

JACKSON RIVERS CO  
Form 10KSB  
April 16, 2008

**U.S. SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549  
FORM 10-KSB**

**(Mark One)**

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

For the fiscal year ended December 31, 2007

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from \_\_\_\_\_ to \_\_\_\_\_  
*Commission File Number: 333-70932*

**Interact Holdings Group, Inc.**

(Name of small business issuer as specified in its charter)

**Florida**

(State or other jurisdiction of  
incorporation or organization)

**65-1102865**

(I.R.S. Employer  
Identification No.)

8880 Rio San Diego Drive, 8th Floor  
San Diego, CA 92108

(Address of principal executive offices, including zip code)

Registrant's telephone number, including area code: (619) 342-7443

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

Securities registered pursuant to Section 12(g) of the Act: \$.00001 par value common stock

Check whether the issuer is not required to file reports pursuant to Section 13 or 15(d) of the Exchange Act.

Check whether the issuer (1) filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act of 1934 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

Check if disclosure of delinquent filers pursuant to Item 405 of Regulation S-B is not contained in this form, and no disclosure will be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-KSB or any amendment to this Form 10-KSB.

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

The issuer's revenues for the most recent fiscal year were \$4,473,499.

Edgar Filing: JACKSON RIVERS CO - Form 10KSB

The aggregate market value of the voting and non-voting common equity held by non-affiliates of the registrant was approximately \$62,403 as of March 31, 2008.

State the number of shares outstanding of each of the Issuer's classes of common equity, as of the latest practicable date: March 31, 2008: 624,030,575

DOCUMENTS INCORPORATED BY REFERENCE

None.

Transitional Small Business Issuer Format Yes  No

---

## Table of Contents

		Page
<b>PART I</b>		
ITEM 1.	DESCRIPTION OF BUSINESS	1
ITEM 2.	DESCRIPTION OF PROPERTY	5
ITEM 3.	LEGAL PROCEEDINGS	5
ITEM 4.	SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS	5
<b>PART II</b>		
ITEM 5.	MARKET FOR COMMON EQUITY AND RELATED STOCKHOLDER MATTERS	5
ITEM 6.	MANAGEMENT'S DISCUSSION AND ANALYSIS OR PLAN OF OPERATION	8
ITEM 7.	FINANCIAL STATEMENTS	11
ITEM 8.	CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE	12
ITEM 8(A).	CONTROLS AND PROCEDURES.	12
ITEM 8(B).	OTHER INFORMATION.	12
<b>PART III</b>		
ITEM 9.	DIRECTORS, EXECUTIVE OFFICERS, PROMOTERS AND CONTROL PERSONS; COMPLIANCE WITH SECTION 16(A) OF THE EXCHANGE ACT	13
ITEM 10.	EXECUTIVE COMPENSATION	14
ITEM 11.	SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT	15
ITEM 12.	CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS	16
ITEM 13.	EXHIBITS	17
<b>SIGNATURES</b>		<b>19</b>

**PART I**

**ITEM 1. DESCRIPTION OF BUSINESS**

**Corporate History**

Interact Holdings Group, Inc. (the “Company”, “we” or “us”) was incorporated on May 8, 2001 under the laws of the State of Florida as a development-stage company under the name, “The Jackson Rivers Company.”

On August 31, 2005, Dennis N. Lauzon, our former President, Chief Executive Officer and controlling stockholder, entered into a stock purchase agreement with Jeffrey W. Flannery, our current President and Chief Executive Officer, under which Mr. Lauzon agreed to sell his 960,000 shares of our Series A Preferred Stock held by him to Mr. Flannery for a purchase price of \$60,000. Payment was in the form of \$15,000 in cash and a secured promissory note in the principal amount of \$45,000 payable in three (3) monthly installments of \$15,000 per month. This note was fully paid in accordance with its terms.

On December 2, 2005, we entered into a reverse merger agreement for the acquisition of Diverse Networks Inc. (“DNI”), a Texas corporation which specializes in technical, operational and engineering services. Pursuant to the definitive agreement, each share of DNI common stock was converted into the right to receive either (i) \$0.21 for every share of common stock in DNI, in the form of a one-year 8% promissory note or (ii) one share of our Series B Preferred Stock, at the election of each DNI stockholder.

On March 17, 2006, we sold 100% of the equity interest in our wholly owned subsidiary, JRC Global Products, Inc., to our former President and controlling shareholder, Dennis Lauzon, for \$1,100 in the form of a promissory note. Such note has since been fully satisfied.

On March 31, 2006, we entered into a securities purchase agreement with certain accredited investors pursuant to which we agreed to issue, in three separate tranches, up to \$2,000,000 of convertible promissory notes, as well as warrants to purchase shares of our common stock. The different tranches of the notes are to be issued and sold as follows: (i) \$700,000 upon execution and delivery of the securities purchase agreement; (ii) \$600,000 within 5 days of filing of a registration statement with the Securities and Exchange Commission (the “SEC”) registering the shares of common stock that are to be issued upon conversion of the notes and exercise of the warrants issued pursuant to the securities purchase agreement; and (iii) \$700,000 within 5 days of the registration statement being declared effective by the SEC. The convertible notes have a three year term and bear interest at a rate of six percent (6%) per annum. The notes are convertible into our common stock pursuant to a “variable conversion price” equal to the “Applicable Percentage” multiplied by the “Market Price.” “Applicable Percentage” is initially 50% provided that, such percentage will be increased to 55% if the registration statement is filed on or before April 30, 2006 and further increased to 60% if the registration statement is declared effective by the SEC on or before July 29, 2006. “Market Price” means the average of the lowest three trading prices (as defined in the securities purchase agreement) for our common stock during the 20 trading day period prior to conversion. Upon an event of default (as defined in the securities purchase agreement), the notes are immediately due and payable at an amount equal to the greater of (i) 140% of the then outstanding principal amount of the notes plus interest and (ii) the “parity value” defined as (a) the highest number of shares of common stock issuable upon conversion of the notes multiplied by (b) the highest closing price for our common stock during the period beginning on the date of the occurrence of the event of default and ending one day prior to the demand for prepayment due to the event of default. The notes are secured by a first lien on all of our assets, including all of our intellectual property. At the time of this filing, \$2,250,315.03 remains outstanding on the notes and \$84,395.00 has been converted into common shares of the Company.

Subject to certain terms and conditions set forth therein, the notes are redeemable by us at a rate of 120% to 140% of the outstanding principal amount of the notes, plus interest thereon at a rate of 6%. In addition, so long as the average daily price of our common stock is below the “initial market price” (as defined in the agreement) we may prepay such monthly portion due on the outstanding notes and the investors agree that no conversions will take place during such month where this option is exercised by us.

The notes were issued with warrants to purchase up to 50,000,000 shares of our common stock at an exercise price of \$0.07 per share, subject to adjustment.

We agreed to register the secondary offering and resale of the shares issuable upon conversion of the notes and the shares issuable upon exercise of the warrants within 30 days of the execution of the securities purchase agreement. At the time of this filing, we have not registered the secondary offering and resale of the shares issuable upon conversion.

We relied on the exemption from registration provided by Section 4(2) of the Securities Act of 1933, as amended, for the offer and sale of the notes and the warrants.

On May 5, 2006, we acquired UTSI International Corporation (“UTSI”), a Texas corporation, pursuant to a merger agreement whereby each share of UTSI common stock outstanding was converted into the right to receive 1.4380297 shares of our Series C Preferred Stock so that the 1,529,871 shares of common stock of UTSI outstanding are convertible into an aggregate of 2,200,000 shares of Series C Preferred Stock of the Company.

In December 2006, we entered into a securities purchase agreement with accredited investors to which we agreed to issue an additional tranche of \$250,000 of convertible promissory notes. These notes have a three year term and bear interest at a rate of eight percent (8%) per annum. The notes are convertible into our common stock pursuant to a “variable conversion price” equal to the “Applicable Percentage” multiplied by the “Market Price.” “Applicable Percentage” is 50%. “Market Price” means the average of the lowest three trading prices (as defined in the securities purchase agreement) for our common stock during the 20 trading day period prior to conversion. Upon an event of default (as defined in the securities purchase agreement), the notes are immediately due and payable at an amount equal to the greater of (i) 140% of the then outstanding principal amount of the notes plus interest and (ii) the “parity value” defined as (a) the highest number of shares of common stock issuable upon conversion of the notes multiplied by (b) the highest closing price for our common stock during the period beginning on the date of the occurrence of the event of default and ending one day prior to the demand for prepayment due to the event of default. The notes also included warrants to purchase up to 10,000,000 shares of our common stock at an exercise price of \$0.0007 per share, subject to adjustment.

In connection with the offer and sale of all of the notes and the warrants discussed above, we engaged Envision Capital LLC as a finder for the transaction. Under the terms of the engagement, Envision will receive a ten percent (10%) cash commission on the sale of the notes, and warrants to purchase up to 5,000,000 shares of our common stock on the same terms and conditions as the warrants issued to purchasers under the securities purchase agreement.

In December 2006, the Company changed its name to “Interact Holdings Group, Inc.” to reflect the diverse nature of its enterprises.

Our executive offices are located at 8880 Rio San Diego Drive, 8th Floor, San Diego, CA 92108 and our telephone number is (619) 342-7443. We maintain a website at [www.interactholdings.com](http://www.interactholdings.com).

## Recent Developments

On February 12, 2007, we effected a 500-to-1 reverse stock split. The financials have been adjusted for all periods presented.

On March 31, 2007, we entered into another securities purchase agreement with the same accredited investors as above, pursuant to which we agreed to issue an additional tranche of \$220,000 of convertible promissory notes. The convertible notes have a three year term and bear interest at a rate of eight percent (8%) per annum. The notes are convertible into our common stock pursuant to a "variable conversion price" equal to the "Applicable Percentage" multiplied by the "Market Price." "Applicable Percentage" is 50%. "Market Price" means the average of the lowest three trading prices (as defined in the securities purchase agreement) for our common stock during the 20 trading day period prior to conversion. Upon an event of default (as defined in the securities purchase agreement), the notes are immediately due and payable at an amount equal to the greater of (i) 140% of the then outstanding principal amount of the notes plus interest and (ii) the "parity value" defined as (a) the highest number of shares of common stock issuable upon conversion of the notes multiplied by (b) the highest closing price for our common stock during the period beginning on the date of the occurrence of the event of default and ending one day prior to the demand for prepayment due to the event of default. The notes also included warrants to purchase up to 10,000,000 shares of our common stock at an exercise price of \$0.07 per share, subject to adjustment.

On August 21, 2007, we entered into another Securities Purchase Agreement with the same accredited investors as above, pursuant to which we agreed to issue an additional tranche of \$330,000 of convertible promissory notes. The convertible notes have a three year term and bear interest at a rate of eight percent (8%) per annum and are convertible into our common stock under the same terms set forth for the Notes above. The notes also included warrants to purchase up to 20,000,000 shares of our common stock at an exercise price of \$0.07 per share, subject to adjustment.

In connection with the offer and sale of all of these notes and the warrants, we engaged Envision Capital LLC as a finder for the transaction. Under the terms of the engagement, Envision received a ten percent (10%) cash commission on the sale of the notes, and warrants to purchase up to 5,000,000 shares of our common stock on the same terms and conditions as the warrants issued to purchasers under such securities purchase agreement.

In January 2008, we entered into a separation agreement with one of our operating subsidiaries UTSI International. Both parties mutually agreed to terminate their relationship. UTSI had the option to rescind the acquisition as set forth in the original stock purchase agreement between the parties, should we not meet or cure certain conditions. Both companies agreed to the rescission, and each returned stock which originally was given for consideration of the deal in 2006.

In January 2008, Daniel Nagala resigned from the Board of Directors. Also in January 2008, James Nelson resigned from the Board of Directors and resigned his positions as President and Chief Operating Officer of the Company. Upon his resignation, the Preferred A Series shares held by Mr. Nelson were returned to Jeffrey Flannery, the remaining officer and board member.

## Our Business

Through our remaining subsidiary, Diverse Networks, we continue to operate in the infrastructure management and technology business. However, at this time we are unsure of our ability to support these activities on an ongoing basis. Furthermore, our auditor has raised substantial doubts about our ability to continue as a going concern. See Note 2 to the Consolidated Financial Statements.

We currently are seeking new business opportunities. We will endeavor to restructure and grow through the acquisition of additional business opportunities. We anticipate that proposed business ventures will be made available to us through personal contacts of our directors, executive officers and principal stockholders, professional advisors, broker dealers in securities, venture capital personnel, and members of the financial community and others who may present unsolicited proposals. In certain cases, we may agree to pay a finder's fee or to otherwise compensate the persons who submit a potential business endeavor in which we eventually participate. Since such persons may include our directors, executive officers and beneficial owners of our securities or their affiliates, such fees may become a factor in negotiations regarding any potential venture and, accordingly, may present a conflict of interest for such individuals. We do not presently intend to acquire or merge with any business enterprise in which any member has a prior ownership interest.

Although we currently have no plans to do so, depending on the nature and extent of services rendered, we may compensate members of management in the future for services that they may perform for our Company. Because we currently have extremely limited resources, we expect that any such compensation would take the form of an issuance of the Company's common stock to these persons; this would have the effect of further diluting the holdings of our other stockholders. There are presently no preliminary agreements or understandings between us and members of management respecting such compensation.

Substantial fees are often paid in connection with the completion of all types of acquisitions, reorganizations or mergers, ranging from a small amount to as much as \$400,000. These fees are usually divided among promoters or founders, after deduction of legal, accounting and other related expenses, and it is not unusual for a portion of these fees to be paid to members of management or to principal stockholders as consideration for their agreement to retire a portion of the shares of common stock owned by them. Management may actively negotiate or otherwise consent to the purchase of all or any portion of their common stock as a condition to, or in connection with, a proposed reorganization, merger or acquisition. It is not anticipated that any such opportunity will be afforded to other stockholders or that such other stockholders will be afforded the opportunity to approve or consent to any particular stock buy-out transaction. In the event that any such fees are paid, they may become a factor in negotiations regarding any potential acquisition or merger by us and, accordingly, may also present a conflict of interest for such individuals. We have no present arrangements or understandings respecting any of these types of fees or opportunities.

None of our directors, executive officers, founders or their affiliates or associates has had any negotiations with any representatives of the owners of any business or company regarding the possibility of an acquisition, reorganization, merger or other business opportunity for the Company; nor are there any similar arrangements with us.

**Patents, Trademarks, Licenses, Franchises, Concessions, Royalty Agreements or Labor Contracts**

None.

**Governmental Approval of Principal Products or Services**

None.

**Effect of Existing or Probable Governmental Regulations on Business**

None.

**Research and Development**

None.

**Cost and Effects of Compliance with Environmental Laws**

We are not, at present, subject to existing environmental laws that may have an adverse effect on us.

**Employees**

As of March 31, 2008, we had no full-time employees and no part-time employees.

**ITEM 2. DESCRIPTION OF PROPERTY**

Our executive and operational headquarters are based in Houston, Texas. We lease office space under an operating lease that expires in May 2010 at a monthly rent of \$23,560. We are seeking to sublet this space to a qualified tenant so as to eliminate or minimize these monthly office expenses while we restructure.

**ITEM 3. LEGAL PROCEEDINGS**

None.

**ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS**

None.

**PART II**

**ITEM 5. MARKET FOR COMMON EQUITY AND RELATED STOCKHOLDER MATTERS**

Our common stock trades on the OTC Bulletin Board under the symbol "IHGR." The following table shows the high and low bid prices for our common stock for each quarter since January 1, 2006 as reported by the OTC Bulletin Board. All share prices have been adjusted to provide for the 1-for-500 reverse stock split which was effected in January 2007. We consider our stock to be "thinly traded" and any reported sale prices may not be a true market-based valuation of the stock. Some of the bid quotations from the OTC Bulletin Board set forth below may reflect inter-dealer prices, without retail mark-up, mark-down or commission and may not represent actual transactions.



<b>January 1, 2007 to December 31, 2007</b>	<b>High Bid</b>	<b>Low Bid</b>
First quarter	\$ 0.5000	\$ 0.0200
Second quarter	0.0270	0.0013
Third quarter	0.0042	0.0004
Fourth quarter	0.0005	0.0001

<b>January 1, 2006 to December 31, 2006</b>	<b>High Bid</b>	<b>Low Bid</b>
First quarter	\$ 1.25	\$ 1.10
Second quarter	2.50	2.10
Third quarter	1.60	0.37
Fourth quarter	2.00	0.45

### Holders

As of April 17, 2008, there were approximately 600 record holders of our common stock.

### Dividends

We have not paid any cash dividends since our inception and do not contemplate paying dividends in the foreseeable future. It is anticipated that earnings, if any, will be retained to retire debt and for the operation of the business.

Shares eligible for future sale could depress the price of our common stock, thus lowering the value of a buyer's investment. Sales of substantial amounts of common stock, or the perception that such sales could occur, could adversely affect prevailing market prices for shares of our common stock.

Our revenues and operating results may fluctuate significantly from quarter to quarter, which can lead to significant volatility in the price and volume of our stock. In addition, stock markets have experienced extreme price and volume volatility in recent years. This volatility has had a substantial effect on the market prices of securities of many smaller public companies for reasons unrelated or disproportionate to the operating performance of the specific companies. These broad market fluctuations may adversely affect the market price of our common stock.

### Securities Authorized for Issuance under Equity Compensation Plans

The following provides information concerning compensation plans under which our equity securities are authorized for issuance as of December 31, 2007:

Plan Category	(a)	(b)	(c)
	Number of Securities to Be Issued upon Exercise of Outstanding Options, Warrants and Rights	Weighted-Average Exercise Price of Outstanding Options, Warrants and Rights	Number of Securities Remaining Available for Future Issuance under Equity Compensation Plans (Excluding Securities Reflected in Column (a) )
Equity compensation plans approved by security holders	45,577,624	\$ 0.0127	99,655,000
Equity compensation plans not approved by security holders	—	—	—
<b>Total</b>	<b>45,577,624</b>	<b>\$ 0.0127</b>	<b>99,655,000</b>

### RECENT SALES OF UNREGISTERED SECURITIES

In January 2006, we issued an 8% Convertible Note in the aggregate principal amount of \$250,000 to a single accredited investor in consideration for services rendered under a fee agreement dated November 2005. This note is due and payable on or before January 1, 2007. This note is convertible into that number of shares of our common stock as would be determined by dividing (i) the unpaid principal balance plus accrued interest by (ii) 80% of the average of the three lowest closing bid prices for the twenty trading days immediately prior to conversion. No conversions can be made which would result in a holder owning more than 4.99% of our common stock after conversion. The issuance of the note was exempt under Section 4(2) of the Securities Act of 1933, as amended. No underwriter was used in connection with this sale.

In March 2006, we issued an 8% Convertible Note in the aggregate principal amount of \$60,000 to a single accredited investor. Upon consummation of a funding in the aggregate amount of \$300,000, the holder is entitled to full payment of all outstanding principal and interest. In addition, the holder is entitled to receive common stock equal to the value of the principal and interest at a conversion price equal to the average of the lowest 3 closing bid prices in the 20 trading days immediately preceding the repayment date. No conversions can be made which would result in the holder owning more than 4.99% of our common stock after conversion. The issuance of this note was exempt under Section 4(2) of the Securities Act of 1933, as amended. This note was paid in full in April of 2006.

In December 2006, we entered into a securities purchase agreement with accredited investors to which we agreed to issue an additional tranche of \$250,000 of convertible promissory notes. These notes have a three year term and bear interest at a rate of eight percent (8%) per annum and are convertible into our common stock under the same terms set forth for the notes described above. The notes also included warrants to purchase up to 10,000,000 shares of our common stock at an exercise price of \$0.0007 per share, subject to adjustment.

On March 31, 2007, we entered into another securities purchase agreement with accredited investors to which we agreed to issue an additional tranche of \$220,000 of convertible promissory notes. The convertible notes have a three year term and bear interest at a rate of eight percent (8%) per annum. The notes are convertible into our common stock pursuant to a “variable conversion price” equal to the “Applicable Percentage” multiplied by the “Market Price.” “Applicable Percentage” is 50%. “Market Price” means the average of the lowest three trading prices (as defined in the securities purchase agreement) for our common stock during the 20 trading day period prior to conversion. Upon an event of default (as defined in the securities purchase agreement), the notes are immediately due and payable at an amount equal to the greater of (i) 140% of the then outstanding principal amount of the notes plus interest and (ii) the “parity

value” defined as (a) the highest number of shares of common stock issuable upon conversion of the notes multiplied by (b) the highest closing price for our common stock during the period beginning on the date of the occurrence of the event of default and ending one day prior to the demand for prepayment due to the event of default. The notes also included warrants to purchase up to 10,000,000 shares of our common stock at an exercise price of \$0.07 per share, subject to adjustment.

7

---

On August 21, 2007, we entered into another Securities Purchase Agreement with the same accredited investors as above, pursuant to which we agreed to issue an additional tranche of \$330,000 of convertible promissory notes. The convertible notes have a three year term and bear interest at a rate of eight percent (8%) per annum. The notes are convertible into our common stock pursuant to a "variable conversion price" equal to the "Applicable Percentage" multiplied by the "Market Price." "Applicable Percentage" is 50%. "Market Price" means the average of the lowest three trading prices (as defined in the securities purchase agreement) for our common stock during the 20 trading day period prior to conversion. Upon an event of default (as defined in the securities purchase agreement), the notes are immediately due and payable at an amount equal to the greater of (i) 140% of the then outstanding principal amount of the notes plus interest and (ii) the "parity value" defined as (a) the highest number of shares of common stock issuable upon conversion of the notes multiplied by (b) the highest closing price for our common stock during the period beginning on the date of the occurrence of the event of default and ending one day prior to the demand for prepayment due to the event of default. The notes also included warrants to purchase up to 20,000,000 shares of our common stock at an exercise price of \$0.07 per share, subject to adjustment.

In connection with the offer and sale of the notes and the warrants, we engaged Envision Capital LLC as a finder for the transaction. Under the terms of the engagement, Envision received a ten percent (10%) cash commission on the sale of the notes, and warrants to purchase up to 5,000,000 shares of our common stock on the same terms and conditions as the warrants issued to purchasers under the securities purchase agreement.

#### **ITEM 6. MANAGEMENT'S DISCUSSION AND ANALYSIS OR PLAN OF OPERATION**

The following discussion and analysis should be read in conjunction with our audited consolidated financial statements and related notes included in this annual report. This report contains "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. The statements contained in this report that are not historic in nature, particularly those that utilize terminology such as "may," "will," "should," "expects," "anticipates," "estimates," "believes," or "plans" or comparable terminology are forward-looking statements based on current expectations and assumptions.

The forward-looking events discussed in this annual report, the documents to which we refer and other statements made from time to time by us or our representatives may not occur, and actual events and results may differ materially and are subject to risks, uncertainties and assumptions about us. For these statements, we claim the protection of the "bespeaks caution" doctrine. All forward-looking statements in this document are based on information currently available to us as of the date of this report, and we assume no obligation to update any forward-looking statements, unless required by law or regulation. Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause the actual results to differ materially from any future results, performance or achievements expressed or implied by such forward-looking statements.

**Results of Continuing Operations****Basis of Presentation**

The results of operations set forth below for the years ended December 31, 2007 and 2006 are those of the continuing operations of Interact Group Holdings, Inc., which include DNI and UTSI on a consolidated basis.

The following table sets forth, for the periods indicated, certain selected financial data expressed as a percentage of net sales from continuing operations:

	<b>Year Ended December 31,</b>	
	<b>2007</b>	<b>2006</b>
Net sales	\$ 4,473,499	\$ 3,198,853
Cost of sales	2,275,046	1,782,458
Gross profit	\$ 2,198,454	\$ 1,416,395
Research and Development	413,531	185,565
Selling, general and administrative	3,454,474	2,851,800
Depreciation and Amortization	175,375	195,096
Operating loss	\$ (1,844,926)	\$ (1,816,166)

***Comparison of the Years ended December 31, 2007 and 2006***

**Net sales.** Net sales for operations increased to \$4,473,499, or an increase of approximately 28.5%, for the year ended December 31, 2007, from \$3,198,853 for the year ended December 31, 2006. This increase was attributable to higher sales levels and UTSI.

**Cost of Sales.** Cost of sales for continued operations increased to \$2,275,046, or approximately 27.7%, for the year ended December 31, 2007, from \$1,782,458 for the year ended December 31, 2006. As a percentage of net sales, cost of sales decreased to 51% of net sales for the year ended December 31, 2007 versus approximately 56% of sales for the year ended December 31, 2006. The decrease in cost of sales as a percentage of net sales resulted primarily from improved costing of new business products through the mergers. As a result, we generated a gross profit of \$2,198,454 with a gross profit margin of approximately 49% for the year ended December 31, 2007.

**Selling, general and administrative.** Selling, general and administrative expenses increased to \$3,454,474, or an increase of approximately 17.5%, for the year ended December 31, 2007, from \$2,851,800 for the year ended December 31, 2006. As a percentage of net sales, selling, general and administrative expenses were approximately 77% for the year ended December 31, 2006, as compared to approximately 89% for the comparable period in 2006. The increase in selling, general and administrative expenses primarily resulted from the newly merged companies.

**Operating loss.** We incurred an operating loss of \$1,844,926 for the year ended December 31, 2007, compared to an operating loss of \$1,816,166 for the year ended December 31, 2006.

***Revenue Recognition***

We recognize revenue when persuasive evidence of an arrangement exists, services have been rendered, the sales price is fixed or determinable, and collectibility is reasonably assured.

***Liquidity and Capital Resources***

We have financed our operations, acquisitions, debt service and capital requirements through cash flows generated from operations, debt financing and issuance of securities.

We used \$1,372,429 of net cash in operating activities for the year ended December 31, 2007 compared to \$2,026,287 used in the year ended December 31, 2006.

Net cash flows used in investing activities were \$31,738 for the year ended December 31, 2007, compared to \$66,606 in the year ended December 31, 2006. The cash used in investing activities for the year ended December 31, 2006 was for purchase of equipment and software.

Net cash flows provided by financing activities were \$1,333,429 for the year ended December 31, 2007, compared to net cash provided for financing activities of \$2,272,289 in the year ended December 31, 2006. The difference results primarily from proceeds of notes payable.

**Capital Requirements**

We had a working capital deficit of \$2,973,117 as of December 31, 2007. We are anticipating raising funds through new issuances of stock or through private transactions.

In the event we seek to expand our operations or launch new products for sale into the marketplace, or in the event we seek to acquire a company or business or business opportunity, or in the event that our cash flows from operations are insufficient to fund our operations, working capital requirements, and debt service requirements, we would need to finance our operations through additional debt or equity financing, in the form of a private placement or a public offering, a strategic alliance or a joint venture. Such additional financing, alliances or joint venture opportunities might not be available to us, when and if needed, on acceptable terms or at all. If we are unable to obtain additional financing in sufficient amounts or on acceptable terms under such circumstances, our operating results and prospects could be adversely affected.

**Off-Balance Sheet Arrangements**

None.

**ITEM 7.**

**FINANCIAL STATEMENTS**

**Table of Contents**

Report of Independent Registered Public Accounting Firm	F-1
Consolidated Balance Sheet	F-2
Consolidated Statements of Operations	F-3
Consolidated Statements of Cash Flows	F-4
Consolidated Statements of Stockholders' Deficit	F-5
Notes to Financial Statements	F-6

11

---

[Letterhead of Gruber & Company, LLC]

**REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

**TO THE BOARD OF DIRECTORS AND STOCKHOLDERS OF INTERACT HOLDINGS GROUP, INC.**

We have audited the accompanying consolidated balance sheet of Interact Holdings Group, Inc. as of December 31, 2007 and 2006 and the related consolidated statements of operations, changes in shareholders' equity, and cash flows for the two years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Interact Holdings Group, Inc. as of December 31, 2007 and 2006 and the results of its operations and its cash flows for the periods described in conformity with accounting principles generally accepted in the United States of America.

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. As indicated in these financial statements, the Company has incurred a loss in 2007 of \$3,253,721 and has a cumulative loss since inception of \$7,816,097. Further, the Company's current liabilities exceed its current assets by \$2,973,717 and it separated in January 2008 from its main operating subsidiary. These conditions raise substantial doubt about the Company's ability to continue as a going concern unless it is able to generate sufficient cash flows to meet its obligations and sustain its operations. Management's plans regarding those matters are also described in Note 2. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

Gruber & Company, LLC  
Lake Saint Louis, Missouri  
April 2, 2008

F-1

---



**INTERACT HOLDINGS GROUP, INC.**  
**CONSOLIDATED BALANCE SHEET**  
As of December 31, 2007

<b>ASSETS</b>	
<b>Current assets</b>	
Cash and equivalents	\$ 201,937
Accounts receivable, net	577,681
Prepaid expenses and other assets	108,704
<b>Total Current Assets</b>	<b>\$ 888,322</b>
Property and equipment, net	\$ 128,824
Customer list, net of amortization	569,087
Goodwill	1,868,986
Other long-term assets	55,926
<b>Total Assets</b>	<b>\$ 3,511,145</b>
<b>LIABILITIES AND STOCKHOLDERS' DEFICIT</b>	
<b>Current liabilities</b>	
Derivative liability	\$ 1,337,141
Notes payable	773,497
Line of credit	355,089
Accounts payable and accrued expenses	1,389,622
Customer deposits and advance billings	6,090
<b>Total Current Liabilities</b>	<b>\$ 3,861,439</b>
Convertible notes payable	\$ 2,789,764
Note payable - Related parties	965,144
<b>Total Liabilities</b>	<b>\$ 7,616,347</b>
<b>Stockholders' Deficit</b>	
Series A preferred stock, par value \$0.001 per share, 10,000,000 shares authorized; 960,000 shares issued and outstanding at December 31, 2007	\$ 10
Series B preferred stock, par value \$0.001 per share, 10,000,000 shares authorized; 10,000,000 issued and outstanding at December 31, 2007	1,000
Series C preferred stock, par value \$1.00; 2,200,000 shares authorized issued and outstanding at December 31, 2007	2,200,000
Common stock, par value \$0.00001 per share, 5,000,000,000 authorized, 594,992,267 issued and outstanding at December 31, 2007	5,855
Additional paid-in capital	1,497,930
Accumulated deficit	(7,816,097)
Comprehensive income	6,100
<b>Total Stockholders' Deficit</b>	<b>\$ (4,105,202)</b>
<b>Total Liabilities and Stockholders' Deficit</b>	<b>\$ 3,511,145</b>

See Accompanying Summary of Accounting Policies and Notes to Financial Statements

**INTERACT HOLDINGS GROUP, INC.**  
**CONSOLIDATED STATEMENTS OF OPERATIONS**  
**Years Ended December 31, 2007 and 2006**

	<b>Year Ended December 31,</b>	
	<b>2007</b>	<b>2006</b>
<b>Sales, net</b>	\$ 4,473,499	\$ 3,198,853
<b>Cost of sales</b>	2,275,046	1,782,458
<b>Gross profit</b>	\$ 2,198,454	\$ 1,416,395
<b>Operating expenses</b>		
Research and development	\$ 413,531	188,665
Selling, general and administrative	3,709,474	\$ 2,851,800
Depreciation and amortization	175,375	195,096
<b>Total operating expenses</b>	\$ 4,298,380	\$ 3,235,561
<b>Loss from operations</b>	\$ (2,099,926)	\$ (1,819,166)
<b>Other income (expense)</b>		
Other income	-	\$ -
Other expense	\$ -	(34,674)
Change in accrued derivative liability	(997,187)	(577,507)
Interest expense	(156,608)	\$ (391,748)
<b>Net other income (expense)</b>	\$ (1,153,795)	\$ (1,003,929)
<b>Net income (loss)</b>	\$ (3,253,721)	\$ (2,823,095)
<b>Weighted average number of common shares outstanding</b>	358,231,400	601
<b>Net income (loss) per share</b>	\$ (0.01)	\$ (4,697.33)

See Accompanying Summary of Accounting Policies and Notes to Financial Statements

**INTERACT HOLDINGS GROUP, INC.**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**Years Ended December 31, 2007 and 2006**

	<b>Year Ended December 31,</b>	
	<b>2007</b>	<b>2006</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net loss from operations	\$ (3,253,721)	\$ (2,820,095)
<b>Adjustments to reconcile net income to net cash provided by (used by) operations:</b>		
Depreciation	70,315	146,024
Amortization	105,060	61,286
Common stock issued in exchange for consulting services rendered	341,535	307,350
Common stock issued in exchange for employee services rendered and related transaction costs	30,228	25,200
Change in accrued derivative liability	509,634	577,507
Accretion of discount on notes payable		138,425
Changes in assets and liabilities:		
Accounts receivable	(51,984)	(58,712)
Inventory		19,633
Prepaid expenses	9,719	(113,462)
Accounts payable and accrued expenses	720,261	(395,600)
Customer deposits and advance billings	(114,567)	86,157
<b>Net Cash Used by Operating Activities</b>	<b>\$ (1,627,420)</b>	<b>\$ (2,026,287)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Capital expenditures	\$ (31,738)	\$ (38,400)
Acquisition of other assets		(28,206)
<b>Net Cash Used in Investing Activities</b>	<b>\$ (31,738)</b>	<b>\$ (66,606)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from notes payable, net of repayments	\$ 1,635,810	\$ 2,179,350
Payment on capital lease obligations	(3,481)	(11,571)
Acquisition of UTSI	-	195,229
<b>Cash Flows from Financing Activities</b>	<b>\$ 1,632,329</b>	<b>\$ 2,272,219</b>
<b>Net Increase (Decrease) in Cash</b>	<b>\$ (26,829)</b>	<b>\$ 179,326</b>
<b>Effect of Exchange Rate on Cash and Cash Equivalents</b>	<b>6,100</b>	<b>6,979</b>
<b>Cash, beginning of period</b>	<b>222,666</b>	<b>36,361</b>
<b>Cash at end of period</b>	<b>\$ 201,937</b>	<b>\$ 222,666</b>
<b>Supplemental Disclosure of Cash Flow Information</b>		
Income taxes paid	-	-
Interest paid	\$ -	\$ 391,748
Common stock issued to retire convertible debt	\$ 241,102	\$ 142,530

See Accompanying Summary of Accounting Policies and Notes to Financial Statements

**INTERACT HOLDINGS GROUP, INC.**  
**CONSOLIDATED STATEMENTS STOCKHOLDERS' DEFICIT**  
**Years Ended December 31, 2007 and 2006**

	Preferred Series A		Preferred Series B		Preferred Series C		Common		Additional	Stock		
	Shares	Stock	Shares	Stock	Shares	Stock	Shares	Stock	Paid-in	Subscribed	(	
Balance, January 1, 2006	960,000	\$ 10	10,000,000	\$ 1,000			99,055	\$	1	\$ 508,249	\$ 9,299	(
											(92,400)	
Receipt of subscription of stock			—		—					(92,400)	92,400	
Stock based Compensation			—		—		182,500		2	307,348		
Acquisition of UTSI					2,200,000	2,200,000						
Common Stock issued for debt							188,824		2	142,518		
Common stock issued for services			—		—		16,000		—	25,200		
Net loss for the year ended December 31, 2006			—		—				—	—		(
Comprehensive Balance, December 31, 2006	960,000	10	10,000,000	1,000	2,200,000	2,200,000	486,379		5	890,915	-	(
Common stock issued for consulting services			—		—		51,900,529		519	341,016		
Common stock to employees for services			—		—		3,287,742		33	30,195		
			—		—				—			
Common stock issued to retire debt			—		—		6,213,020		62	15,600		
			—		—		—523,611,031		5,236	220,204		

Common Stock  
issued for  
convertible  
debt

Net loss for the  
year ended  
December 31,  
2007

— — — — — — — — — — (

Balance,  
December 31,  
2007 before

OCI 960,000 \$ 10 10,000,000 \$ 1,000 2,200,000 \$ 2,200,000 585,498,701 \$ 5,855 \$ 1,497,930 \$ (

Other  
comprehensive  
income

Balance,  
December 31,  
2007

**See Accompanying Summary of Accounting Policies and Notes to Financial Statements**

F-5

---

**INTERACT HOLDINGS GROUP, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**December 31, 2007**

**Note 1 – Organization and Principal Activities**

***Organization and Description of Business***

Interact Holdings Group, Inc. (formerly “The Jackson Rivers Company”), through its operating subsidiaries, provides technology and services to the petroleum, utility and communications industries.

The accompanying consolidated financial statements include the accounts of Interact Holdings Group, Inc. and its wholly owned subsidiaries, Diverse Networks, Inc. and UTSI International Corporation (collectively, the “Company”). Significant intercompany transactions and accounts have been eliminated in consolidation.

**Note 2 - Summary of Significant Accounting Policies**

***Basis of Presentation***

The consolidated financial statements are prepared in accordance with accounting principles generally accepted in the United States of America.

***Cash Equivalents***

Cash equivalents consist primarily of cash deposits and highly liquid investments with maturities of three months or less.

***Intangible Assets***

In accordance with Statement of Financial Accounting Standards (“SFAS”) No. 142 “Goodwill and Other Intangible Assets,” the Company evaluates intangible assets and other long-lived assets for impairment, at least on an annual basis and whenever events or changes in circumstances indicate that the carrying value may not be recoverable from its estimated future cash flows. Recoverability of intangible assets and other long-lived assets is measured by comparing their net book value to the related projected undiscounted cash flows from these assets, considering a number of factors including: past operating results, budgets, economic projections, market trends and product development cycles. If the net book value of the asset exceeds the related undiscounted cash flows, the asset is considered impaired, and a second test is performed to measure the amount of impairment loss.

***Revenue Recognition***

Revenue is recognized in accordance with SEC Staff Accounting Bulletin (“SAB”) No. 101, “Revenue Recognition in Financial Statements.” The Company recognizes revenue when the significant risks and rewards of ownership have been transferred to the customer pursuant to applicable laws and regulations, including factors such as when there has been evidence of a sales arrangement, delivery has occurred, or service has been rendered, the price to the buyer is fixed or determinable, and collectibility is reasonably assured.

**INTERACT HOLDINGS GROUP, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**December 31, 2007**

***Stock – Based Compensation***

SFAS No. 123, “Accounting for Stock-Based Compensation,” established and encourages the use of the fair value based method of accounting for stock-based compensation arrangements under which compensation is determined using the fair value of stock-based compensation determined as of the date of the grant and is recognized over the periods in which the related services are rendered. The statement also permits companies to elect to continue using the current intrinsic value accounting method specified in Accounting Principles Board (“APB”) Opinion No. 25, “Accounting for Stock Issued to Employees,” to account for stock-based compensation. The Company has elected to use the modified-prospective transition method. Under the modified-prospective transition method, compensation cost recognized includes (a) compensation cost for all share-based payments granted prior to, but not yet vested, as of December 31, 2005 based on the grant date fair value estimated in accordance with the original provisions of SFAS No. 123 and (b) compensation cost for all share-based payments granted on or subsequent to January 1, 2006, based on the grant-date fair value estimated in accordance with the provisions of SFAS No. 123R. As of December 31, 2007, all options were fully vested; therefore, there are no expenses to the Company related to the implementation of SFAS No. 123R.

***Property and Equipment***

Property and equipment are recorded at acquisition cost and increased by the cost of any significant improvements made after purchase. The Company depreciates the cost over the estimated useful lives of the respective assets using the straight-line method over the estimated useful life.

***Software***

Software is stated at acquisition cost and amortized on a straight-line basis over their estimated useful life.

***Income Taxes***

The Company accounts for income taxes under SFAS No. 109, “Accounting for Income Taxes.” Under the asset and liability method of SFAS No. 109, deferred tax assets and liabilities are recognized for the 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, including tax loss and credit carryforwards 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. Under SFAS No. 109, the effect on deferred tax assets and liabilities of a change in tax rates is recognized as income in the period the enactment occurs. A valuation allowance is provided for certain deferred tax assets if it is more likely than not that the Company will not realize tax assets through future operations.

***Basic and Diluted Income/(Loss) Per Share***

SFAS No. 128, “Earnings per Share,” requires presentation of basic earnings per share (“Basic EPS”) and diluted earnings per share (“Diluted EPS”). Basic earnings/(loss) per share is computed by dividing earnings/(loss) available to common stockholders by the weighted average number of common shares outstanding (including shares reserved for issuance) during the period. Diluted earnings per share give effect to all dilutive potential common shares outstanding during the period.





**INTERACT HOLDINGS GROUP, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**December 31, 2007**

All common stock shares are presented to reflect a 500-to-1 reverse stock split approved by the Board of Directors on November 21, 2006.

***Segmented Information***

Management has determined that the Company operates in one dominant industry segment. Additional segment disclosure requirements will be evaluated as it expands its operations.

***Concentration of Credit Risk***

Financial instruments, which potentially subject the Company to concentrations of credit risk, consist of cash, cash equivalents and accounts receivable. The Company places its cash with high quality financial institutions and at times may exceed the FDIC \$100,000 insurance limit. The Company extends credit based on an evaluation of the customer's financial condition, generally without collateral. Exposure to losses on receivables is principally dependent on each customer's financial condition. The Company monitors its exposure for credit losses and maintains allowances for anticipated losses, as required. Accounts are "written-off" when deemed uncollectible.

***Special-Purpose Entities***

The Company does not have any off-balance sheet financing activities.

***Going Concern***

The accompanying financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America, which contemplate continuation of the Company as a going concern. As of December 31, 2007, the Company had a retained deficit of \$7,816,097 and a working capital deficit of \$2,973,117. In addition as discussed in note 10, the Company and its main operating subsidiary announced they are separating in January 2008. This condition raises substantial doubt as to the Company's ability to continue as a going concern. These financial statements do not include any adjustments that might result from the outcome of this uncertainty. These financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts, or amounts and classification of liabilities that might be necessary should the Company be unable to continue as a going concern.

In order to improve the Company's liquidity, the Company has and is actively pursuing additional equity financing through discussions with investment bankers and private investors. There can be no assurance that the Company will be successful in its continuing efforts to secure additional equity financing.

If operations and cash flows continue to improve through these efforts, management believes that the Company can continue to operate. However, no assurance can be given that management's actions will result in profitable operations or the resolution of its liquidity problems.

***Use of Estimates***

The preparation of financial statements in conformity with U.S. generally accepted accounting principles ("GAAP") requires management to make estimates and assumptions that affect the amounts reported in the financial statements. The Company bases its estimates on historical experience, management expectations for future performance, and other

assumptions as appropriate. Key areas affected by estimates include the assessment of the recoverability of long-lived assets, which is based on such factors as estimated future cash flows. The Company re-evaluates its estimates on an ongoing basis. Actual results may vary from those estimates.

F-8

---

**INTERACT HOLDINGS GROUP, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**December 31, 2007**

*Impairment of Long-Lived Assets*

In accordance with SFAS No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets," the Company periodically assesses the impairment of long-lived assets when conditions indicate a possible loss. When necessary, we record charges for impairments of long-lived assets for the amount by which the present value of future cash flows, or some other fair value measure, is less than the carrying value of these assets. The Company has recorded no impairment charges.

*Operating leases*

The Company enters into lease agreements for a variety of business purposes, including facilities and equipment. These arrangements are noncancellable operating leases which do not meet the requirements of capital leases under SFAS No. 13, "Accounting for Leases" and are therefore expensed straight-line over the life of the operating lease.

*Fair Value of Financial Instruments*

The Company uses the following methods and assumptions to estimate the fair value of derivative and other financial instruments at the relative balance sheet date:

- Short-term financial statements (cash equivalents, accounts receivable and payable, short-term borrowings, and accrued liabilities) – cost approximates fair value because of the short maturity period.
- Long-term debt – fair value is based on the amount of future cash flows associated with each debt instrument discounted at our current borrowing rate for similar debt instruments of comparable terms.

**Note 3 – Recently Issued Accounting Pronouncements**

In December 2007, the FASB issued SFAS No. 141(R), Business Combinations (FAS 141(R)). This Statement provides greater consistency in the accounting and financial reporting of business combinations. It requires the acquiring entity in a business combination to recognize all assets acquired and liabilities assumed in the transaction, establishes the acquisition-date fair value as the measurement objective for all assets acquired and liabilities assumed, and requires the acquirer to disclose the nature and financial effect of the business combination. FAS 141(R) is effective for fiscal years beginning after December 15, 2008. We will adopt FAS 141(R) no later than the first quarter of fiscal 2010 and are currently assessing the impact the adoption will have on our financial position and results of operations.

**INTERACT HOLDINGS GROUP, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**December 31, 2007**

In December 2007, the FASB issued SFAS No. 160, “Noncontrolling Interests in Consolidated Financial Statements” (“FAS 160”). This Statement amends Accounting Research Bulletin 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. FAS 160 is effective for fiscal years beginning after December 15, 2008. We will adopt FAS 160 no later than the first quarter of fiscal 2010 and are currently assessing the impact the adoption will have on our financial position and results of operations.

In February 2007, the FASB issued SFAS No. 159, The Fair Value Option for Financial Assets and Financial Liabilities, which permits entities to choose to measure at fair value eligible financial instruments and certain other items that are not currently required to be measured at fair value. The standard requires that unrealized gains and losses on items for which the fair value option has been elected be reported in earnings at each subsequent reporting date. SFAS No. 159 is effective for fiscal years beginning after November 15, 2007. We will adopt SFAS No. 159 no later than the first quarter of fiscal 2009. We are currently assessing the impact the adoption of SFAS No. 159 will have on our financial position and results of operations.

In September 2006, the FASB issued SFAS No. 158, Employers’ Accounting for Defined Benefit Pension and Other Postretirement Plans, an amendment of FASB Statement Nos. 87, 88, 106, and 132(R). SFAS No. 158 requires company plan sponsors to display the net over- or under-funded position of a defined benefit postretirement plan as an asset or liability, with any unrecognized prior service costs, transition obligations or actuarial gains/losses reported as a component of other comprehensive income in shareholders’ equity. SFAS No. 158 is effective for fiscal years ending after December 15, 2006. We adopted the recognition provisions of SFAS No. 158 as of the end of fiscal 2007. The adoption of SFAS No. 158 did not have an effect on the Company’s financial position or results of operations.

**INTERACT HOLDINGS GROUP, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**December 31, 2007**

In September 2006, the FASB issued SFAS No. 157, Fair Value Measurements. SFAS No. 157 establishes a framework for measuring fair value in generally accepted accounting principles, clarifies the definition of fair value and expands disclosures about fair value measurements. SFAS No. 157 does not require any new fair value measurements. However, the application of SFAS No. 157 may change current practice for some entities. SFAS No. 157 is effective for financial statements issued for fiscal years beginning after November 15, 2007, and interim periods within those fiscal years. We will adopt SFAS No. 157 in the first quarter of fiscal 2009. We are currently assessing the impact that the adoption of SFAS No. 157 will have on our financial position and results of operations.

In July 2006, the FASB issued Interpretation No. 48, Accounting for Uncertainty in Income Taxes — an interpretation of FASB Statement No. 109 (FIN 48). This interpretation clarifies the application of SFAS No. 109, Accounting for Income Taxes, by defining a criterion that an individual tax position must meet for any part of the benefit of that position to be recognized in an enterprise's financial statements and also provides guidance on measurement, derecognition, classification, interest and penalties, accounting in interim periods, disclosure and transition. FIN 48 is effective for fiscal years beginning after December 15, 2006, but earlier adoption is permitted. The Company is in the process of evaluating the impact of the application of the Interpretation to its financial statements.

**INTERACT HOLDINGS GROUP, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**December 31, 2007**

**Note 4 – Acquisitions**

On December 2, 2005, the Company acquired Diverse Networks, Inc. (“DNI”) pursuant to the “Merger Agreement”, which provided that each share of DNI common stock would be converted into the right to receive either (i) \$0.21 in the form of a one-year 8% promissory note, or (ii) one share of Series B Preferred Stock, at the election of each DNI stockholder. The transaction was accounted for as a recapitalization effected through a reverse merger, in which DNI was treated as the “acquiring” company for financial reporting purposes.

Each share of Series B Preferred Stock will initially be convertible starting December 1, 2007, into that number of shares of the Company’s common stock obtained by multiplying the number of shares to be converted by a fraction, the numerator of which is .5942795 and the denominator equal to the “market price” of the Company’s common stock at the time of conversion. The conversion rate is subject to adjustment.

The Company issued approximately \$862,000 in promissory notes and one million shares of Series B Preferred Stock to DNI stockholders. In addition, the Company assumed \$228,000 of outstanding DNI debt in connection with the transaction.

The Company expensed \$401,727 of net liabilities assumed upon the recapitalization and recorded the amount to recapitalization expense on the statement of operations.

On May 5, 2006, the Company acquired UTSI International Corporation (“UTSI”) pursuant to the “Agreement and Plan of Merger,” dated May 5, 2006. Pursuant to the Merger Agreement, UTSI merged with and into the Company, with the Company as the surviving corporation. Each share of UTSI common stock outstanding at the effective time of the merger was converted into the right to receive 1.4380297 shares of Series C Preferred Stock. The 1,529,871 shares of UTSI common stock outstanding were converted into an aggregate of 2,200,000 shares of Series C Preferred Stock.

Each share of Series C Preferred Stock will initially be convertible, starting after May 5, 2008, into that number of shares of the Company’s common stock obtained by multiplying the number of shares to be converted by a fraction, the number of which is \$1.00 and the denominator equal to the “market price” of the Company’s common stock at the time of conversion subject to adjustment.

The purchase price was allocated to tangible and intangible assets and liabilities at the date of acquisition as follows:

Current assets	\$ 389,884
Property and equipment	23,630
Customer list	735,433
Goodwill	1,868,986
Total assets	\$ 3,017,933
Less – Total liabilities	817,933
	\$ 2,200,000

On January 8, 2008 the Company and its main operating subsidiary UTSI announced they were separating. UTSI’s financial information for the year ended December 31, 2007 is presented below, and will no longer be part of the Company in 2008. Further, assets of \$3,121,168 of the total consolidated assets of \$3,511,145 will no longer be present, along with liabilities of \$749,997.



**INTERACT HOLDINGS GROUP, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**December 31, 2007**

	<b>Year Ended December 31, 2007</b>
Revenues	\$ 2,956,880
Cost of goods sold	1,635,767
Gross profit	\$ 1,321,114
Research and development	\$ —
Selling, general and administrative	1,042,564
Depreciation and amortization	110,785
Total operating expenses	\$ 1,153,349
Profit from operations	\$ 167,765
Other expense, net	(33,090)
Profit	\$ 134,675

**Note 5 – Property and equipment**

Property and equipment consists of the following:

	<b>Life</b>	<b>As of December 31, 2007</b>
Office furniture and equipment	3–7	\$ 864,836
Leasehold improvements	10	285,591
		\$ 1,150,427
Less – Accumulated depreciation		1,021,603
		\$ 128,824

**Note 6 – Derivative liability**

On March 31, 2006, the Company entered into a securities purchase agreement with certain accredited investors pursuant to which they agreed to issue up to \$2,000,000 of principal amount of convertible promissory notes in three separate tranches and warrants to purchase shares of the Company's common stock. The tranches of notes are to be issued and sold as follows: (i) \$700,000 upon execution and delivery of the securities purchase agreement; (ii) \$600,000 within five days of filing of a registration statement with the Securities and Exchange Commission (the "SEC") registering the shares of common stock issuable upon conversion of the notes and exercise of the warrants issued pursuant to the securities purchase agreement and (iii) \$700,000 within five days of the registration statement being declared effective by the SEC. The convertible notes have a three year term and bear interest at 6%. The notes are convertible into the Company's common stock pursuant to a "variable conversion price" equal to the "Applicable Percentage" multiplied by the "Market Price." "Applicable Percentage" is initially 50%, provided that such percentage will be increased to 55% if the registration statement is filed on or before April 30, 2006 and further increased to 60% if the registration statement is declared effective by the SEC on or before July 29, 2006. "Market Price" means the average of the lowest three trading prices (as defined) for the Company's common stock during the twenty trading day period prior to conversion. Upon an event of default, the notes are immediately due and payable at an amount equal to the greater of (i) 140% of the then outstanding principal amount of notes plus interest and (ii) the "parity value" defined as



(a) the highest number of shares of common stock issuable upon conversion of the notes multiplied by (b) the highest closing price for the Company's common stock during the period beginning on the date of the occurrence of the event of default and ending one day prior to the demand for prepayment due to the event of default. The notes are secured by a first lien on all of the Company's assets, including all intellectual property.

F-13

---

**INTERACT HOLDINGS GROUP, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**December 31, 2007**

Subject to certain terms and conditions, the notes are redeemable by the Company at a rate of between 120% to 140% of the outstanding principal amount of the notes plus interest. In addition, so long as the average daily price of the Company's common stock is below the "initial market price", the Company may prepay such monthly portion due on the outstanding notes and the investors agree that no conversions will take place during such month where this option is exercised by the Company.

The notes were issued with warrants to purchase up to 50,000,000 shares of the Company's common stock at an exercise price of \$0.07 per share, subject to adjustment.

In connection with the offer and sale of the notes and warrants, the Company engaged Envision Capital LLC, as a finder for the transaction. Envision will receive a ten percent cash commission on the sale of the notes and warrants to purchase up to 5,000,000 shares of the Company's common stock on the same terms and conditions as the warrants issued to purchasers under the securities purchase agreement.

The Company is accounting for the conversion option in the convertible note and the conversion price in the securities purchase agreement and the associated warrants as derivative liabilities in accordance with SFAS 133, "Accounting for Derivative Instruments and Hedging Activities" and EITF 00-19 "Accounting for Derivative Financial Instruments Indexed to and Potentially Settled in a Company's Own Stock" due to the fact that the conversion feature and the warrants both have a variable conversion price.

The fair value of the Convertible Note was determined utilizing the Black-Scholes stock option valuation model. The significant assumptions used in the valuation are: the exercise price as noted above; the stock price as of December 31, 2007; expected volatility of 66%; risk free interest rate of approximately 4.50%; and a term of one year.

The fair value of the securities purchase agreement was determined utilizing the Black-Scholes option valuation model. The significant assumptions used in the valuation are: the exercise price as noted above; the stock price as of September 30, 2007; expected volatility of 66%; risk free interest rate of approximately 4.50%; and a term of three years.

**Note 7 – Notes Payable**

The Company is obligated to individuals and corporations for notes with interest rates of between 8 and 10%, mostly payable in monthly and quarterly installments

**INTERACT HOLDINGS GROUP, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**December 31, 2007**

**Note 8- Leases**

The Company leases office space for its various subsidiaries.

Future minimum payments under capital and operating leases as of December 31, 2007 are as follows:

2008	\$ 381,461
2009	381,461
2010	215,433
2011	106,095
	\$ 1,084,450

**Note 9 – Major Customers**

During the year ending December 31, 2007, the Company had four major customers, sales to which represent approximately 55% of the Company's total revenues.

**Note 10 - Subsequent Event**

On January 8, 2008, the Company and its main operating subsidiary UTSI announced they were separating. UTSI's financial information for the year ended December 31, 2007 is presented below, and will no longer be part of the Company in 2008. Further, assets of \$3,121,168 of the total consolidated assets of \$3,511,145 will no longer be present, along with liabilities of \$749,997.

	<b>Year Ended December 31,</b>	
	<b>2007</b>	<b>2006</b>
Revenues	\$ 2,956,880	1,727,336
Cost of goods sold	1,635,767	818,757
Gross profit	\$ 1,321,114	908,579
Research and development	\$ -	
Selling, general and administrative	1,042,564	818,892
Depreciation and amortization	110,785	3,984
Total operating expenses	\$ 1,153,349	822,876
Profit from operations	\$ 167,765	85,703
Other expense, net	(33,090)	(27,310)

**ITEM 8. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE**

On January 15, 2007, the services of Malone & Bailey, PC. ("M&B"), the auditors for the Company, were terminated. Such termination was recommended and approved by the Board of Directors of the Company.

The report issued by M&B on the financial statements of the Company contained no adverse opinion or disclaimer of opinion, nor were they modified as to uncertainty, audit scope or accounting principles.

Prior to and up to the time of termination, the Company had no disagreements with M&B with regard to any matter of accounting principles or practice, financial statement disclosure or auditing scope or procedure.

On January 16, 2007, the Company engaged the services of Gruber & Company, LLC, 121 Civic Center Drive, Suite 225, Lake Saint Louis, Missouri 63367 ("Gruber") as auditor.

**ITEM 8(A). CONTROLS AND PROCEDURES.**

As of the end of the period covered by this Annual Report, we carried out an evaluation, under the supervision and with the participation of our CEO and CFO, of the effectiveness of our disclosure controls and procedures. Based on this evaluation, our CEO and CFO concluded that our disclosure controls and procedures are effective in timely alerting them to material information required to be included in our periodic Securities and Exchange Commission reports. It should be noted that the design of any system of controls is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions, regardless of how remote. In addition, we reviewed our internal controls over financial reporting and there have been no changes in our internal controls or in other factors in the last fiscal quarter that have materially affected or are reasonably likely to materially affect our internal control over financial reporting.

This annual report does not include an attestation report of the Company's registered public accounting firm regarding internal control over financial reporting. Management's report was not subject to attestation by the Company's registered public accounting firm pursuant to temporary rules of the Securities and Exchange Commission that permit the Company to provide only management's report in this annual report.

**ITEM 8(B). OTHER INFORMATION.**

None.

12

---

**PART III****ITEM DIRECTORS, EXECUTIVE OFFICERS, PROMOTERS AND CONTROL PERSONS;  
9. COMPLIANCE WITH SECTION 16(A) OF THE EXCHANGE ACT****Executive Officer and Directors**

The following table sets forth the names of all of our current directors and executive officers. These persons will hold their respective positions until the next annual meeting of the stockholders or until their successors are elected or appointed and qualified, or their prior resignation or termination.

<b>Name</b>	<b>Age</b>	<b>Position</b>
Jeffrey W. Flannery	51	Director, Chief Executive Officer, Chief Financial Officer, interim President and interim Chief Operating Officer

**Jeffrey W. Flannery** has been serving as a director of Interact Group Holdings, Inc. and its Chief Executive Officer, Chief Financial Officer, Treasurer and Secretary since August 31, 2005. Since December 31, 2007, Mr. Flannery has been serving as the interim President and Chief Operating Officer. Mr. Flannery brings extensive experience in business development and fiscal management to these positions. Since 2005, he has been serving as Chairman of Titan Energy Worldwide, Inc., a company which manufactures, markets and sells mobile utility systems for emergency power generation. Since 1999, as a member of FLC Partners, Inc., an investment banking services company, Mr. Flannery has provided financial consulting and business development services for many public and private companies. From 1994 to 1999, Mr. Flannery served as the Chief Executive Officer of Enhanced Information Systems, Inc., an online home health care provider for the pharmacy industry, Vice President of Development for IUSA, an information technology company, and Director of Corporate Communications for Center for Special Immunology, a public company dedicated to medical treatments for immune disorders. Mr. Flannery received his B.A. in Philosophy from the University of California, Los Angeles.

**Significant Employees**

Other than our executive officer, we do not have any employees who are expected to make a significant contribution to our business.

**Family Relationships**

There are no family relationships between any director or executive officer.

**Involvement in Certain Legal Proceedings**

None.

***Section 16(a) Beneficial Ownership Reporting Compliance***

Section 16(a) of the Securities Exchange Act of 1934, as amended, requires our directors, executive officers, and stockholders holding more than 10% of our outstanding common stock, to file with the Securities and Exchange Commission initial reports of ownership and reports of changes in beneficial ownership of our common stock. Executive officers, directors and greater-than-10% stockholders are required by SEC regulations to furnish us with copies of all Section 16(a) reports they file. To our knowledge, based solely on review of the copies of such reports furnished to us for the period ended December 31, 2007, no Section 16(a) reports required to be filed by our executive officers, directors and greater-than-10% stockholders were filed on a timely basis.



### **Audit Committee**

We do not have an audit committee at this time.

### **Code of Ethics**

We have adopted a code of ethics that applies to our principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions. The code of ethics is designed to deter wrongdoing and to promote:

- Honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;
- Full, fair, accurate, timely, and understandable disclosure in reports and documents that we file with, or submit to, the SEC and in other public communications made by us;
- Compliance with applicable governmental laws, rules and regulations;
- The prompt internal reporting of violations of the code to an appropriate person or persons identified in the code; and
- Accountability for adherence to the code.

A copy of our code of ethics that applies to our principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions was attached as an exhibit to our Annual Report for the year ended December 31, 2003, filed with the SEC on April 14, 2004. We have posted a copy of the code of ethics on our website at [www.interactgroupholdings.com](http://www.interactgroupholdings.com).

We will provide to any person without charge, upon request, a copy of our code of ethics. Any such request should be directed to our corporate secretary at 8880 Rio San Diego Drive, 8th Floor, San Diego, CA 92108 address, telephone number (619) 342-7443.

### **Nominating Committee**

The Company does not have a nominating committee.

## **ITEM 10. EXECUTIVE COMPENSATION**

The following table sets forth, for the fiscal year ended December 31, 2007, all compensation paid by the Company, including salary, bonuses and certain other compensation, if any, to its Chief Executive Officer and Chief Financial Officer and the Company's highest paid executive officer other than the CEO. The executive officers listed in the table below are sometimes referred to as the "named executive officers" in this Annual Report.

**SUMMARY COMPENSATION TABLE**

Name and Principal Position	Year	Salary (\$)	Bonus (\$)	Awards (\$)	Awards (\$)	Compensation (\$)	Change in Pension Value and Non- qualified Deferred Stock Options Plan Compensation Earnings Compensation All Other Compensation Total	(\$)	(\$)	Total (\$)
Jeffrey Flannery CEO and CFO	2007	180,000	0	0	0	0	0	0	0	180,000
James E. Nelson former Director, President and Chief Operating Officer	2007	285,000	0	0	0	0	0	0	0	285,000 <sup>(1)</sup>

(1) This amount includes Mr. Nelson's yearly salary as an officer of the Company in the amount of \$120,000 and his yearly salary as an officer of DNI in the amount of \$165,000.

**Option Grants and Exercises**

There were no option grants or exercises by any of the executive officers named in the Summary Compensation Table above.

**Employment Agreements**

We do not have employment agreements with any of our other executive officers.

**Compensation of Executives**

Mr. Jeffrey W. Flannery receives an annual salary of \$180,000. To date no payments have been made to Mr. Flannery. All amounts due to Mr. Flannery to date have been deferred.

**Compensation of Directors**

All directors receive reimbursement for reasonable out-of-pocket expenses in attending board of directors meetings and for promoting our business. From time to time we may engage certain members of the board of directors to perform services on our behalf. In such cases, we compensate the members for their services at rates no more favorable than could be obtained from unaffiliated parties. During the year ended December 31, 2007, our directors have not received any compensation for services rendered in such capacity.

**ITEM 11. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT**

The following table sets forth certain information regarding the beneficial ownership of our common stock as of March 31, 2008 by the following persons:

.



each person who is known to be the beneficial owner of more than five percent (5%) of our issued and outstanding shares of common stock;

each of our directors and executive officers; and

all of our directors and executive officers as a group.

Except as set forth in the footnotes to the table, the persons named in the table have sole voting and investment power with respect to all shares of common stock shown as beneficially owned by them, subject to community property laws where applicable. A person is considered the beneficial owner of any securities as of a given date that can be acquired within 60 days of such date through the exercise of any option, warrant or right. Shares of common stock subject to options, warrants or rights which are currently exercisable or exercisable within 60 days are considered outstanding for computing the ownership percentage of the person holding such options, warrants or rights, but are not considered outstanding for computing the ownership percentage of any other person.

Name And Address (1)	Beneficially Owned	Percentage Owned
Jeffrey W. Flannery	960,000 <sup>(2)</sup>	75.5%
All directors and officers as a group (one person)	960,000	75.5%

(1)The address for Jeffrey W. Flannery is 8880 Rio San Diego Drive, 8th Floor, San Diego, CA 92108(San Diego Office).

(2)All are Series A Preferred Stock, each share of which is convertible into one share of our common stock, and hold 2000 to 1 voting rights.

**ITEM 12. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS**

None.

**ITEM 13.**

**EXHIBITS**

**Exhibit  
No.**

**Description**

- 3.1\* Articles of Incorporation filed May 8, 2001 (incorporated by reference to Exhibit 3.1(i) of the Company's Form SB-2 filed with the SEC on October 4, 2001).
- 3.2\* Articles of Amendment to the Articles of Incorporation, filed effective August 3, 2004.
- 3.3\* Articles of Amendment to the Articles of Incorporation, filed effective November 22, 2004.
- 3.4\* Articles of Amendment to the Articles of Incorporation, filed effective January 31, 2005.
- 3.5\* Bylaws (incorporated by reference to Exhibit 3(ii) of the Company's Form SB-2 filed with the SEC on October 4, 2001).
- 3.6\* Amended and Restated Bylaws.
- 4.1\* Certificate of Designation for the Series A Preferred Stock, filed effective October 18, 2004.
- 4.2\* Certificate of Designation for the Series B Preferred Stock, filed effective December 1, 2005.
- 4.3\* Form of Callable Secured Promissory Note dated March 31, 2006 (incorporated by reference to Exhibit 10.3 of the Company's Form 8-K filed with the SEC on April 6, 2006).
- 4.4\* Form of Stock Purchase Warrant dated March 31, 2006 (incorporated by reference to Exhibit 10.4 of the Company's Form 8-K filed with the SEC on April 6, 2006).
- 4.5\* Convertible Promissory Note dated as of January 2, 2006 (incorporated by reference to Exhibit 10.13 of the Company's Form 10KSB filed with the SEC on April 17, 2006).
- 4.6\* Convertible Promissory Note dated as of March 12, 2006 (incorporated by reference to Exhibit 10.14 of the Company's Form 10KSB filed with the SEC on April 17, 2006).
- 4.7\* Stock Purchase Warrant dated as of January 5, 2007 (incorporated by reference to Exhibit 4.1 of the Company's Form 8-K, filed with the SEC on January 11, 2007).
- 4.8\* Callable Secured Convertible Note, dated as of January 5, 2007 (incorporated by reference to Exhibit 4.2 of the Company's Form 8-K, filed with the SEC on January 11, 2007).
- 10.1\* Securities Purchase Agreement dated as of March 31, 2006 by and among The Jackson Rivers Company and the Purchaser set forth therein (incorporated by reference to Exhibit 10.1 of the Company's Form 8-K filed with the SEC on April 6, 2006).
- 10.2\* Security Agreement dated as of March 31, 2006 (incorporated by reference to Exhibit 10.5 of the Company's Form 8-K filed with the SEC on April 6, 2006).
- 10.3\* Registration Rights Agreement dated as of March 31, 2006 (incorporated by reference to Exhibit 10.2 of the Company's Form 8-K filed with the SEC on April 6, 2006).

Edgar Filing: JACKSON RIVERS CO - Form 10KSB

- 10.4\* Intellectual Property Security Agreement dated as of March 31, 2006 (incorporated by reference to Exhibit 10.6 of the Company's Form 8-K filed with the SEC on April 6, 2006).
- 10.5\* Securities Purchase Agreement dated as of January 5, 2007 (incorporated by reference to Exhibit 10.1 of the Company's Form 8-K, filed with the SEC on January 11, 2007).
- 10.6\* Security Agreement dated as of January 5, 2007 (incorporated by reference to Exhibit 10.2 of the Company's Form 8-K, filed with the SEC on January 11, 2007).
- 14\* Code of Ethics (incorporated by reference to Exhibit 14 of the Company's Form 10KSB filed with the SEC on April 13, 2005).
- 16\* Letter Regarding Change of Certifying Accountant (incorporated by reference to Exhibit 16.1 of the Company's Form 8-K filed on January 19, 2007).
- 21\*\* Subsidiaries.
- 23.1\*\* Consent of Gruber & Co. LLC
- 31.1\*\* Certification of Jeffrey W. Flannery, Chief Executive Officer, Chief Financial Officer and Director of the Company, pursuant to 18 U.S.C. Sec. 1350, as adopted pursuant to Sec. 302 of the Sarbanes-Oxley Act of 2002.

**Exhibit  
No.**

**Description**

32.1\*\* Certification of Jeffrey W. Flannery, Chief Executive Officer, Chief Financial Officer and Director of the Company, pursuant to 18 U.S.C. Sec. 1350, as adopted pursuant to Sec. 906 of the Sarbanes-Oxley Act of 2002.

\* Previously Filed

\*\* Filed Herewith

**ITEM 14.**

**PRINCIPAL ACCOUNTANT FEES AND SERVICES**

**Appointment of Auditors**

Our Board of Directors selected Malone & Bailey, PC, independent accountants (“M&B”), as our auditors for the year ended December 31, 2005.

In January 2007, our board of directors dismissed M&B and appointed Gruber & Company LLC (“Gruber”) as our independent auditors. There were no disagreements with M&B.

**Audit Fees**

Gruber has billed us \$15,000 for our annual audit for the fiscal year ended December 31, 2006 and \$20,000 for the fiscal year ended 2007.

**Audit-Related Fees**

Gruber billed us \$0 for assurance and related services for the fiscal year ended 2006 and \$25,000 for the fiscal year ended 2007.

**Tax and All Other Fees**

We did not pay any fees to Gruber for tax compliance, tax advice, tax planning or other work during our fiscal years ending December 31, 2006 and 2007.

**Pre-Approval Policies and Procedures**

We have implemented pre-approval policies and procedures related to the provision of audit and non-audit services. Under these procedures, our board of directors pre-approves all services to be provided by Gruber and the estimated fees related to these services.

With respect to the audit of our financial statements as of December 31, 2007 and for the year then ended, none of the hours expended on Gruber’s engagement to audit those financial statements were attributed to work by persons other than their full-time, permanent employees.

**SIGNATURES**

In accordance with Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant caused this report to be signed on its behalf this 16th day of April, 2008 by the undersigned, thereunto duly authorized.

**INTERACT HOLDINGS GROUP, INC.**

By: /s/ Jeffrey W. Flannery  
Jeffrey W. Flannery  
Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, this report has been signed below by the following persons on behalf of the registrant and in the capacities indicated.

<b>Signatures</b>	<b>Title</b>	<b>Date</b>
/s/ Jeffrey W. Flannery	Chief Executive Officer, Chief Financial Officer,	April 16, 2008
Jeffrey W. Flannery	interim Chief Operating Officer, interim President, Secretary, Treasurer, Director	

<b>Exhibit No.</b>	<b>Description</b>
3.1*	Articles of Incorporation filed May 8, 2001 (incorporated by reference to Exhibit 3.1(i) of the Company's Form SB-2 filed with the SEC on October 4, 2001).
3.2*	Articles of Amendment to the Articles of Incorporation, filed effective August 3, 2004.
3.3*	Articles of Amendment to the Articles of Incorporation, filed effective November 22, 2004.
3.4*	Articles of Amendment to the Articles of Incorporation, filed effective January 31, 2005.
3.5*	Bylaws (incorporated by reference to Exhibit 3(ii) of the Company's Form SB-2 filed with the SEC on October 4, 2001).
3.6*	Amended and Restated Bylaws.
4.1*	Certificate of Designation for the Series A Preferred Stock, filed effective October 18, 2004.
4.2*	Certificate of Designation for the Series B Preferred Stock, filed effective December 1, 2005.
4.3*	Form of Callable Secured Promissory Note dated March 31, 2006 (incorporated by reference to Exhibit 10.3 of the Company's Form 8-K filed with the SEC on April 6, 2006).
4.4*	Form of Stock Purchase Warrant dated March 31, 2006 (incorporated by reference to Exhibit 10.4 of the Company's Form 8-K filed with the SEC on April 6, 2006).
4.5*	Convertible Promissory Note dated as of January 2, 2006 (incorporated by reference to Exhibit 10.13 of the Company's Form 10KSB filed with the SEC on April 17, 2006).
4.6*	Convertible Promissory Note dated as of March 12, 2006 (incorporated by reference to Exhibit 10.14 of the Company's Form 10KSB filed with the SEC on April 17, 2006).
4.7*	Stock Purchase Warrant dated as of January 5, 2007 (incorporated by reference to Exhibit 4.1 of the Company's Form 8-K, filed with the SEC on January 11, 2007).
4.8*	Callable Secured Convertible Note, dated as of January 5, 2007 (incorporated by reference to Exhibit 4.2 of the Company's Form 8-K, filed with the SEC on January 11, 2007).
10.1*	Securities Purchase Agreement dated as of March 31, 2006 by and among The Jackson Rivers Company and the Purchaser set forth therein (incorporated by reference to Exhibit 10.1 of the Company's Form 8-K filed with the SEC on April 6, 2006).
10.2*	Security Agreement dated as of March 31, 2006 (incorporated by reference to Exhibit 10.5 of the Company's Form 8-K filed with the SEC on April 6, 2006).
10.3*	Registration Rights Agreement dated as of March 31, 2006 (incorporated by reference to Exhibit 10.2 of the Company's Form 8-K filed with the SEC on April 6, 2006).
10.4*	Intellectual Property Security Agreement dated as of March 31, 2006 (incorporated by reference to Exhibit 10.6 of the Company's Form 8-K filed with the SEC on April 6, 2006).

Edgar Filing: JACKSON RIVERS CO - Form 10KSB

- 10.5\* Securities Purchase Agreement dated as of January 5, 2007 (incorporated by reference to Exhibit 10.1 of the Company's Form 8-K, filed with the SEC on January 11, 2007).
- 10.6\* Security Agreement dated as of January 5, 2007 (incorporated by reference to Exhibit 10.2 of the Company's Form 8-K, filed with the SEC on January 11, 2007).
- 14\* Code of Ethics (incorporated by reference to Exhibit 14 of the Company's Form 10KSB filed with the SEC on April 13, 2005).
- 16\* Letter Regarding Change of Certifying Accountant (incorporated by reference to Exhibit 16.1 of the Company's Form 8-K filed on January 19, 2007).
- 21\*\* Subsidiaries.
- 23.1\*\* Consent of Gruber & Co. LLC
- 31.1\*\* Certification of Jeffrey W. Flannery, Chief Executive Officer, Chief Financial Officer and Director of the Company, pursuant to 18 U.S.C. Sec. 1350, as adopted pursuant to Sec. 302 of the Sarbanes-Oxley Act of 2002.
- 32.1\*\* Certification of Jeffrey W. Flannery, Chief Executive Officer, Chief Financial Officer and Director of the Company, pursuant to 18 U.S.C. Sec. 1350, as adopted pursuant to Sec. 906 of the Sarbanes-Oxley Act of 2002.

20

---