement of the Sarbanes-Oxley Act. With the extension, small companies will now be required to provide the attestation reports in their annual reports for the fiscal years ending on or after December 15, 2009.

In June, 2008, the FASB issued FASB Staff Position No. EITF 03-6-1 (FSP No. EITF 03-6-1), Determining Whether Instruments Granted in Share-Based Payment Transactions Are Participating Securities, to address the question of whether instruments granted in share-based payment transactions are participating securities prior to vesting. FSP EITF 03-6-1 indicates that unvested share-based payment awards that contain rights to dividend payments should be included in earnings per share calculations. The guidance will be effective for fiscal years beginning after December 15, 2008. The Company is currently evaluating the requirements of FSP No. EITF 03-6-1 and the impact that its adoption will have on its results of operations and financial position.

In June 2008, the FASB issued EITF Issue 07-5 (EITF 07-5), Determining whether an Instrument (or Embedded Feature) is indexed to an Entity's Own Stock. EITF No. 07-5 is effective for financial statements issued for fiscal years beginning after December 15, 2008, and interim periods within those fiscal years. Early application is not permitted. Paragraph 11(a) of SFAS No. 133 Accounting for Derivatives and Hedging Activities, specifies that a contract that would otherwise meet the definition of a derivative but is both (a) indexed to the Company's own stock and (b) classified in stockholders' equity in the statement of financial position would not be considered a derivative financial instrument. EITF 07-5 provides a new two-step model to be applied in determining whether a financial instrument or an embedded feature is indexed to an issuer's own stock and thus able to qualify for the SFAS No. 133 paragraph 11(a) scope exception. The Company is currently evaluating the impact that adoption of EITF 07-5 will have on its financial statements.

NOTE 11 – FAIR VALUE OF FINANCIAL INSTRUMENTS

In September 2006, the FASB issued SFAS 157, Fair Value Measurement. SFAS 157 defines fair value, establishes a framework for measuring fair value in generally accepted accounting principles and expands disclosures about fair value measurements. SFAS 157 was effective for our financial assets and liabilities on January 1, 2008. The FASB delayed the effective date of SFAS 157 for all non-financial assets and non-financial liabilities, except those that are recognized or disclosed at fair value in the financial statements on a recurring basis (at least annually) to fiscal years beginning after November 15, 2008.

SFAS 157's valuation techniques are based on observable and unobservable inputs. Observable inputs reflect readily obtainable data from independent sources, while unobservable inputs reflect our market assumptions. The Standard classifies these inputs into the following hierarchy:

Level 1 Inputs – Quoted prices for identical instruments in active markets.

Level 2 Inputs – Quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations whose inputs are observable or whose significant value drivers are observable.

Level 3 Inputs – Instruments with primarily unobservable value drivers.

As of September 30, 2008, the Company did not have any instruments subject to valuation under SFAS 157.

Item 2. MANAGEMENT'S DISCUSSION AND ANALYSIS

This report contains forward looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended and Section 21E of the Securities Exchange Act of 1934, as amended. The Company's actual results could differ materially from those set forth on the forward looking statements as a result of the risks set forth in the Company's filings with the Securities and Exchange Commission, general economic conditions, and changes in the assumptions used in making such forward looking statements.

General

We are a gaming organization that is working with prominent marketing services connected to the gaming scene. We specialize in providing marketing awareness of products and services of our customers to millions of on-line gaming players and enthusiasts.

To date, our business development activities have primarily been concentrated in web server access and company branding in hosting web based e-games. This activity is structured whereby our partners and sponsors are provided premium web site exposure identifying their company, name, and product offerings.

We generate revenues through our partnerships and sponsors. Sponsoring EMG GAMING will bring a product and/or brand name into the spotlight of gamers worldwide. Our customer's brand will be synonymous with the youthful intelligent image that pro-gaming has. Our customers have prime advertising space on our website, IRC channel every hour 24/7 and clothes, which we will wear at competitive events all year round. It is primarily through our fee structure for web server access that we generate revenue. Although our web site creates product awareness for our sponsors and partners, our revenue is generated by fees which our partners and sponsors remit to us for that exposure. In the E-Gaming industry, partners and sponsors will pay top dollar for a popular gaming web site as they can maximize their product and name exposure. We also generate revenue by hosting events for our sponsors at places like county fairs and other celebrations.

We also generate revenue through EMazing Servers, a "Game Server" rental company whereby we rent game servers for players to play a computer game of their choice. We rent game servers for over 32 different games, the most popular being Half Life's Counter Strike and variations of this game. We rent by the hour, day or month. This rental program is unique for our type of service as most companies choose to rent by the month. We feel this gives us a competitive advantage over our competition.

We have three standard packages designed for our prospective partners. Our "Gold" package is aimed to give maximum publicity to our prospective partners, forcing their product into the world of pro-Gaming and showing everybody that their company really cares about the gamers. The "Silver" package is aimed at companies with a lower budget that are looking to get their product noticed. The "Bronze" package is for companies with limited budgets but still want involvement in the eSports industry.

During 2006, we filed and had approved Form SB-1 to raise funds. A portion of the proceeds of the offering are being used to further develop E-Gaming software and lease server capacity and access through server lease agreements. These servers are a major source of revenue for us as we charge access fees to these servers.

Our Business Strategy

We are a gaming organization that is working with prominent marketing services connected to the gaming scene. Currently, the entire team consists of contract workers including management, sales, technical development, press and our primary team / players department. We comprise of people who have specific gaming experience, a

pre-requisite for employment with our company is experience in the gaming world. Combined, our organization holds well over 50 years of experience in management alone.

Management is primarily consisted of our President and CEO. As CEO, he is responsible for coordinating and leading the entire organization to achieve optimal results and goals. This includes directing contract consultants and measuring results. He also manages the budget to satisfy needs for traveling and accommodations to PR events and tournaments. Additionally, our CEO is responsible for strategic thinking and placement within the E-Gaming industry, constantly looking for new opportunities. As such, he is instrumental in building and maintaining sponsor and partner relationships.

EMazing utilizes their website, emazinggaming.com, as the portal to which e-games are accessed on the World Wide Web. Through links on the website we are able to better manage our visitors, game selection, and visitor profiles, effectively providing us the ability to ultimately understand our customers and their playing habits from which we can then develop more challenging and exciting game content.

All games currently provided by EMazing are third party developed. Through the proceeds of this offering, we will use a portion of the proceeds to develop our own game portfolio. Game development is a capital and time intensive process, usually taking 18-24 months to take a game from concept form to fee based web play. It is our intent to be an industry leading game developer as well as content provider through our interactive website.

Industry and Competition:

The eSports industry is highly competitive. eSports is technologically based and through the medium of the internet is readily accessible to most anyone with a computer and a credit card. Barriers to entry are high due to server costs (owned and/or leased), travel expenses, and general living expenses. The more successful and enthusiastic eSport competitors are reliant on sponsors and partners to generate funds to undergird living, travel and equipment maintenance costs. Although highly competitive, it is also highly fragmented. eSports is worldwide in scope and difficult to assess from a competitive standpoint as games are often hot and therefore streaky in play before another company puts out a more desirable game program. Even so, server capacity, speed and graphics generally determine the amount of play a game will generate.

Online gaming has emerged as one of the biggest growing industries in the new millennium. The Far East has played a significant role in paving the way for recognition for online gamers. Multiplayer online games have generated over 1 billion dollars in revenue for the first time, in 2004. A large proportion of this figure has come from player subscription games such as Everquest and Star Wars Galaxies, but a significant amount has also come from the first person shooter game sales. This figure does not include the emergence of sponsored players and teams with many players earning above \$100,000 in sponsorship deals. Typical earnings of a team range between \$20k and \$40k for the larger events.

RESULTS FOR THE QUARTER ENDED September 30, 2008

Our quarter ended on September 30, 2008. Any reference to the end of the fiscal quarter refers to the end of the third calendar quarter for 2008 for the three month period discussed herein.

REVENUE. Revenue for the three months ended September 30, 2008, was \$14,891 compared to \$9,805 for the three months ended September 30, 2007. The increase in revenue is attributed to the impact of event income which was \$14,000 in 2008 and \$0 in 2007. Revenue for the nine months ended September 30, 2008 was \$39,042 compared to \$19,694 for the nine months ended September 30, 2007. The increase in revenue is attributed to three main reasons: The increase in sponsorship income in Q2 (\$5,500); the aforementioned event income of \$14,000 and the sale of the Counter-Strike 1.6 Team in the first quarter of 2008 for \$6,000. This was partially offset by a reduction in server based income of \$5,500.

OPERATING EXPENSES. Total operating expenses for the three months ended September 30, 2008, were \$25,924 compared to expenses for the period ended September 30, 2007 of \$42,528. The decrease is mainly attributed to lower consulting services of \$11,300 and reduced travel and related game fees of \$5,300. The above expenses do not include depreciation and amortization expense which was \$6,370 and \$4,506 for the three months ended September 30, 2008 and 2007, respectively. Total operating expenses for the nine months ended September 30, 2008 were \$122,005 compared to expenses for the period ended September 30, 2007 of \$86,075. The increase is attributed to an increase in contract services of \$30,700 related to business development (\$30,000) and the President and other contractors in their effort to implement the strategy and move the company forward (\$12,000); and increased server bandwidth (\$4,500). These costs were partially off-set by decreased travel and related game fees. The above expenses do not include depreciation and amortization expense which was \$19,109 and \$13,518 for the nine months ended September 30, 2008 and 2007, respectively.

NET INCOME (LOSS). Net loss for the three months ended September 30, 2008 was \$18,236 compared to the period ended September 30, 2007 of \$37,072. Net loss for the nine months ended September 30, 2008 was \$103,802 compared to the period ended September 30, 2007 of \$78,955. The aforementioned increase/decrease in expenses more than off-set the increase in sales revenue.

LIQUIDITY AND CAPITAL RESOURCES. Emazing Interactive filed on Form SB-1, a registration statement with the U.S. Securities & Exchange Commission in order to raise funds to develop their business. The registration statement became effective on December 21, 2006 and Emazing has raised funds under that registration statement at \$0.50 per share. In September 2007, when we cut off our offering and started trading on the OTCBB under the symbol EMZG, we had raised \$154,750 by selling 309,500 shares of common stock under that registration statement. In the nine month period ended September 30, 2008, an additional 24,000 shares (restricted) were sold raising funds of \$12,000.

Employees

At September 30, 2008, the Company had one employee.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET PRICE

Not Applicable.

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

We carried out an evaluation of the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) as of September 30, 2008. This evaluation was accomplished under the supervision and with the participation of our chief executive officer / principal executive officer, and chief financial officer / principal financial officer who concluded that our disclosure controls and procedures are not effective to ensure that all material information required to be filed in the quarterly Form 10-Q has been made known to them.

For purposes of this section, the term disclosure controls and procedures means controls and other procedures of an issuer that are designed to ensure that information required to be disclosed by the issuer in the reports that it files or submits under the Act (15 U.S.C. 78a et seq.) is recorded, processed, summarized and reported, within the time periods specified in the Commission's rules and forms. Disclosure, controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by in our reports filed under the Securities Exchange Act of 1934, as amended (the "Act") is accumulated and communicated to the issuer's management, including its principal executive and principal financial officers, or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure.

Based upon an evaluation conducted for the period ended September 30, 2008, our Chief Executive and Chief Financial Officer as of September 30, 2008 and as of the date of this Report, has concluded that as of the end of the periods covered by this report, we have identified the following material weakness of our internal controls:

- Reliance upon independent financial reporting consultants for review of critical accounting areas and disclosures and material non-standard transaction.
- Lack of sufficient accounting staff which results in a lack of segregation of duties necessary for a good system of internal control.

In order to remedy our existing internal control deficiencies, as our finances allow, we will hire additional accounting staff.

Changes in Internal Controls over Financial Reporting

We have not yet made any changes in our internal controls over financial reporting that occurred during the period covered by this report on Form 10-Q that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II

Items No. 1, 2, 3, 4, 5 - Not Applicable.

Item No. 6 - Exhibits and Reports on Form 8-K

(a) None

(b) Exhibits

Exhibit Number

Name of Exhibit

31.1 Certification of Chief Executive Officer, pursuant to Rule 13a-14(a) of the Exchange Act, as enacted by Section 302 of the Sarbanes-Oxley Act of 2002.

31.2 Certification of Chief Financial Officer, pursuant to Rule 13a-14(a) of the Exchange Act, as enacted by Section 302 of the Sarbanes-Oxley Act of 2002.

32.1 Certification of Chief Executive Officer and Chief Financial Officer, pursuant to 18 United States Code Section 1350, as enacted by Section 906 of the Sarbanes-Oxley Act of 2002.

SIGNATURES

In accordance with the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this Report to be signed on its behalf by the undersigned, thereunto duly authorized.

Emazing interactive, inc.

By /s/ Edward Hancock

Edward Hancock, President, CFO

Date: November 14, 2008

