

Integrated Media Holdings, Inc.
Form 10KSB/A
August 20, 2008

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

FORM 10-QSB/A

Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934
For the quarterly period ended March 31, 2008

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

Commission File No. 001-16381

INTEGRATED MEDIA HOLDINGS, INC.
(Exact name of registrant as specified in its charter)
Doing Business As
ARRAYIT COMPANY

Delaware
(State of other jurisdiction of
incorporation)

76-0600966
(I.R.S. Employer Identification
No.)

524 East Weddell Drive
Sunnyvale, CA
(Address of Principal Executive
Office)

94089
(Zip Code)

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

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

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

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

APPLICABLE ONLY TO CORPORATE ISSUERS

The number of shares of the issuer's common equity outstanding as of August 19, 2008 was approximately 16,284,210 shares of common stock, par value \$.001.

Transitional Small Business Disclosure Format: Yes No

EXPLANTORY NOTE

Integrated Media Holdings, Inc.. (“IMHI”, the “Company,” “we,” “us,” or “our”) is filing this Form 10-QSB/A (the “Amended Report”) to its Quarterly Report on Form 10-QSB for its quarterly period ended March 31, 2008, originally filed with the US Securities and Exchange Commission (“SEC”) on May 20, 2008 (the “Original Filing”), to amend and restate its Balance Sheet (Unaudited), Statements of Operations (Unaudited) and Notes to Financial Statements (Unaudited).

In connection with the Company’s audit of TeleChem International, Inc. for the years ended December 31, 2007 and 2006, Management uncovered the following

- a) The status of the Pediatrix legal suit as more fully described in Note 6 above, continued to remain in mediation and therefore Management determined it was no-longer appropriate to defer legal costs associated with the defence of the legal suit.
- b) On May 19, 2008 the Company incurred a default judgement for outstanding invoices including interest thereon, relating to prior periods.
- c) Warrants issued on January 19, 2008 were not reflected in the financial statements for the three months ended March 31, 2008.
- d) Reverse merger accounting was refined.

Except as discussed above and set forth in the Amended Report, we have not modified or updated disclosures presented in the Original Filing, except as required to reflect the effects of the Restatement. Accordingly, this Amended Report does not reflect events occurring after our Original Filing or modify or update those disclosures affected by subsequent events, except as specifically referenced herein. Information not affected by the restatement is unchanged and reflects the disclosures made at the time of the Original Filing.

INDEX TO FORM 10-QSB FILING
FOR THE QUARTER ENDED MARCH 31, 2008

TABLE OF CONTENTS

| Item | Page |
|---|------|
| PART I | |
| Item 1. FINANCIAL STATEMENTS AND NOTES | 04 |
| Item 2. MANAGEMENT'S DISCUSSION AND ANALYSIS | 16 |
| Item 3. CONTROLS AND PROCEDURES | 20 |
| Part II | |
| Item 1 LEGAL PROCEEDINGS | 21 |
| Item 2 CHANGES IN SECURITIES | 21 |
| Item 3. DEFAULTS UPON SENIOR SECURITIES | 21 |
| Item SUBMISSION OF MATTERS TO A VOTE OF 4. SECURITY HOLDERS | 21 |
| Item 5 OTHER INFORMATION | 22 |
| Item 6 EXHIBITS AND REPORTS ON FORM 8-K | 22 |

Signatures

23

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

FORWARD-LOOKING STATEMENTS

Portions of this Form 10-QSB, including disclosure under “Management’s Discussion and Analysis or Plan of Operation,” contain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended (the “Securities Act”), Section 21E of the Securities and Exchange Act of 1934, as amended (the “Exchange Act”), and the Private Securities Litigation Reform Act of 1995, as amended. These forward-looking statements are subject to risks and uncertainties and other factors that may cause our actual results, performance or achievements to be materially different from the results, performance or achievements expressed or implied by the forward-looking statements. You should not unduly rely on these statements. Forward-looking statements involve assumptions and describe our plans, strategies, and expectations. You can generally identify a forward-looking statement by words such as may, will, should, expect, anticipate, estimate, believe, intend, contemplate or project. Factors, risks, and uncertainties that could cause actual results to differ materially from those in the forward-looking statements include, among others,

- our ability to raise capital,
- our ability obtain and retain customers,

- our ability to provide our products and services at competitive rates,
- our ability to execute our business strategy in a very competitive environment,

- our degree of financial leverage,
- risks associated with our acquiring and integrating companies into our own,

- risks related to market acceptance and demand for our services,
- the impact of competitive services,

- other risks referenced from time to time in our SEC filings.

With respect to any forward-looking statement that includes a statement of its underlying assumptions or bases, we caution that, while we believe such assumptions or bases to be reasonable and have formed them in good faith, assumed facts or bases almost always vary from actual results, and the differences between assumed facts or bases and actual results can be material depending on the circumstances. When, in any forward-looking statement, we or our management express an expectation or belief as to future results, that expectation or belief is expressed in good faith and is believed to have a reasonable basis, but there can be no assurance that the stated expectation or belief will result or be achieved or accomplished. All subsequent written and oral forward-looking statements attributable to us, or anyone acting on our behalf, are expressly qualified in their entirety by the cautionary statements. We do not undertake any obligations to publicly release any revisions to any forward-looking statements to reflect events or circumstances after the date of this report or to reflect unanticipated events that may occur.

PART I – FINANCIAL INFORMATION

ITEM 1.

FINANCIAL STATEMENTS
INTEGRATED MEDIA HOLDINGS, INC.
d/b/a Arrayit Company
(formerly ENDAVO MEDIA AND COMMUNICATIONS, INC.)
CONDENSED CONSOLIDATED UNAUDITED BALANCE SHEET

| | As of March 31, 2008 (Restated note 7) |
|--|--|
| Assets | |
| Current assets: | |
| Cash | \$ 78,428 |
| Accounts receivable, net of allowance for doubtful accounts of \$89,003 | 650,071 |
| Inventory | 415,313 |
| Prepaid expenses | 2,080 |
| Total current assets | 1,145,892 |
| Property and equipment, net | |
| Property and equipment, net | 63,904 |
| Assets of discontinued operations | 247,946 |
| Total assets | \$ 1,457,742 |
| Liabilities and Stockholders' Deficit | |
| Current liabilities: | |
| Accounts payable and accrued liabilities | \$ 6,207,653 |
| Due to related parties | 221,714 |
| Customer deposits | 9,186 |
| Accrued interest | 110,560 |
| Derivative liability | 215,237 |
| Notes payable including related parties | 3,360,307 |
| Total current liabilities | 10,124,657 |
| Long term debt | 309,864 |
| Liabilities of discontinued operations | 1,463,966 |
| Total Liabilities | 11,898,487 |
| Stockholders' deficit | |
| Pr Preferred stock, Series "A" \$0.001 par value; 5,000,000 shares authorized, 3,163,469 shares issued and outstanding | 3,810 |
| Preferred Preferred Series "C" \$0.001 par value; 103,143 shares authorized, 103,143 shares issued and outstanding | 103 |
| Common stock, \$.001 par value, voting, 100,000,000 shares authorized, 16,284,210 shares issued and | 16,419 |

| | |
|---|--------------|
| outstanding | |
| Additional paid-in capital | |
| Accumulated deficit | (10,461,077) |
| Total stockholders' deficit | (10,440,745) |
| Total liabilities and stockholders' deficit | \$ 1,457,742 |

See accompanying notes to condensed consolidated financial statements.

INTEGRATED MEDIA HOLDINGS, INC.
d/b/a Arrayit Company
(formerly ENDAVO MEDIA AND COMMUNICATIONS, INC.)
CONDENSED CONSOLIDATED UNAUDITED STATEMENTS OF OPERATIONS

| | Three Months Ended March 31 | |
|--|-----------------------------|--------------|
| | 2008 | 2007 |
| | Restated | Note 7 |
| Total revenues | \$ 852,372 | \$ 1,020,749 |
| Cost of sales | 762,842 | 614,273 |
| Gross margin | 89,530 | 406,476 |
| Selling, general, and administrative expense | 357,656 | 854,704 |
| Profit (loss) from operations | (268,126) | (448,228) |
| Income from discontinued operations | | 441,154 |
| Gain on derivative liability | 23,715 | 181,080 |
| Legal expense | (22,953) | (726,553) |
| Interest (expense) | (132,812) | (176,740) |
| Net loss | \$ (400,176) | \$ (729,287) |
| Net loss per common share - basic and diluted | \$ (0.025) | \$ (0.043) |
| Weighted average shares - basic and diluted | 16,284,210 | 16,810,710 |

See accompanying notes to condensed consolidated financial statements

INTEGRATED MEDIA HOLDINGS, INC.
d/b/a Arrayit Company
(formerly ENDAVO MEDIA AND COMMUNICATIONS, INC.)
NOTES TO CONDENSED CONSOLIDATED UNAUDITED STATEMENTS
FOR THE THREE MONTHS ENDED MARCH 31, 2008

NOTE 1 - BASIS OF PRESENTATION

The accompanying unaudited consolidated financial statements have been prepared in accordance with the instructions to Form 10-QSB and Item 310 (b) of Regulation S-B, and, therefore, do not include all information and footnotes necessary for a complete presentation of financial position, results of operations, cash flows, and stockholders' equity in conformity with accounting principles generally accepted in the United States of America. In the opinion of management, all adjustments considered necessary for a fair presentation of the results of operations and financial position have been included and all such adjustments are of a normal recurring nature. These financial statements should be read in conjunction with the audited financial statements and notes thereto contained in Arrayit's Annual Report filed with the SEC on Form 10-KSB. The results of operations for interim periods are not necessarily indicative of the results to be expected for the full year. Notes to the consolidated financial statements, which would, substantially duplicate the disclosure contained in the audited financial statements for fiscal 2007 as reported in Form 10-KSB have been omitted.

NOTE 2- DESCRIPTION OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of Business

Integrated Media Holdings, Inc. and subsidiaries (collectively referred to as IMHI) provides digital content distribution and management solutions for content owners seeking to distribute online and over broadband, or Internet Protocol, networks. Prior to September 2005, the Company integrated broadband services, including voice, video, and data services to residential customers through IP based networks. The Company, formed in December 1999, relocated to Atlanta, Georgia in December 2005 from Salt Lake City, Utah. IMHI was formerly known as CeriStar Inc. and Endavo Media Communications, Inc, which is also the current name of one of our subsidiaries. The results of operations of Endavo, Bidchaser and WV Fiber (to April 11, 2007 – date of disposal) have been included in these statements and are presented as discontinued operations in the financial statements.

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

For SEC reporting purposes, the merger between IMHI and TeleChem has been treated as a reverse merger with TeleChem being the “accounting acquirer” and, accordingly, it will assume the Company’s reporting obligations with the SEC after the effective date of the merger.

Summary of Significant Accounting Policies

Principles of Consolidation

The financial statements reflect the consolidated results of Integrated Media Holdings, Inc. and its wholly owned subsidiaries Endavo Media and Communications, Inc. (fka, Susquima Inc), WV Fiber Inc. (fka Louros Networks, Inc), Bidchaser Inc. (fka BCI Acquisition Corporation) and New Planet Resources, Inc. All material inter-company transactions have been eliminated in the consolidation.

Reverse Stock Split

On March 22, 2006, IMHI completed a reverse stock split whereby the shareholders received 1 share of stock for every 40 that they previously owned.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates. Significant estimates include the cash flow projections used for the impairment tests, the assumption underlying estimate of the period used to amortize deferred revenue and the assumptions used to value the stock options issued to non-employees. It is possible that these estimates may change in the near term and that such as change may be material.

Cash and Cash Equivalents

Cash includes all cash and highly liquid investments with original maturities of three months or less.

Property and Equipment

Property and equipment are recorded at cost less accumulated depreciation. Depreciation and amortization on property and equipment are determined using the straight-line method over the three to five year estimated useful lives of the assets.

Impairment of Long-Lived Assets

IMHI reviews its long-lived assets for impairment when events or changes in circumstances indicate that the book value of an asset may not be recoverable. IMHI evaluates, at each balance sheet date, whether events and circumstances have occurred which indicate possible impairment. The Company uses an estimate of future undiscounted net cash flows of the related asset or group of assets over the estimated remaining life in measuring whether the assets are recoverable. If it is determined that an impairment loss has occurred based on expected cash flows, such loss is recognized in the statement of operations.

Inventory

Inventories are stated at the lower of cost or market, cost determined on the basis of FIFO.

Revenue Recognition

Revenue is recognized when title and risk of loss are transferred to customers upon delivery based on terms of sale and collectibility is reasonably assured.

Shipping and Handling Costs

Shipping and handling costs billed to customers are recorded as revenue. Shipping and handling costs paid to vendors are recorded as cost of sales.

Fair Value of Financial Instruments

The carrying amounts reported in the accompanying balance sheets of all financial instruments approximates their fair values because of the immediate or short-term maturity of these financial instruments or comparable interest rates of similar instruments.

Allowance for Doubtful Accounts

The Company records an allowance for estimated losses on customer accounts. The allowance is increased by a provision for bad debts, which is charged to expense, and reduced by charge-offs, net of recoveries.

Patent Costs

Costs incurred with registering and defending patent technology are charged to expense as incurred.

Convertible Debt

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

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

Income Taxes

Deferred taxes are computed using the asset and liability method. Under the asset and liability method, deferred tax assets and liabilities are recognized for future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. Deferred tax assets are not recognized unless it is more likely than not that the asset will be realized in future years.

Earnings per Common and Common Equivalent Share

The computation of basic earnings per common share is computed using the weighted average number of common shares outstanding during the year. The computation of diluted earnings per common share is based on the weighted average number of shares outstanding during the year plus common stock equivalents which would arise from the exercise of warrants outstanding using the treasury stock method and the average market price per share during the year. Options, warrants, convertible debt and convertible preferred stock which are common stock equivalents are not included in the diluted earnings per share calculation for 2008 and 2007, respectively, since their effect is anti-dilutive.

Stock-Based Compensation

The Company accounts for stock issued to employees, officers and directors in accordance with Statement of Financial Standards No. 123 (revised 2004), Share-Based Payment ("SFAS No. 123(R)"), which is a revision of SFAS No. 123. SFAS No. 123 (R) supersedes APB Opinion No. 25, Accounting for Stock Issued to Employees, and amends FASB Statement No. 95, Statement of Cash Flows. Generally, the approach to accounting for share-based payments in SFAS No. 123(R) is similar to the approach described in SFAS No. 123. However, SFAS No. 123(R) requires all new share-based payments to employees, including grants of employee stock options, to be recognized in the financial statements based on their fair values.

Statement of Cash Flows

From the three months ended March 31, 2008 and 2007, cash flows provided (used) by operating activities approximates net income (loss) and the net change in cash.

NOTE 3- GOING CONCERN

IMHI has a working capital deficit of \$8,978,765, a stockholders' deficit, and recurring net losses. These factors create substantial doubt about IMHI's ability to continue as a going concern. The financial statements do not include any adjustment that might be necessary if IMHI is unable to continue as a going concern.

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

NOTE 4 - CONVERTIBLE NOTES AND DERIVATIVE LIABILITIES

On February 22, 2005 the Company sold 8% senior secured convertible notes, at par, in the aggregate principal amount of \$1,425,000. The Notes carry an interest rate of 8% and a maturity date of February 22, 2007. Interest is payable in cash or shares of common stock. In the event of default, an additional penalty interest of 18% will be assessed on unpaid principal and interest.

The notes are convertible into our common shares at 75% of volume weighted average price for twenty 20 trading days prior to conversion date. The Company simultaneously issued to the Investors five year warrants to purchase 1,597,534 shares of common stock. During 2005, 1,585,623 warrant shares were exercised and relieved to equity on the balance sheet at December 31, 2005.

The Company evaluated the convertible debentures and the warrants under SFAS No. 133 "Accounting for Derivatives" and EITF 00-19 "Accounting for Derivative Financial Instruments Indexed to and Potentially Settled in a Company's Own Stock". The Company determined that the convertible debentures contained an embedded derivative for the conversion option and the warrants qualified as free standing derivatives. The conversion option allows for an indeterminate number of shares to potentially be issued upon conversion.

This results in the Company being unable to determine with certainty they will have enough shares available to settle any and all outstanding common stock equivalent instruments. The Company would be required to obtain shareholder approval to increase the number of authorized shares needed to share settle those contracts. Because increasing the number of shares authorized is outside of the Company's control, this results in these instruments being classified as liabilities under EITF 00-19 and derivatives under SFAS No. 133. As a result, the Company has determined that all existing outstanding convertible notes are also subject to EITF 00-19 and SFAS No. 133. The terms of those notes were disclosed under financial footnotes No. 6- Notes Payable.

The notes are carried at full face value as they are in default.

Notes payable consisted of the following at March 31, 2008

| | |
|--|------------|
| Discounted convertible notes payable due to SovCap. SovCap is affiliated with a former officer and director of the Company and is a significant stockholder of the Company. These notes have a face interest rate of 18%. The notes are unsecured and are due on demand. The notes are convertible at a rate of 75% of the average closing bid price of the Company's common stock for the five trading days ending on the trading day immediately preceding the conversion date. During 2008 none of the principal was converted into common stock. | \$ 405,300 |
| Notes payable due to SovCap bearing interest at 6% -8% | 118,500 |
| Notes payable due to SovCap, bearing interest at 8% and due on February 22, 2007. The Company is presently in default of the payments on these notes, and as a result, the notes are accruing interest at the default rate of 26%. | 1,425,000 |
| Note payable to Dorn & Associates. Payable in 36 monthly installments of \$890 at an interest rate of 5%. The Company is presently in default of the payment terms on this note, and has classified the entire note balance as current. | 25,177 |
| | 74,174 |

Edgar Filing: Integrated Media Holdings, Inc. - Form 10KSB/A

Convertible notes due to a former officer and shareholder of the Company, These notes bear interest at 12%, are unsecured, and due on demand. The Company is presently in default of the payment terms on these notes. The notes are convertible into approximately 10,251 shares at approximately \$8.00 per share.

| | |
|--|--------------|
| Notes payable to an individual with interest at 10% collateralized by receivables and due on demand. | 17,826 |
| Note payable to a financial group with interest rate at 12% and due on demand. | 25,000 |
| Note payable to HT Investments LLC issued during asset purchase of WV Fiber LLC. The note bears no interest and is payable on November 8, 2006, secured by the assets purchased and placed in our subsidiary, WV Fiber, Inc. The note is payable in 60% cash and 40% of the note is payable in Series A Preferred shares of the Company. This note was sold as a part of the sale of WV Fiber, Inc. during 2007. | - |
| Notes payable to certain individual accredited investors with interest of 15% or 18% per annum and are payable on demand after 180 days from the issue date. Notes are convertible into units of common stock and warrants at a rate of one unit for every \$5.00 converted. Notes in the principal amount of \$1,183,500 were sold as a part of the sale of WV Fiber, Inc. | 44,500 |
| Notes payable to former officer and other individual accredited investors | 60,250 |
| Notes payable due to SovCap | 161,250 |
| Notes payable, interest free due on demand from a shareholder | 23,500, |
| Notes payable, interest at 8% due on demand from Arrayit creditors | 658,705 |
| Notes payable, interest at 8%, due on demand from the former TeleChem shareholders and their families | 839,408 |
| | \$ 3,878,590 |
| * Notes payables included in liabilities of discontinued operations | (208,419) |
| Notes payable including related parties | \$ 3,670,171 |

NOTE 5 - STOCKHOLDERS' EQUITY (DEFICIT) - RESTATED

| | Common Stock | Preferred "A" | Preferred "C" | Additional Paid in Capital | Deficit | Total |
|--|-----------------|------------------|------------------|----------------------------------|--------------|--------------|
| Integrated Media Holdings, Inc. prior to merger, December 31, 2007 | 16,419 | 3,810 | | 32,779,304 | (37,250,328) | (4,450,795) |
| TeleChem International prior to merger, December 31, 2007 | 1,667 | | | | (5,690,441) | (5,688,774) |
| Reverse merger entries | (1,667) | | | (32,878,201) | 32,879,868 | |
| February 21, 2008 issuance of Series "C" preferred shares | | | 103 | 98,897 | | 99,000 |
| Loss for the period | | | | | (400,176) | (400,176) |
| Balance – March 31, 2008 | 16,419 | 3,810 | 103 | - | (10,461,077) | (10,440,745) |

Conversion of Preferred Stock to Common Stock

The Series A Preferred Stock has no stated dividend rate and has a liquidation preference of \$.001 per share. The Series A Preferred Stock also has voting rights that entitle the preferred shareholders to vote with the common shareholders as if the preferred stock had converted to common. The conversion ratio of the preferred into common is not subject to revision upon reverse stock dividends or splits that reduce the total shares outstanding.

The 3,821,197 shares of preferred stock are convertible at a fixed conversion ratio of 9.6 into 36,683,592 shares of common stock any time after September 30, 2005. On March 22, 2006, IMHI entered into a 40 to 1 reverse stock split. As a result the conversion ratio did not change and as such, the Series A Preferred stock holders received an incremental 35,766,404 shares. IMHI evaluated the effect of the reverse stock split under EITF 00-27, "Application of Issue 98-5 to Certain Convertible Instruments," and determined that a reset had occurred. IMHI recorded a beneficial conversion feature of \$1,072,992 as a deemed dividend.

The Series C Preferred Stock has no stated dividend rate. The Series A Preferred Stock also has voting rights that entitle the preferred shareholders to vote with the common shareholders as if the preferred stock had converted to common. The conversion ratio of the preferred into common is not subject to revision upon reverse stock dividends or splits that reduce the total shares outstanding.

The 103,143 Series C Preferred Stock was issued on February 21, 2008 as part of the merger with TeleChem. These Series C Preferred shares are convertible into 36,100,000 common shares at the rate of 350:1.

Options and warrants

IMHI has issued 250,000 and 1,597,529 warrants in conjunction with the issuance of its securities and convertible debt during the years ended December 31, 2006 and 2005, respectively. On January 19, 2008 IMHI issued 1,250,000 warrants, expiring on January 19, 2013, exercisable at \$0.01. Warrants that were issued generally do not have a life that exceeds five years. We issued 6,907,500 options to employees and consultants in 2006. No options or warrants were issued during 2007 or during the three months ended March 31, 2008. Information regarding warrants and options to purchase common shares is summarized below:

| | Number of Options and Warrants | Weighted Average Exercise Price Per Share |
|----------------------------------|--------------------------------------|---|
| Outstanding at January 1, 2006 | 112,972 | \$ 0.05 |
| Granted | 6,020,000 | \$ 0.08 |
| Cancelled/forfeited | - | - |
| Expired | - | - |
| Exercised | - | - |
| Outstanding at December 31, 2006 | 11,965,000 | \$ 0.09 |
| Granted | - | - |
| Cancelled/forfeited | - | - |
| Expired | - | - |
| Exercised | - | - |
| Outstanding at December 31, 2007 | 8,952,500 | \$ 0.10 |
| Granted | 1,250,000 | \$ 0.01 |
| Cancelled/forfeited | (1,750,000) | - |
| Expired | - | - |
| Exercised | - | - |
| Outstanding at March 31, 2008 | 8,452,500 | \$ 0.089 |

The following table summarizes information about outstanding warrants and options for common stock at March 31, 2008:

| Range of Exercise | Number Outstanding | Weighted Average Remaining Contractual Life (years) | Weighted Average Exercise Price | Number Exercised | Average Exercise Price |
|-------------------|-----------------------|---|--|---------------------|------------------------------|
| \$ 0.01 | 1,250,000 | 5 | 0.01 | 0 | 0.01 |
| \$ 0.01 - \$ 0.05 | 421,362 | 5 | 0.03 | 0 | 0.70 |
| 0.09 - 0.10 | 1,673,512 | 6 | 0.08 | 0 | 0.10 |
| 0.10 - 0.60 | 4,871,281 | 7 | 9.34 | 0 | 0.37 |
| 0.60 - | 236,345 | 7 | 1.19 | 0 | 1.19 |

NOTE 6 - COMMITMENTS AND CONTINGENCIES

Pediatrics Screening LP

The controversy in issue arose from a failed grant collaboration between Pediatrics and TeleChem involving TeleChem proprietary microarray technology and subsequent agreement by the parties to commercialize TeleChem microarray technology through the formation of a joint corporation. Pediatrics brought a lawsuit in the United States District Court for the Western District of Pennsylvania alleging multiple claims for breach of contract in connection with both the grant collaboration and Pre-Incorporation Agreement. TeleChem counterclaimed alleging breach of the Pre-Incorporation Agreement, as well as for fraudulent misrepresentation and trade secret misappropriation, inter alia, stemming from the failed grant collaboration and subsequent Pre-Incorporation Agreement.

On August 11, 2007, after five weeks of trial, the jury returned a verdict finding that, while both parties were in breach of contract, Pediatrics also engaged in fraudulent misrepresentation and awarded TeleChem \$500,000 in damages and \$3,500,000 in punitive damages for the fraudulent misrepresentation claim and \$1,000,000 in damages on the breach of contract claim. The jury also awarded Pediatrics \$1,085,000 in damages for Pediatrics's breach of contract claim against TeleChem.

Pediatrics's Rule 59 motion to amend the judgement was denied by the District Court. Pediatrics appealed the jury verdict on fraudulent misrepresentation and the \$4,000,000 in damages awarded thereunder to the U.S. Court of Appeals for the Third Circuit. Pediatrics has indicated that it will not pursue on appeal the breach of contract verdict and damage award against it. TeleChem did not appeal any portion of the jury verdict.

The appeal is currently pending before the U.S. Court of Appeals for the Third Circuit and involved in the Third Circuit's mandatory mediation program.

Other Matters

IMHI may become or is subject to investigations, claims or lawsuits ensuing out of the conduct of its business. IMHI is currently unable to estimate the loss (if any) related to these matters. Other than the Pediatrics matter referred to above, IMHI is not aware of any other matters.

NOTE 7 – REVISIONS TO PREVIOUSLY ISSUED FINANCIAL STATEMENTS AS OF AND FOR THE THREE MONTHS ENDED MARCH 31, 2007

In connection with the Company's audit of TeleChem International, Inc. for the years ended December 31, 2007 and 2006, Management uncovered the following

- e) The status of the Pediatrics legal suit as more fully described in Note 6 above, continued to remain in mediation and therefore Management determined it was no-longer appropriate to defer legal costs associated with the defence of the legal suit.
- f) On May 19, 2008 the Company incurred a default judgement for outstanding invoices including interest thereon, relating to prior periods.
- g) Warrants issued on January 19, 2008 were not reflected in the financial statements for the three months ended March 31, 2008.
- h) Reverse merger accounting was refined.

The following tables summarize the adjustments to the Company's financial statements for the quarter ended March 31, 2008.

-13-

Summary of adjustments to the Company's Balance Sheet as at March 31, 2008.

| | As Previously Reported | Adjustment | As Restated |
|--|------------------------------|-----------------|--------------|
| Total current assets | 1,145,892 | | 1,145,892 |
| Property and equipment, net | 63,904 | | 63,904 |
| Assets of discontinued operations | 247,946 | | 247,946 |
| Deferred legal expenses | 2,069,758 | (2,069,758) | |
| Total assets | \$ 3,527,500 | \$ (2,069,758) | \$ 1,457,742 |
| Liabilities and Stockholders' Deficit | | | |
| Current liabilities: | | | |
| Accounts payable and accrued liabilities | 5,509,272 | 698,381 | 6,207,653 |
| Due to related parties | 221,714 | | 221,714 |
| Customer deposits | 9,186 | | 9,186 |
| Accrued interest | 110,560 | | 110,560 |
| Derivative liability | 115,435 | 99,802 | 215,237 |
| Notes payable including related parties | 3,670,170 | (309,863) | 3,360,307 |
| Total current liabilities | 9,636,337 | 488,320 | 10,124,657 |
| Long term debt | | 309,864 | 309,864 |
| Liabilities of discontinued operations | 1,463,966 | | 1,463,966 |
| Total Liabilities | 11,100,303 | 798,184 | 11,898,487 |
| Stockholders' deficit | | | |
| Preferred stock, Series "A" | 3,163 | 647 | 3,810 |
| Preferred stock, Series "C" | 103 | | 103 |
| Common stock, | 16,284 | 135 | 16,419 |
| Additional paid-in capital | 29,680,426 | (29,680,426) | |
| Accumulated deficit | (37,272,779) | 26,811,702 | (10,461,077) |
| Total stockholders' deficit | (7,572,803) | (2,867,942) | (10,440,745) |
| Total liabilities and stockholders' deficit | \$ 3,527,500 | \$ (2,069,758) | \$ 1,457,742 |

Summary of adjustments to the Company's Statement of operations for the three months ended March 31, 2008.

| | As Previously Reported | Adjustment | As Restated |
|--|------------------------------|------------|-------------|
| Total revenues | 852,372 | | 852,372 |
| Cost of sales | 762,842 | | 762,842 |
| Gross margin | 89,530 | | 89,530 |
| Selling, general, and administrative expense | 269,201 | 88,455 | 357,656 |

Edgar Filing: Integrated Media Holdings, Inc. - Form 10KSB/A

| | | | |
|---|--------------|--------------|--------------|
| Profit (loss) from operations | (179,671) | (88,455) | (268,126) |
| Income from discontinued operations | | | |
| Gain on derivative liability | 111,109 | (87,394) | 23,715 |
| Legal expense | | (22,953) | (22,953) |
| Interest (expense) | (132,812) | | (132,812) |
| Net loss | \$ (201,374) | \$ (198,802) | \$ (400,176) |
| Net loss per common share - basic and diluted | \$ (0.012) | | \$ (0.025) |

-14-

Summary of adjustments to the Company's Statement of operations for the three months ended March 31, 2007

| | As Previously Reported | Adjustment | As Restated |
|---|------------------------------|------------|--------------|
| Total revenues | 1,020,749 | | 1,020,749 |
| Cost of sales | 614,273 | | 614,273 |
| Gross margin | 406,476 | | 406,476 |
| Selling, general, and administrative expense | 854,704 | | 854,704 |
| Profit (loss) from operations | (448,228) | | (448,228) |
| Income from discontinued operations | 441,154 | | 441,154 |
| Gain on derivative liability | 181,0809 | | 181,0809 |
| Legal expense | | (726,553) | (726,553) |
| Interest (expense) | (176,740) | | (176,740) |
| Net loss | \$ (2,735) | (726,553) | \$ (729,287) |
| Net loss per common share - basic and diluted | \$ (0.00) | | \$ (0.043) |

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS

For a description of our significant accounting policies and an understanding of the significant factors that influenced our performance during the three months ended March 31, 2008, this "Management's Discussion and Analysis" should be read in conjunction with the Condensed Consolidated Unaudited Financial Statements, including the related notes, appearing in Item 1 of this Quarterly Report, as well as the Company's Annual Report on Form 10-KSB for the year ended December 31, 2007. The preparation of this Quarterly Report on Form 10-QSB requires us to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of our financial statements, and the reported amounts of revenue and expenses during the reporting period. There can be no assurance that actual results reported in the future will not differ from those estimates or that revisions of these estimates may not become necessary in the future.

Forward-Looking Statements

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

Forward-looking statements involve risks, uncertainties and other factors, which may cause our actual results, performance or achievements to be materially different from those expressed or implied by such forward-looking statements. Factors and risks that could affect our results and achievements and cause them to materially differ from those contained in the forward-looking statements include those to be identified in our Annual Report on Form 10-KSB for the year ended December 31, 2007 in the section titled "Risk Factors," as well as other factors that we are currently unable to identify or quantify, but may exist in the future.

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

Executive Overview

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

TeleChem's business activities are in the life sciences, chemical trading and disease diagnostics areas. It was founded in 1993 by Rene Schena and Todd Martinsky as a chemical import and export trading company. TeleChem's chemicals division provides customers with the raw materials required for plastics, water soluble fertilizers, and alternative fuels. TeleChem entered the biotechnology sector with the creation of the Arrayit® Life Sciences Division in 1996. Because of the public interest in the Human Genome Project and microarray technology, TeleChem focused

on microarray products and services for the research, pharmaceutical and diagnostics markets. TeleChem's Arrayit® Division currently provides its patented microarray platform (US 6,101,946) to more than 3,000 installations serving an estimated 10,000 laboratories, making it the most widely used microarray technology in the world. Supporting instruments, kits, reagents, and hardware complete the Arrayit® line of more than 400 products making up what management believes is a universal microarray platform for any type of biomolecule.

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

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

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

-16-

Corporate History

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

Effective February 21, 2008, we completed the Plan and Agreement of Merger by and among us, TeleChem International, Inc., the majority shareholders of TeleChem, Endavo Media and Communications, Inc., a Delaware corporation and TCI Acquisition Corp., a Nevada corporation, and wholly owned subsidiary of the Company. Consummation of the merger did not require a vote of our shareholders. We issued 103,143 shares of Series C Convertible Preferred Stock to the Shareholders of TeleChem in exchange for 100% of the equity interests of TeleChem resulting in TeleChem being a wholly owned subsidiary .. The former shareholders of TeleChem now own approximately 73.5% of the outstanding interest and voting rights of the parent company. The Preferred Stock is convertible into 36,100,000 shares of common stock after, but not before, the effective date of the reverse split of the outstanding Integrated Media common stock. Finally, in connection with the merger, we changed the address of our principal executive offices to 524 East Weddell Drive, Sunnyvale, CA 94089. Simultaneously with the merger we transferred our wholly-owned subsidiary, Endavo to an individual. As a result, the transaction will be accounted for as a reverse merger, where Telechem is the accounting acquirer resulting in a recapitalization of our equity.

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

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

Recent Developments

Summary of TeleChem Purchase and Share Exchange Terms:

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

On or about February 21, 2008 there was the issuance of 103,143 Series C shares of preferred stock that is convertible upon into 36,100,000 shares (a majority) of the common stock to the TeleChem Shareholders in exchange for 100% of the equity interests of TeleChem. The parent company will then change its name to Arrayit Corporation Afterwards there will be a reverse split and increase in the number of authorized and unissued shares and conversion of the preferred shares. TeleChem will be then be a wholly-owned subsidiary of Integrated Media and the present TeleChem Shareholders will own approximately 73.5% of the outstanding equity interest and voting rights of the parent company. Neither the first or second step of the Merger will require approval of shareholders of Integrate Media.

Upon completion of the “reverse-split” approved and reincorporation to the State of Nevada and adoption of the Nevada Articles of Incorporation that has been authorized by the board of directors and majority shareholders of Integrated Media, there will be approximately 47,637,860 outstanding common shares. Approximately 35,000,000 common shares (73.5%) will be held by the present TeleChem Shareholders and approximately 11,537,860 common shares (24.20%) will be held by the present Integrated Media shareholders.

Results of Operations

Comparison of Operating Results

Gross revenues for the three months ended March 31, 2008 and 2007 were \$852,372 and \$1,020,749, with Cost of Sales for the three months ended March 31, 2008 amounting to \$762,842 and \$614,273 resulting in Gross Profit for the three months ended March 31, 2008 and 2007 of \$89,530 and \$406,476 respectively. During the first quarter of 2008 Management continued to be distracted by the Pediatrix legal suit resulting in less than anticipated results. With the conclusion of the legal action, the Company anticipates a return to higher sales and the improved gross margins experienced in former years.

Selling, General and Administrative expenses for the three months ended March 31, 2008 amounted to \$357,656 which were virtually all incurred by TeleChem. For the three months ended March 31, 2007 Selling, General and Administrative expenses of \$854,704 included \$573,116 attributable to the on going operations of Integrated Media Holdings, Inc.

Interest Expense for the three months ended March 31, 2008 and 2007 was \$132,812 and \$176,740 respectively. The reduction in 2008 resulted from the reduction in outstanding debt.

We incurred a gain from the imbedded derivatives in our debt instruments of \$23,715 during the three months ended March 31, 2008 and a gain of \$181,080 during the three months ended March 31, 2007.

Legal expenses of \$22,953 were incurred during the three months ended March 31, 2008 which were significantly less than the \$726,553 incurred during the three months ended March 31, 2007. The conclusion of the trial stage of the Pediatrix law suit during 2007 accounts for most of the reduction.

The three months ended March 31, 2007 include income from discontinued operations of \$441,154 resulting from the Endavo, Bidchaser and WV Fiber subsidiaries.

Cash flows from operations approximated net income (loss) for the three months ended March 31, 2008 and 2007. The Company has funded its operating deficits through debt financing.

-18-

Going Concern

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

Risk Factors

In addition to the other information set forth in this report, you should carefully consider the factors discussed in Part I, Item 1A. Risk Factors in our Annual Report on Form 10-KSB for the year ended December 31, 2007, which could materially affect our business, financial condition or future results. The risks described in our Annual Report on Form 10-KSB is not the only risks facing our Company. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial also may materially adversely affect our business, financial condition and/or operating results.

If We Do Not Obtain Additional Financing, We Will Not Be Able to Acquire Any Assets

As of March 31, 2008 we had cash on hand in the amount of \$78,428. We will likely have to raise funds to acquire new assets and finance operation or acquire new assets and to finance operations. If we are not able to raise the funds necessary to fund our business objectives, we may have to delay the implementation of any future business plan.

We do not have any arrangements for financing and we can provide no assurance that we will be able to obtain the required financing when needed. Obtaining additional financing will be subject to a number of factors, including:

- * Market conditions;
- * Investor acceptance of potential business assets; and
- * Investor sentiment.

These factors may make the timing, amount, terms and conditions of additional financing unattractive or unavailable to us. If we are not successful in achieving financing id operation or acquire business assets, our development will be delayed.

If We Are Unable To Generate Significant Revenues From Our Operations, Our Business Will Fail.

If we are unable to generate significant revenues from resumption of operations or any business interest we acquire, we will not be able to achieve profitability or continue operations.

Our Securities May Be Subject to Penny Stock Regulation.

If an active trading market for our securities develops and the price of our common stock falls below \$5.00 per share, then we will be subject to “penny stock” regulation. “Penny stock” rules impose additional sales practice requirements on broker-dealers who sell such securities to persons other than established customers and accredited investors (generally those with assets in excess of \$1,000,000 or annual income exceeding \$200,000 or \$300,000 together with a spouse). For transactions covered by these rules, the broker-dealer must make a special suitability determination for the purchase of such securities and have received the purchaser’s written consent to the transaction prior to the purchase. Additionally, for any transaction involving a penny stock, unless exempt, the rules require the delivery, prior to the transaction, of a disclosure schedule prescribed by the Commission relating to the penny stock market. The broker-dealer also must disclose the commissions payable to both the broker-dealer and the registered representative and current quotations for the securities. Finally, monthly statements must be sent disclosing recent price information on the limited market in penny stocks. Consequently, the “penny stock” rules may restrict the ability of broker-dealers to sell our shares of common stock. The market price of our shares would likely suffer as a result.

ITEM 3. CONTROLS AND PROCEDURES

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

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

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

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

The material weaknesses we have identified are the direct result of a lack of adequate staffing in our accounting department. Currently, our chief executive officer and a controller have sole responsibility for receipts and disbursements. We do not employ any other parties to prepare the periodic financial statements and public filings.

Reliance on these limited resources impairs our ability to provide for a proper segregation of duties and the ability to ensure consistently complete and accurate financial reporting, as well as disclosure controls and procedures. As we grow, and as resources permit, we project that we will hire such additional competent financial personnel to assist in the segregation of duties with respect to financial reporting, and Sarbanes-Oxley Section 404 compliance.

We believe, with the completion of the business merger with Arrayit and the addition of more staff during the next few quarters, that we will be able to improve our financial reporting and disclosure controls and procedures and remedy the material weakness identified above.

-20-

PART II – OTHER INFORMATION

ITEM 1 - LEGAL PROCEEDINGS

Other than the matter with Pediatrix Screening, LP described below, we are not aware of any known or potential matters, although we may, from time to time, be party to certain legal proceedings and other various claims and lawsuits in the normal course of our business, which, in the opinion of management, are not material to our business or financial condition.

Pediatrix Screening LP

The controversy in issue arose from a failed grant collaboration between Pediatrix and TeleChem involving TeleChem proprietary microarray technology and subsequent agreement by the parties to commercialize TeleChem microarray technology through the formation of a joint corporation. Pediatrix brought a lawsuit in the United States District Court for the Western District of Pennsylvania alleging multiple claims for breach of contract in connection with both the grant collaboration and Pre-Incorporation Agreement. TeleChem counterclaimed alleging breach of the Pre-Incorporation Agreement, as well as for fraudulent misrepresentation and trade secret misappropriation, inter alia, stemming from the failed grant collaboration and subsequent Pre-Incorporation Agreement.

On August 11, 2007, after five weeks of trial, the jury returned a verdict finding that, while both parties were in breach of contract, Pediatrix also engaged in fraudulent misrepresentation and awarded TeleChem \$500,000 in damages and \$3,500,000 in punitive damages for the fraudulent misrepresentation claim and \$1,000,000 in damages on the breach of contract claim. The jury also awarded Pediatrix \$1,085,000 in damages for Pediatrix's breach of contract claim against TeleChem.

Pediatrix's Rule 59 motion to amend the judgement was denied by the District Court. Pediatrix appealed the jury verdict on fraudulent misrepresentation and the \$4,000,000 in damages awarded thereunder to the U.S. Court of Appeals for the Third Circuit. Pediatrix has indicated that it will not pursue on appeal the breach of contract verdict and damage award against it. TeleChem did not appeal any portion of the jury verdict.

The appeal is currently pending before the U.S. Court of Appeals for the Third Circuit and involved in the Third Circuit's mandatory mediation program.

ITEM 2 - CHANGES IN SECURITIES

Issued 103,143 Series C Preferred shares on February 21, 2008 convertible into 36,100,000 common shares

ITEM 3 - DEFAULTS UPON SENIOR SECURITIES

Other than defaults on some of our notes payable, as more fully explained in note 4 to our financial statements, we are not in default on Senior Securities.

ITEM 4 - SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

NONE

-21-

ITEM 5 - OTHER INFORMATION

NONE

ITEM 6 - EXHIBITS AND REPORTS ON FORM 8-K

| Exhibit | Description of Exhibit |
|---------|--|
| 31.1 | Certification of Chief Executive Officer Pursuant to Rule 13a-14(a)/15d-14(a) |
| 31.2 | Certification of Chief Financial Officer Pursuant to Rule 13a-14(a)/15d-14(a) |
| 32.1 | Certification of Chief Executive Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. 1350 |
| 32.2 | Certification of Chief Financial Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. 1350 |

(b). Reports on Form 8-K.

On January 9, 2008 and we filed on form 8-K information about the resignation of Paul D Hamm and Jerry Dunlap as directors and the appointment of William L. Sklar as a director.

On February 5, 2008 we filed on form 8-K information that the Company had signed a definitive merger agreement to combine with TeleChem International Inc.

On February 11, 2008 we filed on form 8-K information about amendments made to the February 5, 2008 merger agreement with TeleChem International, Inc.

On March 19, 2008 we filed on form 8-K information about our change of auditors from Maddox, Unger, Silberstein PLLC to Malone & Bailey PC.

On May 8, 2008 we filed on form 8-K information about our change of auditors from Malone & Bailey PC. To Berman, Hopkins, Wright & LaHam LLP.

-22-

SIGNATURES

In accordance with Section 13 or 15(d) of the Exchange Act, the registrant caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

INTEGRATED
MEDIA HOLDINGS,
INC.

Dated: May 19, 2008 By: /s/ RENE' A.
SCHENA
Rene' A. Schena,
Chairman , Director,
CEO & CFO

In accordance with the Exchange Act, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

INTEGRATED
MEDIA HOLDINGS,
INC.

Dated: May 19, 2008 By: /s/RENE' A.
SCHENA
Rene' A. Schena,
Chairman , Director,
CEO & CFO
(Principal Executive
Officer and acting
Principal Financial and
Accounting Officer)

Dated: May 19, 2008 By: /s/ TODD J.
MARTINSKY
Todd J. Martinsky,
Director, Vice
President & COO

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Rene A. Schena certify that:

1. I have reviewed this Quarterly Report on Form 10-QSB of Integrated Media Holdings, Inc.;
2. Based on my knowledge, this 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 report;
3. Based on my knowledge, the financial statements, and other financial information included in this 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 report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, 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 report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

- (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
- (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ Rene A. Schena

Rene A. Schena
Chief Executive Officer

August 18, 2008

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Rene A. Schena certify that:

1. I have reviewed this Quarterly Report on Form 10-QSB of Integrated Media Holdings, Inc.;
2. Based on my knowledge, this 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 report;
3. Based on my knowledge, the financial statements, and other financial information included in this 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 report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, 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 report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

- (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
- (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ Rene A. Schena

Rene A. Schena
Chief Financial Officer

August 18, 2008

-27-

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 Quarterly Report of Integrated Media Holdings, Inc. (the “Company”) on Form 10-QSB for the period ending March 31, 2008 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Rene A. Schena certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

(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 results of operations of the Company.

/s/ Rene A. Schena

Rene A. Schena
Chief Executive Officer

August 18, 2008

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 Quarterly Report of Integrated Media Holdings, Inc. (the “Company”) on Form 10-QSB for the period ending March 31, 2008 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Rene A. Schena certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

(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 results of operations of the Company.

/s/ Rene A. Schena

Rene A. Schena
Chief Financial Officer

August 18, 2008