VITAL IMAGES INC
Form S-8 POS
June 16, 2011

As filed with the Securities and Exchange Commission on June 16, 2011

Registration No. 333-152287

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

POST-EFFECTIVE AMENDMENT NO. 1

TO

FORM S-8

REGISTRATION STATEMENT UNDER THE SECURITIES ACT OF 1933

Vital Images, Inc.

(Exact name of issuer as specified in its charter)

Minnesota	**42-1321776**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

5850 Opus Parkway, Suite 300, Minnetonka, Minnesota	**55343-4414**
(Address of principal executive offices)	(Zip Code)

Vital Images, Inc. 2006 Long-Term Incentive Plan

1997 Employee Stock Purchase Plan

(Full title of the plan)

Michael H. Carrel
President and Chief Executive Officer
Vital Images, Inc.
5850 Opus Parkway, Suite 300
Minnetonka, Minnesota 55343-4414
(952) 487-9500

(Name, address, and telephone number of person authorized to receive notices and communications on behalf of the person(s) filing statement)

Copies To:

W. Morgan Burns
Jonathan L.H. Nygren

Faegre & Benson LLP
2200 Wells Fargo Center
90 South Seventh Street
Minneapolis, Minnesota 55402
(612) 766-7000

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

Large accelerated filer o	Accelerated filer x
Non-accelerated filer o	Smaller reporting company o

DEREGISTRATION OF SECURITIES

In accordance with the undertaking of Vital Images, Inc. (the Company) set forth in its Registration Statement on Form S-8 (File No. 333-152287) (the Registration Statement) relating to a total of 1,600,000 shares of Common Stock, par value $0.01 per share, issuable under its 2006 Long-Term Incentive Plan (the 2006 Plan) and to a total of 150,000 shares of Common Stock, par value $0.01 per share, issuable under its 1997 Employee Stock Purchase Plan (1997 Plan) filed with the Securities and Exchange Commission (the SEC) on July 11, 2008, the Company is filing this Post-Effective Amendment No. 1 to the Registration Statement to deregister any shares of Common Stock of the Company registered under the Registration Statement that have not been issued or sold. The 2006 Plan and the 1997 Plan have been terminated and each option issued thereunder has been cancelled. The Company is delisting its Common Stock from The Nasdaq Global Select Market and deregistering its Common Stock under Section 12(b) of the Securities Exchange Act of 1934, as amended (the Exchange Act), through the filing of a Form 25 with the SEC on June 16, 2011 and a Form 15 thereafter. Because the Company will no longer be filing reports pursuant to the Exchange Act, the Company is deregistering the remaining shares of Common Stock that may be issued pursuant to the 2006 Plan and the 1997 Plan.

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933 and Rule 478 thereunder, the Registrant certifies that it has reasonable grounds to believe that it meets all of the requirements for filing on Form S-8 and has duly caused this Post-Effective Amendment No. 1 to the Registration Statement on Form S-8 to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Minnetonka, State of Minnesota on June 16, 2011.

VITAL IMAGES, INC.

By: /s/ Michael H. Carrel
Michael H. Carrel
President and Chief Executive Officer

3

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49,617

41,224

Software under development

479,750

-

Inventory, net of allowance

447,118

127,249

1,443,016

1,017,273

Computer equipment, software and equipment, net

30,401

24,479

Total Assets

	$ 1,473,417	$ 1,041,752
Liabilities		
Current:		
Accounts payable	**$ 858,569**	$ 695,192
Accrued payroll and payroll taxes	**320,000**	404,837
Notes payable	**1,450,000**	1,119,123
Due to shareholders	**79,041**	71,813
Notes payable to shareholders	**376,857**	2,615,593
Total Liabilities	**3,084,467**	4,906,558
Stockholders` Equity (Deficit)		

Common Stock (par value $0.001) - Authorized, 1,800,000,000 common shares issued and outstanding, 46,640,574 and 46,230,000 shares at June 30, 2008 and December 31, 2007, respectively	**7,852,739**	2,988,500
Accumulated Deficit	**(9,463,789)**	(6,853,306)
Total Stockholders' Equity (Deficit)	(**1,611,050**)	(3,864,806)
Total Liabilities and Stockholders' Equity (Deficit)	**$ 1,473,417**	$ 1,041,752

The accompanying notes are an integral part of these financial statements

Actiga Corporation
Statements of Operations
For the three and six months ended June 30, 2008 and 2007
(Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2008	2007	**2008**	2007
Sales	**$ 11,604**	$ 59,219	**$ 25,474**	$ 72,835
Cost of sales	**22,646**	18,830	**208,077**	187,110
Gross margin	**(11,042)**	40,389	**(182,603)**	(114,275)
Operating expenses:				
General and administrative	**747,725**	247,263	**1,944,718**	521,275
Research and development	**48,493**	64,977	**98,165**	92,476
Sales and marketing	**150,255**	18,939	**312,671**	43,577
	946,473	331,179	**2,355,554**	657,328
Loss before other items	**(957,515)**	(290,790)	**(2,538,157)**	(771,603)
Other items:				
Interest expense	**(42,943)**	(4,019)	**(72,326)**	(8,465)
	(42,943)	(4,019)	**(72,326)**	(8,465)
Net loss	**$ (1,000,458)**	$ (294,809)	**$ (2,610,483)**	$ (780,068)
Loss per share, basic and diluted	**$ (0.02)**	$ (0.01)	**$ (0.06)**	$ (0.02)
Weighted average shares outstanding	**46,234,512**	46,230,000	**46,232,256**	46,230,000

The accompanying notes are an integral part of these financial statements

Actiga Corporation
Statements of Cash Flows
For the six months ended June 30, 2008 and 2007
(Unaudited)

		2008		2007
Operating Activities				
Net loss	**$**	**(2,610,483)**	$	(780,068)
Adjustments to reconcile net loss to cash flows used in operating activities:				
Depreciation and amortization		**4,283**		3,243
Allowance for doubtful accounts		**(195,920)**		-
(Increase) Decrease in accounts receivable		**776,723**		(44,896)
(Increase) Decrease in prepaid expenses		**(8,394)**		-
(Increase) Decrease in inventory		**(319,870)**		17,587
Increase (Decrease) in accounts payable		**44,252**		163,662
Increase (Decrease) in accrued payroll and payroll taxes		**(84,849)**		163,386
Cash provided by (used in) operating activities		**(2,394,258)**		(477,086)
Financing Activities				
Proceeds from notes payable		**1,450,000**		-
Proceeds from notes payable to shareholder		**32,747**		483,000
Proceeds from private placement		**1,600,000**		-
Cash provided by (used in) financing activities		**3,082,747**		483,000
Investing Activities				
Purchase of equipment		**(10,205)**		(2,394)
Purchase of software under development		**(479,750)**		-
Cash provided by (used in) investing activities		**(489,955)**		(2,394)
Increase (decrease) in cash		**198,534**		3,520
Cash, opening		**247,967**		(3,184)
Cash, closing	**$**	**446,501**	$	336
Supplemental cash flow information				
Cash paid during the quarter for:				
Interest		-		-
Income Taxes		800		800
Non- Cash Financing Activities				
Conversion of Notes Payable to common stock	**$**	**3,264,239**	$	-

The accompanying notes are an integral part of these financial statements

Actiga Corporation
Notes to Financial Statements
(Unaudited)

1. ORGANIZATION AND PRINCIPAL ACTIVITIES

Actiga Corporation (“Actiga” or “the Company”, “us”, “we” or “our”) is a corporation organized under the laws of the State of Nevada. The Company designs and manufactures motion-based Active Game Controllers. The Company’s Active Game Controllers allow users to replace their keyboards and gamepads with a controller that uses their natural motion to play video games.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Accounting Principles

The consolidated balance sheets and related consolidated statements of operations and cash flows contained in this Quarterly Report on Form 10-Q include the accounts of the Company and its wholly-owned subsidiaries. All significant intercompany balances and transactions have been eliminated in consolidation. In the opinion of management, all entries necessary for a fair presentation of such condensed consolidated financial statements have been included. These entries consisted only of normal recurring items. The results of operations for the interim period are not necessarily indicative of the results to be expected for any other interim period or for the entire fiscal year.

The consolidated financial statements do not include all information and notes necessary for a complete presentation of financial position, results of operations and cash flows in conformity with United States generally accepted accounting principles. Please refer to the Company’s audited consolidated financial statements and related notes for the fiscal year ended December 31, 2007 contained in the Company’s Annual Report on Form 10-K as filed with the United States Securities and Exchange Commission (the “SEC”).

The preparation of financial statements in conformity with United States generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from those estimates.

Cash and cash equivalents

Cash and cash equivalents consist primarily of cash on deposit.

Revenue recognition

The Company recognizes revenue in accordance with the provision of the Securities and Exchange Commission Staff Accounting Bulletin ("SAB") No. 104 which establishes guidance in applying generally accepted accounting principles to revenue recognition in financial statements. SAB No. 104 requires that four basic criteria must be met before revenue can be recognized: (1) persuasive evidence of an arrangement exists; (2) delivery has occurred or services rendered; (3) the price to the buyer is fixed and determinable; and (4) collectability is reasonably assured.

The Company has entered into consigned inventory agreements with several customers. For products shipped under consigned inventory agreements, the Company recognizes revenue when the customer notifies the Company that they have taken possession of the product from the consigned inventory and all other criteria stated above have been met.

Research and development and software under development

All costs of research and development activities are expensed as incurred. In the second quarter of 2008, the Company has capitalized software under development cost of $479,750 in accordance with Statement of Financial Accounting Standards No. 86 (SFAS 86) “Accounting for the Costs of Computer Software to Be Sold, Leased, or Otherwise Marketed. The software under developement has been purchased from a third party vendor and development relates to certain games being developed by Aptus, a subsidiary of the Company. The software will be marketed through an online portal along with related hardware under development. The development process is scheduled for completion in September 2008. Additional costs of $31,865 representing tooling costs of games delayed or suspended in the development process have been expensed during the three and six months ended June 30, 2008.

Actiga Corporation
Notes to Financial Statements

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Income taxes

The Company records deferred tax assets and liabilities based on the net tax effects of tax credits, operating loss carryforwards and temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. The Company assesses the likelihood that its deferred tax assets will be recovered from future taxable income and the Company establishes a valuation allowance to reduce deferred tax assets to an amount which it believes to be more likely than not realizable. The valuation allowance is based on the Company`s estimates of taxable income by jurisdiction in which it operates and the period over which its deferred tax assets will be recoverable. As of June 30, 2008, a 100% valuation allowance has been applied to deferred tax assets.

Going concern

The accompanying financial statements have been prepared assuming that the Company will continue to operate as a going concern. Through June 30, 2008, the Company has not generated operating or net profits. As of June 30, 2008, the accumulated deficit is $9,463,789, the working capital deficiency is $1,641,451 and the total capital deficiency is $1,611,050. These factors raise substantial doubt about the ability of the Company to continue in existence should it be unable to raise additional and sufficient capital.

Inventories

All inventories are stated at the lower of weighted average cost or market. Potential losses from obsolete and slow-moving inventories are provided for in the period in which it is determined that such losses are likely to occur upon the sale or disposal of the inventory. The Company has allowances of $231,631 at June 30, 2008 and $98,830 at December 31, 2007.

Computer equipment, software and equipment

Property, plant and equipment are stated at original cost less accumulated depreciation and amortization.

Depreciation is provided to write off the cost of computer equipment, software and equipment , using the straight-line method at rates based on their estimated useful lives from the date on which they become fully operational and after taking into account their estimated residual values.

Actiga Corporation
Notes to Financial Statements

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Operating leases

Leases where substantially all the rewards and risks of ownership of assets remain with the leasing company are accounted for as operating leases.

Use of estimates

The preparation of the consolidated financial statements in conformity with accounting principles generally accepted in the United States GAAP requires the Company's 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 financial statements and the reported amounts of revenues and expenses during the reported periods. Actual amounts could differ from those estimates. Estimates are used for, but not limited to, the accounting for certain items such as allowance for doubtful accounts, depreciation and amortization, inventory allowance, taxes and contingencies.

Allowance for doubtful accounts

Accounts receivable are recorded at the amount billed to customers. The Company recognizes an allowance for doubtful accounts to ensure trade and other receivables are not overstated due to uncollectibility. The Company's estimate is based on a variety of factors, including historical collection experience, existing economic conditions and a review of the current status of the receivable.

Accounts receivable is presented net of an allowance for doubtful accounts of $35,080 and $231,000 as of June 30, 2008 and December 31, 2007, respectively.

Allowance for product returns

The Company has a potential for product returns. No estimate of potential returns can be made with a high level of precision; however the Company anticipates a number of returns and therefore had accrued an additional $300,000 during the three months ended March 31, 2008. For the three and six month period ended June 30, 2008, the company utilized $327,301 of the reserve for returned product.

Actiga Corporation
Notes to Financial Statements

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basic and Diluted Net Earnings per Share

Basic net earnings (loss) per common share is computed by dividing net earnings (loss) applicable to common shareholders by the weighted-average number of common shares outstanding during the period. Diluted net earnings (loss) per common share is determined using the weighted-average number of common shares outstanding during the period, adjusted for the dilutive effect of common stock equivalents, consisting of shares that might be issued upon exercise of common stock options. In periods where losses are reported, the weighted-average number of common shares outstanding excludes common stock equivalents, because their inclusion would be anti-dilutive.

Recently issued accounting standards

In September 2006 the FASB issued SFAS No. 157, "Fair Value Measurements." SFAS No. 157 defines fair value, establishes a framework for measuring fair value in GAAP, and expands disclosures about fair value measurements. The pronouncement is applicable in cases when assets or liabilities are to be measured at fair value. It does not establish new circumstances in which fair value would be used to measure assets or liabilities. The provisions of SFAS No.157 are effective for fiscal years beginning after November 15, 2007. The Company is currently evaluating the potential impact, if any, the adoption of SFAS No. 157 will have on its financial statements.

On February 15, 2007, the FASB issued Statement of Financial Accounting Standards ("SFAS") No. 159, "The Fair Value Option for Financial Assets and Liabilities-Including an Amendment of FAS 115." This standard permits an entity to choose to measure many financial instruments and certain other items at fair value. This option is available to all entities. Most of the provisions in FAS 159 are elective; however, an amendment to FAS 115 "Accounting for Certain Investments in Debt and Equity Securities" applies to all entities with available for sale or trading securities. Some requirements apply differently to entities that do not report net income. SFAS 159 is effective as of the beginning of an entity’s first fiscal year that begins after November 15, 2007. Early adoption is permitted as of the beginning of the previous fiscal year provided that the entity makes that choice in the first 120 days of that fiscal year and also elects to apply the provisions of SFAS 157 "Fair Value Measurements." The Company is currently evaluating the potential impact, if any, the adoption of SFAS No. 159 will have on its consolidated financial statements.

Other recently issued accounting pronouncements are highly unlikely to be relevant to the Company currently or in the foreseeable future and therefore are not presented herein.

Actiga Corporation
Notes to Financial Statements

3. INVENTORY

As of June 30, 2008 and December 31, 2007 inventories consisted of the following:

		2008		2007
Raw materials	$	24,636	$	120,873
Finished goods		422,482		6,376
Total	$	447,118	$	127,249

Inventory is net of allowances of $231,631 at June 30, 2008 and $98,830 at December 31, 2007.

4. RECONCILIATION OF COMMON STOCK

The following table details the changes in the Company's common stock during the six months ended June 30, 2008.

Balance, December 31, 2007	$	2,988,500
Conversion of Notes Payable		1,000,000
Conversion of Notes Payable to Shareholders		2,264,239
Proceeds from Private Placement		1,600,000
Balance, June 30, 2008	$	7,852,739

5. NOTES PAYABLE

On April 15, 2008, the Company consummated an initial closing of a $100,00 bridge offering (the "Offering") of unsecured notes with an option to convert (the "Notes"), the maximum amount of which is $1,000,000. The Notes were issued pursuant to a Subscription Agreement, dated April 15, 2008, among the Company and the purchasers of the Notes.

Investors will receive 12% interest in cash one year from the applicable closing of the Notes (the "Maturity Date") and will have the option to either receive the principal amount of their investment in cash or convert their Notes into shares of common stock, par value $0.001 of the Company at an exercise price of $2.00 per share. In the event that the Company secures subsequent financing prior to the Maturity Date in the aggregate amount exceeding $3,000,000 (the "Subsequent Financing"), not including proceeds of the Offering, the Company will have the right to prepay the principal amount of the Notes in full at any time before the applicable Maturity Date and at such time the Company will pay to its investors the entire unpaid interest as of the Maturity Date. In the event the Company elects to prepay the Notes, investors may either: (i) receive the principal amount of their investment in cash or (ii) convert their Notes into shares of common stock at the lower of (a) $2.00 or (b) the lowest conversion price of the Subsequent Financing.

The offers and sales of securities in the Offering were made pursuant to the exemption from registration provided by Section 4(2) of the Securities Act of 1933, as amended, including pursuant to Rule 506. Such offers and sales were made solely to "accredited investors" under Rule 506 and were made without any form of general solicitation and with full access to any information requested by the investors regarding the Company or the securities offered in the Offering.

On April 15, 2008, the Company consummated a closing of two unsecured promissory notes ("Promissory Notes') in the aggregate amount of $350,000. Under the terms of the Promissory Notes, the lender will receive the principal amount plus interest at the rate of 15% on the one year anniversary of the Promissory Note. In the event the Company defaults on the Promissory Notes, interest will continue to accrue until and including the date of repayment in full. The Promissory Notes may be prepaid in full at any time and in which case the Company will be subject to a prepayment premium which shall be the total interest due on the Promissory Notes on the one year anniversary.

6. SUBSEQUENT EVENTS

On July 7, 2008 the Company raised $75,000 in a private placement agreement dated May 15, 2008 for the sale of units of the Company to an accredited investor. Each unit of the Company (the “Unit”) consisting of 50,000 shares of common stock and 25,000 warrants exercisable for 25,000 shares of the Company’s common stock. Each warrant is immediately exercisable for a period of five years commencing on the closing of the placement of the Units. Subsequent to the end of the quarter, the Company consummated the closing of an aggregate of 3.67 Units of the Company. The offer and sale of securities was made pursuant to the exemption from registration provided by Section 4(2) of the Securities Act of 1933, as amended, including pursuant to Rule 506. Such offer and sale was made to an “accredited investors” under Rule 506 and was made without any form of general solicitation and with full access to any information requested by the investors regarding the Company or the securities offered.

On August 12, 2008, Actiga consummated a closing of a $1,500,000 Unsecured Promissory Note (the “Unsecured Note”) with a lender. Under the terms of the Unsecured Note, lender will receive the principal amount of $1,500,000 plus simple interest, in cash, at the rate of 25% per annum two years from the closing date of the Unsecured Note (the “Maturity Date”). At June 30, 2008 the Company had received $1.0 million in advances from this Unsecured Note. Lender will also receive two additional benefits as part of the Unsecured Note: (i) a warrant to purchase one million, five-hundred thousand (1,500,000) shares of duly authorized, validly issued, fully paid and nonassessable common stock of the Company, at the exercise price of $1.75 per share and (ii) three percent (3%) of all net revenues received by Company pursuant to the licensing agreement, dated July 1, 2008, between CBS and the Company, during the term of this Unsecured Note.

The Company is entitled to prepay all amounts owed under the Unsecured Note at any time. If such prepayment is made before the first anniversary of the date hereof, the Company’s payment of interest shall equal the amount of interest as would have been accrued under this Unsecured Note on the first anniversary of the execution of the Unsecured Note without prepayment. If prepayment is made after the first anniversary of the execution of the Unsecured Note, the Company shall pay the interest accrued up to and including the date of prepayment. If the Company does exercise its right to prepay all amounts due under this Unsecured Note, the revenue share percentage for payments owed to the lender described above shall be reduced from three percent (3%) to one and one half percent (1.5%) from the date of prepayment or the first anniversary of the execution of the Unsecured Note (whichever is later) until the Maturity Date.

Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operation.

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with our consolidated financial statements and related notes appearing elsewhere in this Report. This discussion and analysis contains forward-looking statements that involve risks, uncertainties and assumptions. The actual results may differ materially from those anticipated in these forward-looking statements as a result of certain factors, including, but not limited to, those which are not within our control.

Our financial statements are stated in United States Dollars (US$) and are prepared in accordance with United States GAAP. In this Form 10-Q report, unless otherwise specified, all references to "common shares" refer to the common shares in our capital stock.

Overview

Actiga Corporation was incorporated in the State of Nevada on April 27, 2005 under the name Puppy Zone Enterprises, Inc. Prior to our reverse merger, we changed our name from Puppy Zone Enterprises, Inc. to Actiga Corporation. On January 7, 2008, we entered into an Agreement and Plan of Merger (the “Merger Agreement”) with QMotions, Inc. ("QMotions") which Merger Agreement we closed on January 14, 2008. Pursuant to the Merger Agreement, QMotions became a wholly-owned subsidiary of the Company. Actiga acquired and adopted the business operations of QMotions (as discussed below). Prior to the acquisition of QMotions, we were a public shell with nominal assets and our business focus was the development of a franchise system to offer dog day care services under the brand name The Puppy Zone. Following the acquisition of QMotions, we terminated our dog day care services and adopted the business of QMotions, consisting of the development, manufacture, distribution, marketing and sale of motion-based controllers for video games and online video games.

Our common stock is traded on the Over-the-Counter Bulletin Board under the symbol "AGAC" and on the Frankfurt Exchange under the symbol “3668363.F”.

Aptus Games, a wholly-owned subsidiary of Actiga (“Aptus”) was incorporated in the state of Delaware on February 4, 2008. Aptus uses proprietary motion controllers combined with a browser-based 3D game engine. Aptus is scheduled to commence on line operations in the third quarter of 2008.

Results of Operation

Since inception to June 30, 2008, we have generated minimal revenues. Inflation and currency fluctuations have not previously had a material impact upon our sales, revenues and income from operations.

Comparison of the three and six months ended June 30, 2008 and three and six months ended June 30, 2007.

Net Sales

Sales for the three months ended June 30, 2008 totaled $11,604 compared to $59,219 for the three months ended June 30, 2007. Sales for the six months ended June 30, 2008 totaled $25,474 compared to $72,835 for the six months ended June 30, 2007. The decrease in sales is primarily due to suspended sales of older product line in the amount of $54,316 for the three months and $56,902 for the six months of 2007. We generate a substantial percentage of our net sales in the last three months of every calendar year, our fiscal fourth quarter. Our quarterly results of operations can be expected to fluctuate significantly in the future, as a result of many factors, including: seasonal influences on our sales; unpredictable consumer preferences and spending trends; the introduction of new video game platforms; the need to increase inventories in advance of our primary selling season; and timing of introductions of new products.

Cost of Sales

Cost of Sales for the three months ended June 30, 2008 totaled $22,646 compared to $18,830 for the three months ended June 30, 2007. Cost of sales for the six months ended June 30, 2008 totaled $208,077 compared to $187,110 for the six months ended June 30, 2007. Freight cost which are a component of Cost of Sales, were $59,312 for the six months ended June 30, 2008 as compared to $35,876 in the 2007 six month period. Increase in Cost of Goods Sold is due to product placement between warehouse and distribution center.

Operating Expenses

Our operating expenses for the three and six months ended June 30, 2008 compared to the three and six months ended June 30, 2007 are classified primarily into the following three categories:

1. General and Administrative Expenses. General and administrative expenses for the three months ended June 30, 2008 of $747,725 consist primarily of payroll of $466,904 and professional fees of $189,737 which includes legal fees, accounting and auditing fees. General and administrative expenses for three months ended June 30, 2007 of $247,263 consist of payroll $166,301 and professional fees of $13,104. Rent expense primarily for office space and warehouse totaled $11,013 for the first three months of 2008 as compared to $13,558 for the comparable three months of 2007. General and administrative expenses for the six months ended June 30, 2008 of $1,944,718 consist primarily of payroll $805,126, professional fees of $565,124 which includes legal fees, accounting and auditing fees. General and administrative expenses for six months ended June 30, 2007 of $521,275 consist of payroll of $339,604 and professional fees of $29,394. The expense for allowance for doubtful accounts for June 30, 2008 was $300,000 compared to $0 in the comparable period of 2007. Rent expense primarily for office space and warehouse totaled $22,519 for the six months of 2008 as compared to $22,447 for the comparable period 2007.

2. Research and Development Expenses. Research and development expenses consist primarily of fees paid for payroll, engineering and other research and development cost. The amount incurred by the Company during the three months ended June 30, 2008 was $48,493 compared to $64,977 for the three months ended June 30, 2007. Tooling cost associated with research and development for the three months ended June 30, 2008 totaled $28,791 compare to $10,794 for the comparable period in 2007. The amount incurred by the Company during the six months ended June 30, 2008 was $98,165 compared to $92,476 for the six months ended June 30, 2007. Tooling cost for the six months ended June 30, 2008 totaled $43,241 compared to $10,794 for the comparable period in 2007.

3. Sales and Marketing Expenses. Sales and marketing expense totaled $150,255 for the three months ended June 30, 2008 as compared to $18,939 for the three months ended 2007. Sales and marketing expense totaled $312,671 for the six months ended June 30, 2008 as compared to $43,577 for the six months ended 2007. Print Advertising, trade shows and other media expenses totaled $100,253 for the three months ended June 30, 2008 and $150,000 for the six months ended June 30, 2008 as compared to $1,127 and $7,401 for the comparable periods in 2007, respectively. The increase is in anticipation of various product launches in 2008.

Net Loss

As a result of the foregoing, the Company reported a net loss for the quarter ended June 30, 2008 of $1,000,458 compared to a loss of $294,809 for the quarter ended June 30, 2007. The Company reported a net loss for the six months ended June 30, 2008 of $2,610,483 compared to a loss of $780,068 for the six months ended June 30, 2007.

Liquidity and Capital Resources

The Company's principal capital requirements during the year of 2008 are to fund the internal operations and introduce new product lines to the market. The Company has raised funds for operations by selling shares of its common stock to selected investors and by issuing notes and convertible notes as is discussed in our financial statement. The Company continues to actively pursue additional credit facilities with accredited investors and financial institutions in Europe, Middle East and USA as a means to obtain new funding.

There is substantial doubt about our ability to continue as a going concern, and in their report on our financial statements for the year ended December 31, 2007, our independent registered public accounting firm included an explanatory paragraph expressing substantial doubt about our ability to continue as a going concern. The continuation of our business is dependent upon further long term financing, successful and sufficient market acceptance of our products and achieving a profitable level of operations. We have historically incurred losses, and from inception through June 30, 2008, have incurred losses of $9,463,789. The issuance of additional equity securities by us could result in a significant dilution in the equity interests of our current stockholders. Obtaining commercial loans, assuming those loans would be available, will increase our liabilities and future cash commitments. Presently, our revenues are not sufficient to meet our operating and capital expenses. Management projects that we will require additional funding to expand our current operations, although we anticipate that our current funds will enable us to address our minimal current and ongoing expenses. Management has taken the following steps to revise its operating and financial requirements: Management has devoted considerable efforts during the period ended June 30, 2008 and subsequently towards (i) obtaining additional equity financing (ii) controlling of salaries and general and administrative expenses (iii) management of accounts payable (iv) settlement of debt by issuance of common shares and (v) strategically forming subsidiaries that bring synergies to the Company's products and services.

The Company relies on a combination of debt and equity financings to fund its ongoing cash requirements. Management believes that its cash balance at June 30, 2008 and cash generated from operations will provide sufficient funds through August 2008.

In light of the need to raise additional funds in the immediate short term, the Company has been focused on capital raising activities in addition to continuing to control operating costs, aggressively managing working capital and attempting to settle certain debt by the issuance of common shares. As of January 1, 2008 to the date of this filing, the Company has received $3,525,000 of equity financing and loans in order to fund cash requirements.

Although the Company has previously been able to raise capital as needed, there can be no assurance that such capital will continue to be available at all or, if available, that the terms of such financing will not be dilutive to existing stockholders or otherwise on terms favorable to us. If the Company is unable to secure additional capital as circumstances require, it may not be able to continue its operations.

Operating Activities: Net cash used in operating activities for the six months ended June 30, 2008 was $2,874,008. The increase is primarily due to the increase in net loss of $2,610,483 in 2008, decrease in accounts receivable of $776,723, offset by an increase in software development of $479,750, increase in inventory of $319,870, increase in accounts payable of $21,846, and decrease in accrued payroll and other payable of $84,849.

Financing Activities: Net cash received by financing activities for the six months ended June 30, 2008 of $3,082,747 came primarily from notes payable of $1,450,000 and proceeds from private placements of $1,600,000.

As a result of the above activities, the Company recorded a cash and cash equivalent balance of $446,501 as of June 30, 2008, a net increase in cash and cash equivalent of $446,165 as compared to the six months ended June 30, 2007. The ability of the Company to continue as a going concern is still dependent on its success in obtaining additional financing.

Application of Critical Accounting Policies

Our financial statements and accompanying notes are prepared in accordance with generally accepted accounting principles in the United States. Preparing financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue, and expenses. These estimates and assumptions are affected by management's application of accounting policies. We believe that understanding the basis and nature of the estimates and assumptions involved with the following aspects (i.e. Allowance for Doubtful Account and Product Returns) of our financial statements is critical to an understanding of our financials.

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

Recent Accounting Pronouncements

Other recently issued accounting pronouncements are highly unlikely to be relevant to the Company currently or in the foreseeable future and therefore are not presented herein.

Off-balance Sheet Arrangements

We are not a party to any off-balance sheet arrangement.

Item 3. Quantitative and Qualitative Disclosure About Market Risks

Not applicable.

Item 4T. Controls and Procedures.

Evaluation of Disclosure Controls and Procedures. As of the end of the period covered by this Quarterly Report, the Company's management, with the participation of the Company's Chief Executive Officer and Chief Financial Officer ("the Certifying Officers"), conducted evaluations of the Company's disclosure controls and procedures. As defined under Sections 13a-15(e) and 15d-15(e) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), the term "disclosure controls and procedures" means controls and other procedures of an issuer that are designed to ensure that information required to be disclosed by the issuer in the reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the Commission's rules and forms. Disclosure controls and procedures include without limitation, controls and procedures designed to ensure that information required to be disclosed by an issuer in the reports that it files or submits under the Exchange Act is accumulated and communicated to the issuer's management, including the Certifying Officers, to allow timely decisions regarding required disclosures.

Based on this evaluation, the Certifying Officers have concluded that the Company's disclosure controls and procedures were effective to ensure that material information is recorded, processed, summarized and reported by management of the Company on a timely basis in order to comply with the Company's disclosure obligations under the Exchange Act and the rules and regulations promulgated thereunder.

Changes in Internal Controls Over Financial Reporting. There have not been any changes in our internal controls over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) that occurred during the fiscal quarter ending June 30, 2008 that have materially affected, or are reasonably likely to materially affect, our internal controls over financial reporting.

PART II - OTHER INFORMATION

Item 1. Legal Proceedings

Actiga, its subsidiaries and its properties were not a party to any legal proceedings.

Item 1A. Risk Factors

Risks Related to our Securities

Our Common Stock may be affected by limited trading volume and may fluctuate significantly.

Prior to our merger with Actiga Corporation, there was no public market for our Common Stock and there can be no assurance that we will sustain an active trading market for our Common Stock. This could adversely affect our shareholders' ability to sell our Common Stock in short time periods. Our stock price could fluctuate significantly in the future based upon any number of factors such as: general stock market trends; announcements of developments related to our business; fluctuations in our operating results; announcements of technological innovations, new products or enhancements by us or our competitors; general conditions in the markets we serve; general conditions in the U.S. or world economy; developments in patents or other intellectual property rights; and developments in our relationships with our customers and suppliers. Substantial fluctuations in our stock price could significantly reduce the price of our stock.

Our Common Stock is traded on the "Over-the-Counter Bulletin Board," and on the Frankfurt Stock Exchange which may make it more difficult for investors to resell their shares due to suitability requirements.

Our Common Stock is currently quoted for trading on the Over the Counter Bulletin Board (OTCBB) under the symbol AGAC.OB and on the Frankfurt Stock Exchange under the symbol 3668363.F where we expect it to remain in the foreseeable future. Broker-dealers often decline to trade in OTCBB stocks given the market for such securities are often limited, the stocks are more volatile, and the risk to investors is greater. These factors may reduce the potential market for our Common Stock by reducing the number of potential investors. This may make it more difficult for investors in our Common Stock to sell shares to third parties or to otherwise dispose of their shares. This could cause our stock price to decline.

Our Common Stock is considered a penny stock. Penny stocks are subject to special regulations, which may make them more difficult to trade on the open market.

A “penny stock” is defined by regulations of the Securities and Exchange Commission as an equity security with a market price of less than $5.00 per share. The market price of our Common Stock has been less than $5.00 for several months.

If you buy or sell a penny stock, these regulations require that you receive, prior to the transaction, a disclosure explaining the penny stock market and associated risks. Furthermore, trading in our Common Stock would be subject to Rule 15g-9 of the Exchange Act, which relates to non-NASDAQ and non-exchange listed securities. Under this rule, broker-dealers who recommend our securities to persons other than established customers and accredited investors must make a special written suitability determination for the purchaser and receive the purchaser's written agreement to a transaction prior to sale. Securities are exempt from this rule if their market price is at least $5.00 per share.

Penny stock regulations will tend to reduce market liquidity of our Common Stock, because they limit the broker-dealers' ability to trade, and a purchaser's ability to sell the stock in the secondary market. The low price of our Common Stock will have a negative effect on the amount and percentage of transaction costs paid by individual shareholders. The low price of our Common Stock may also limit our ability to raise additional capital by issuing additional shares. There are several reasons for these effects. First, the internal policies of many institutional investors prohibit the purchase of low-priced stocks. Second, many brokerage houses do not permit low-priced stocks to be used as collateral for margin accounts or to be purchased on margin. Third, some brokerage house policies and practices tend to discourage individual brokers from dealing in low-priced stocks. Finally, broker's commissions on low-priced stocks usually represent a higher percentage of the stock price than commissions on higher priced stocks. As a result, our shareholders will pay transaction costs that are a higher percentage of their total share value than if our share price were substantially higher.

Our listing on both the Over-the-Counter-Bulletin-Board and the Frankfurt Stock Exchange exposes our stock price to additional risks of fluctuation.

Our common stock is listed both on the OTCBB and the Frankfurt Stock Exchange. Because of this, factors that would not otherwise affect a stock traded solely on the OTCBB may cause our stock price to fluctuate. For example, European investors may react differently and more positively or negatively than investors in the United States to events such as acquisitions, dispositions, one-time charges and higher or lower than expected revenue or earnings announcements. A positive or negative reaction by investors in Europe to such events could cause our stock price to increase or decrease significantly. The European economy and market conditions in general, or downturns on the Frankfurt Stock Exchange specifically, regardless of the OTCBB conditions, also could negatively impact our stock price.

Risks Related to our Company

We have a limited operating history and limited historical financial information upon which you may evaluate our performance.

We are in our early stages of development and face risks associated with a new company in a growth industry. We may not address these risks and uncertainties or implement our operating strategies. If we fail to do so, it could materially harm our business to the point of having to cease operations and could impair the value of our Common Stock to the point investors may lose their entire investment. Even if we accomplish these objectives, we may not generate positive cash flows or the profits we anticipate in the future.

We may need substantial additional financing in the future to continue operations.

Our ability to continue present operations may be dependent upon our ability to obtain significant external funding. We are exploring various financing alternatives. There can be no assurance that we will be able to secure such financing at acceptable terms, if at all. If adequate funds are not available from the foregoing sources, or if we determine it to otherwise be in our best interests, we may consider additional strategic financing options, including sales of assets.

We will rely on third-party suppliers and manufacturers to provide raw materials for and to produce our products, and we will have limited control over these suppliers and manufacturers and may not be able to obtain quality products on a timely basis or in sufficient quantity.

Substantially all of our products will be manufactured by unaffiliated manufacturers. We may not have any long-term contracts with our suppliers or manufacturing sources, and we expect to compete with other companies for raw materials and production capacity.

There can be no assurance that there will not be a significant disruption in the supply of raw materials from our intended sources or, in the event of a disruption, that we would be able to locate alternative suppliers of materials of comparable quality at an acceptable price, or at all. In addition, we cannot be certain that our unaffiliated manufacturers will be able to fill our orders in a timely manner. If we experience significant increased demand, or need to replace an existing manufacturer, there can be no assurance that additional supplies of raw materials or additional manufacturing capacity will be available when required on terms that are acceptable to us, or at all, or that any supplier or manufacturer would allocate sufficient capacity to us in order to meet our requirements. In addition, even if we are able to expand existing or find new manufacturing or raw material sources, we may encounter delays in production and added costs as a result of the time it takes to train our suppliers and manufacturers in our methods, products and quality control standards. Any delays, interruption or increased costs in the supply of raw materials or manufacture of our products could have an adverse effect on our ability to meet retail customer and consumer demand for our products and result in lower revenues and net income both in the short and long-term.

In addition, there can be no assurance that our suppliers and manufacturers will continue to provide raw materials and to manufacture products that are consistent with our standards. We may receive shipments of products that fail to conform to our quality control standards. In that event, unless we are able to obtain replacement products in a timely manner, we risk the loss of revenues resulting from the inability to sell those products and related increased administrative and shipping costs. In addition, because we do not control our manufacturers, products that fail to meet our standards or other unauthorized products could end up in the marketplace without our knowledge, which could harm our reputation in the marketplace.

Changes in our management may cause uncertainty in, or be disruptive to, our business.

The loss of any of our management or other key personnel could harm our ability to implement our business strategy and respond to the rapidly changing market conditions in which we operate. Moreover, our success will depend on our ability to attract, hire and retain qualified management and other key personnel and on the abilities of the new management personnel to function effectively, both individually and as a group, going forward.

If we are unable to attract and retain effective qualified replacements for our key executives and board of directors positions in a timely manner, our business, financial condition, results of operations and cash flows may be adversely affected and our ability to execute our business model could be impaired. We also depend upon the performance of our executive officers and key employees in particular, Messrs. Amro A. Albanna, Dale L. Hutchins and Albert Cervantes and Ms. Eman Albanna. Although we have entered into employment agreements with Messrs. Hutchins, Albanna and Cervantes the loss of any of these individuals could have a material adverse effect upon us.

Risks Related to our Business

Products developed by us may be found to be defective and, as a result, warranty and/or product liability claims may be asserted against us.

We may face claims for damages as a result of defects or failures in our present or future products. Our ability to avoid liabilities, including consequential damages, may be limited as a result of differing factors, such as the inability to exclude such damages due to the laws of some of the countries where we do business. Our business could be materially adversely affected as a result of a significant quality or performance issue in the products developed by us, if we are required to pay for the damages that result.

We may be unable to protect our intellectual property, which would negatively affect our ability to compete.

We believe one of our key competitive advantages results from our collection of proprietary technologies that we have developed since our inception. If we fail to protect these intellectual property rights, competitors could sell products based on technology that we have developed which could harm our competitive position and decrease our revenues. We believe that the protection of our intellectual property rights is and will continue to be important to the success of our business. We rely on a combination of patent, copyright, trademark and licenses to protect our proprietary technologies. We have been issued several United States patents and have a number of pending United States patent applications. However, a patent may not be issued as a result of any applications or, if issued, claims allowed may not be sufficiently broad to protect our technology. In addition, it is possible that existing or future patents may be challenged, invalidated or circumvented. Despite our efforts, unauthorized parties may attempt to copy or otherwise obtain and use our products or proprietary technology. Monitoring unauthorized use of our technology is difficult, and the steps that we have taken may not prevent unauthorized use of our technology, particularly in foreign countries where the laws may not protect our proprietary rights as fully as in the United States.

Infringement claims could lead to costly litigation and/or the need to enter into license agreements, which may result in increased operating expenses.

Existing or future infringement claims by or against us may result in costly litigation or require us to license the proprietary rights of third parties, which could have a negative impact on our results of operations, liquidity and profitability.

We believe that our proprietary rights do not infringe upon the proprietary rights of others. As the number of products in the industry increases, we believe that claims and lawsuits with respect to infringement may also increase. We cannot guarantee that future infringement claims will not occur or that they will not negatively impact our ability to develop, publish or distribute our products.

We are currently not party to any legal proceedings, however, we may become from time to time, subject to legal proceedings, claims, litigation and government investigations or inquiries, which could be expensive, lengthy, and disruptive to normal business operations. In addition, the outcome of any legal proceedings, claims, litigation, investigations or inquiries may be difficult to predict and could have a material adverse effect on our business, operating results, or financial condition.

Our business is highly dependent on the availability of video game hardware systems manufactured by third parties, as well as our ability to develop commercially favorable products for these systems.

We derive most of our revenue from the sale of active game controllers for the PC, Microsoft Xbox, Sony PlayStation consoles, and online game community. The growth of our business is driven in large part by the commercial acceptance and adequate supply of these video game hardware systems, our ability to accurately predict which systems will be acceptable in the marketplace, and our ability to develop commercially acceptable products for these systems. We must make product development decisions and commit significant resources well in advance of anticipated product ship dates. A platform for which we are developing products may not be acceptable or may have a shorter life cycle than anticipated. If consumer demand for the systems for which we are developing products are lower than our expectations, our revenue will suffer, we may be unable to fully recover the investments we have made in developing our products, and our financial performance will be harmed. Alternatively, a system for which we have not devoted significant resources could be more acceptable than we had initially anticipated, causing us to miss out on meaningful revenue opportunities.

Our industry is cyclical and is beginning its next cycle. During the transition, consumers may be slower to adopt new video game systems than we anticipate, and our operating results may suffer and become more difficult to predict.

Video game hardware systems have historically had a life cycle of four to six years, which causes the video game software market to be cyclical as well. Microsoft launched the Xbox 360 in November 2005, while Sony and Nintendo Wii launched the Playstation 3, respectively, in November 2006. We have continued to market new products for prior-generation video game systems such as the PlayStation 2 while also making significant investments in products for the new systems. As the prior-generation systems reach the end of their life cycle and the installed base of the new systems continues to grow, our sales of video games for prior-generation systems will continue to decline as (1) we produce fewer products for prior-generation systems, (2) consumers replace their prior-generation systems with the new systems, and/or (3) consumers defer game software purchases until they are able to purchase a new video game hardware system. This decline in prior-generation product sales may be greater than we anticipate, and sales of products for the new platforms may be lower than we anticipate. Moreover, we expect development costs for the new video game systems to be greater on a per-product basis than development costs for prior-generation video game systems. As a result of these factors, during the next several quarters, we expect our operating results to be more volatile and difficult to predict, which could cause our stock price to fluctuate significantly.

Our business is intensely competitive and "hit" driven. If we do not continue to deliver "hit" products and services or if consumers prefer our competitors' products or services over our own, our operating results could suffer.

Competition in our industry is intense and we expect new competitors to continue to emerge in the United States and abroad. While many new products and services are regularly introduced, only a relatively small number of "hit" products accounts for a significant portion of total revenue in our industry. Hit products or services offered by our competitors may take a larger share of consumer spending than we anticipate, which could cause revenue generated from our products and services to fall below expectations. If our competitors develop more acceptable products or services, offer competitive products or services at lower price points or based on payment models perceived as offering a better value proposition (such as pay-for-play or subscription-based models), or if we do not continue to develop consistently high-quality and well-received products and services, our revenue, margins, and profitability will decline.

If we are unable to develop and introduce new and enhanced products that achieve market acceptance in a timely and cost-effective manner, our operating results and competitive position will be harmed.

Our future success will depend on our ability, in a timely and cost-effective manner, to develop and introduce new products and enhancements to our existing products. We must also achieve market acceptance for these products and enhancements. If we do not successfully develop and achieve market acceptance for new and enhanced products, our ability to maintain or increase revenues will suffer. The development of our products is highly complex. We occasionally have experienced delays in completing the development and introduction of new products and product enhancements, and we could experience delays in the future. Even if new and enhanced products are introduced to the market, we may not be able to achieve market acceptance of them in a timely manner or our competition may be able to achieve acceptance of comparative products more quickly and effectively than we can. In either case, our products may be technologically inferior to our competitors', less appealing to consumers, or both. Alternatively, we may increase the resources employed in research and development in an attempt to accelerate our development of new technologies, either to preserve our product or service launch schedule or to keep up with our competition, which would increase our development expenses.

In addition, our longstanding relationships with some of our larger customers may also deter other potential customers who compete with these customers from buying our products. To attract new customers or retain existing customers, we may offer certain customers favorable prices on our products. Our average selling prices and gross margins may decline as a result. The loss of a key customer, a reduction in sales to any key customer or our inability to attract new significant customers could materially and adversely affect our business, financial condition and results of operations.

Our business is subject to risks generally associated with the entertainment industry, any of which could significantly harm our operating results.

Our business is subject to risks that are generally associated with the entertainment industry, many of which are beyond our control. These risks could negatively impact our operating results and include: the popularity, price and timing of our games and the platforms on which they are played; economic conditions that adversely affect discretionary consumer spending; changes in consumer demographics; the availability and popularity of other forms of entertainment; and critical reviews and public tastes and preferences, which may change rapidly and cannot necessarily be predicted.

We are subject to order and shipment uncertainties, and may hold excess or have a shortage of inventory.

If we are unable to accurately predict customer demand, we may hold excess or obsolete inventory, which would reduce our profit margin, or, conversely, we may have insufficient inventory, which would result in lost revenue opportunities and potentially lead to a loss of market share and damaged customer relationships. We typically sell products pursuant to purchase orders rather than long-term purchase commitments. Customers can generally cancel or defer purchase orders on short notice without incurring a significant penalty. In the recent past, some of our customers have developed excess inventories of their own products and have, as a consequence, deferred purchase orders for our products. We cannot accurately predict what or how many products our customers will need in the future. Anticipating demand is difficult because our customers face volatile pricing and unpredictable demand for their own products and are increasingly focused more on cash preservation and tighter inventory management. We place orders with our suppliers based on forecasts of customer demand and, in some instances, may establish buffer inventories to accommodate anticipated demand. Our forecasts are based on multiple assumptions, each of which may introduce error into our estimates. If we overestimate customer demand, we may allocate resources to manufacturing products that we may not be able to sell when we expect to, if at all. As a result, we would hold excess or obsolete inventory, which would reduce our profit margins and adversely affect our financial results. Conversely, if we underestimate customer demand or if insufficient manufacturing capacity is available, we would forgo revenue opportunities and potentially lose market share and damage our customer relationships. In addition, any future significant cancellations or deferrals of product orders or the return of previously sold products could materially and adversely affect our profit margins, increase product obsolescence and restrict our ability to fund our operations. Furthermore, we generally recognize revenue upon shipment of products to a customer. If a customer refuses to accept shipped products or does not timely pay for these products, we could incur significant charges against our income.

We rely on third-party suppliers and subcontractors for components and therefore, cannot control their availability or quality. We may not be able to procure necessary key components for our products.

We depend on third party suppliers to provide electronic components such as microprocessors used in our products. If suppliers cannot provide their products or services on time or to our specifications, or there exists a shortage of such electronic components we may not be able to meet the demand for our products and our delivery times may be negatively affected. Our inability to secure sufficient components to build products for our customers could negatively impact our sales and operating results. If we are unable to obtain electronic components necessary for our business we may need to redesign our products to be compatible with alternative electronic components which would cause us to incur a large expense that would adversely affect our financial results.

Fluctuations in quarterly operating results lead to unpredictability of revenue and earnings.

The timing of the release of new video game hardware and software can cause material quarterly revenue and earnings fluctuations. A significant portion of revenue in any quarter may be derived from sales of new products introduced in that quarter or shipped in the immediately preceding quarter. If we are unable to begin volume shipments of a significant new product during the scheduled quarter our revenue and earnings will be negatively affected in that period. In addition, because a majority of the unit sales for a product typically occur in the first thirty to one hundred twenty days following its introduction, revenue and earnings may increase significantly in a period in which a major product is introduced and may decline in the following period or in a period in which there are no major product introductions.

Quarterly operating results also may be materially impacted by factors, including the level of market acceptance or demand for products and the level of development and/or promotion expenses for a product. Consequently, if net revenue in a period is below expectations, our operating results and financial position in that period are likely to be negatively affected, as has occurred in the past.

Our products may be subject to governmental restrictions or rating systems.

Legislation is periodically introduced at the local, state and federal levels in the United States and in foreign countries to establish a system for providing consumers with information about graphic violence and sexually explicit material contained in interactive entertainment products. In addition, many foreign countries have laws that permit governmental entities to censor the content and advertising of interactive entertainment products. We believe that mandatory government-run rating systems eventually may be adopted in many countries that are significant markets or potential markets for our products. We may be required to modify our products or alter our marketing strategies to comply with new regulations, which could delay the release of our products in those countries. Due to the uncertainties regarding such rating systems, confusion in the marketplace may occur, and we are unable to predict what effect, if any, such rating systems would have on our business. While to date such actions have not caused material harm to our business, we cannot assure you that the actions taken by certain retailers and distributors in the future, would not cause material harm to our business.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

On April 15, 2008, the Company consummated an initial closing of a $100,000 bridge offering (the “Offering”) of unsecured notes with an option to convert (the “Notes”), the maximum amount of which is $1,000,000. The Notes were issued pursuant to a Subscription Agreement, dated April 15, 2008, among the Company and the purchasers of the Notes. The offers and sales of the Notes described above were made pursuant to the exemption from registration provided by Section 4(2) of the Securities Act of 1933, as amended, including pursuant to Rule 506. Such offers and sales were made solely to “accredited investors” under Rule 506 and were made without any form of general solicitation and with full access to any information requested by the investors regarding the Company or the Notes.

On July 7, 2008 we consummated an investment for an agreement dated May 15, 2008 with an accredited investor, for a $75,000 investment for which we issued one unit of the Company (the "Unit"), consisting of 50,000 shares of common stock and 25,000 warrants exercisable for 25,000 shares of the Company's common stock. Each warrant is immediately exercisable for a period of five years commencing on the closing of the placement of the Units. Subsequent to the end of the quarter, the Company consummated the closing of an aggregate of 3.67 Units of the Company. The offer and sale of securities were made pursuant to the exemption from registration provided by Section 4(2) of the Securities Act of 1933, as amended, including pursuant to Rule 506. Such offer and sale were made solely to "accredited investors" under Rule 506 and were made without any form of general solicitation and with full access to any information requested by the investors regarding the Company or the securities offered.

On June 30, 2008, an accredited investor converted a debt owed by the Company into an aggregate of 6.88 Units of Company. The offer and sale of securities were made pursuant to the exemption from registration provided by Section 4(2) of the Securities Act of 1933, as amended, including pursuant to Rule 506. Such offer and sale were made solely to “accredited investors” under Rule 506 and were made without any form of general solicitation and with full access to any information requested by the investors regarding the Company or the securities offered.

Item 5. Other Information

On April 25, 2008, QMotions entered into an Xbox 360 Accessory License Agreement (the “Agreement”) with Microsoft Corporation (“Microsoft”). Pursuant to the Agreement, Microsoft granted QMotions a personal, nonexclusive, nontransferable, royalty bearing, nonsublicensable license to incorporate certain Microsoft technology in products to be produced for use with Microsoft’sXbox 360. Each licensed product produced by QMotions that contains Microsoft technology must satisfy Microsoft’s certifications and meet certain quality standards before being sold to the public. QMotions agreed to pay to Microsoft a flat fee for its license. QMotions also agreed to pay Microsoft royalties for every licensed product sold by QMotions for the Xbox 360. The term of the Agreement is two years from the day of execution, which term will automatically renew for successive one-year periods until the last year Microsoft distributes the Xbox 360 version console unless either party gives written notice of its intent not to renew no less than ninety days prior to the expiration of the initial or any subsequent renewal term.

On August 12, 2008, Actiga consummated a closing of $1,500,000 of an Unsecured Promissory Note (the “Promissory Note”) with a lender. Under the terms of the Promissory Note, lender will receive the principal amount of $1,500,000 plus simple interest, in cash, at the rate of 25% per annum two years from the closing date of the Promissory Note (the “Maturity Date”). At June 30, 2008 the Company had received $1.0 million in advances from this Promissory Note. Lender will also receive two additional benefits as part of the Promissory Note: (i) a warrant to purchase one million, five-hundred thousand (1,500,000) shares of duly authorized, validly issued, fully paid and nonassessable common stock of the Company, at the exercise price of $1.75 per share and (ii) three percent (3%) of all net revenues received by Company through the July 1, 2008 licensing agreement between CBS and the Company during the term of this Promissory Note.

The Company is entitled to prepay all amounts owed under the Promissory Note at any time. If such prepayment is made before the first anniversary of the date hereof, the Company’s payment of interest shall equal the amount of interest as would have been accrued under this Promissory Note on the first anniversary of the execution of the Promissory Note without prepayment. If prepayment is made after the first anniversary of the execution of the Promissory Note, Company shall pay the interest accrued up to and including the date of prepayment. If the Company does exercise its right to prepay all amounts due under this Promissory Note, the revenue share percentage for payments owed to the lender under Section 2(b) below shall be reduced from three percent (3%) to one and one half percent (1.5%) from the date of prepayment or the first anniversary of the execution of the Promissory Note (whichever is later) until the Maturity Date.

The offers and sales of securities in the private placements described above were made pursuant to the exemption from registration provided by Section 4(2) of the Securities Act of 1933, as amended, including pursuant to Rule 506. Such offers and sales were made solely to “accredited investors” under Rule 506 and were made without any form of general solicitation and with full access to any information requested by the investors regarding the Company or the securities offered in the private placements.

Item 6. Exhibits.

Number	Description
2.1	Agreement and Plan of Merger dated January 7, 2008 (incorporated by reference Form 8-K dated January 11, 2008 filed with the SEC on January 11, 2008.)
3.1	Articles of Incorporation (incorporated by reference from our Registration Statement on Form SB-2, filed on November 2, 2005).
3.2	Bylaws (incorporated by reference from our Registration Statement on Form SB-2, filed on November 2, 2005).
4.1	Form of Share Certificate (incorporated by reference from our Registration Statement on Form SB-2, filed on November 2, 2005).
4.2	Form of Warrant Certificate (2 year at $0.10) (incorporated by reference from our Registration Statement on Form SB-2, filed on November 2, 2005).
10.1	Agreement and Plan of Merger dated January 7, 2008 (incorporated by reference Form 8-K dated January 11, 2008 filed with the SEC on January 11, 2008.)
10.2	Letter of Intent to Acquire dated October 24, 2007 between QMotions and Puppy Zone Enterprises. (incorporated by reference Form 8-K dated January 11, 2008 filed with the SEC on January 18, 2008.)
10.3	Vendor Agreement dated July 12, 2007 between QMotions and Radio Shack (incorporated by reference Form 8-K dated January 11, 2008 filed with the SEC on January 18, 2008.)
10.4	Amendment No.1 dated July 12, 2007 to Vendor Agreement between QMotions and Radio Shack (incorporated by reference Form 8-K dated January 11, 2008 filed with the SEC on January 18, 2008.)
10.5	License and Distribution Agreement dated October 1, 2007 between QMotions and Electronic Arts Inc. (incorporated by reference Form 8-K dated January 11, 2008 filed with the SEC on January 18, 2008.)
10.6	Advertising Services Agreement dated October 17, 2007 between QMotions and Schroepfer Wessels Jolesch LLC (incorporated by reference Form 8-K dated January 11, 2008 filed with the SEC on January 18, 2008.)
10.7	Employment Agreement by and among QMotions and Dale Hutchins dated December 15, 2007 (incorporated by reference Form 8-K dated January 11, 2008 filed with the SEC on January 18, 2008.)
10.8	Employment Agreement by and among QMotions and Amro Albanna dated December 15, 2007 (incorporated by reference Form 8-K dated January 11, 2008 filed with the SEC on January 18, 2008.)
10.9	2008 Incentive Stock Option Plan (incorporated by reference Form 8-K dated January 11, 2008 filed with the SEC on January 18, 2008.)
10.10	Form of Option Agreement (incorporated by reference Form 8-K dated January 11, 2008 filed with the SEC on January 18, 2008.)
10.11	Assumption Agreement between QMotions, Inc. and Actiga Corporation for Employment Agreements of Hutchins and Albanna dated January 9, 2008 (incorporated by reference Form 8-K dated January 11, 2008 filed with the SEC on January 18, 2008.)
10.12	Debt Assignment Agreement between QMotions, Inc. and Actiga Corporation dated January 9, 2008 (incorporated by reference Form 8-K dated January 11, 2008 filed with the SEC on January 18, 2008.)
10.13	Debt Assignment Agreement between QMotions, Inc. and Actiga Corporation dated January 9, 2008 (incorporated by reference Form 8-K dated January 11, 2008 filed with the SEC on January 18, 2008.)

10.14	Form of Subscription Agreement for January 8, 2008 private placement (incorporated by reference Form 8-K dated January 11, 2008 filed with the SEC on January 18, 2008.)
10.15	Form of Non-US Warrant Certificate for January 8, 2008 private placement (incorporated by reference Form 8-K dated January 11, 2008 filed with the SEC on January 18, 2008.)
10.16	Form of Subscription Agreement between Actiga Corp., and accredited investors participating in the placement (incorporated by reference to Form 8-K, filed with the SEC on April 18, 2008.)
10.17	Form of Note between Actiga Corp., and accredited investors participating in the placement (incorporated by reference to Form 8-K, filed with the SEC on April 18, 2008.)
10.18	Form of Promissory Note between Actiga Corp., and investor (incorporated by reference to Form 8-K, filed with the SEC on April 18, 2008.)
10.19	XBOX 360 Accessory License Agreement by and between Microsoft Corporation and QMotions, Inc., April 25, 2008 (portions of this exhibit have been omitted and filed separately with the Securities and Exchange Commission pursuant to a request for confidential treatment in accordance with Rule 24b-2 under the Exchange Act). *
10.20	License Agreement by and between CBSI and Aptus, July 1, 2008 (incorporated by reference to Form 8-K, filed with the SEC on July 8, 2008) (portions of this exhibit have been omitted and filed separately with the Securities and Exchange Commission pursuant to a request for confidential treatment in accordance with Rule 24b-2 under the Exchange Act).
10.21	Form of Unsecured Promissory Note between Actiga Corp., and accredited investors participating in the placement.
31.1	Certification of the Company's Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (*)
31.2	Certification of the Company's Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (*)
32.1	Certification of the Company's Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (*)
32.2	Certification of the Company's Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (*)

* Attached hereto.

SIGNATURES

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

	ACTIGA CORPORATION	
August 14, 2008	By:	/s/ Albert Cervantes
Date	Albert Cervantes Principal Financial Officer	
August 14, 2008	By:	/s/ Amro Albanna
Date	Amro Albanna Principal Executive Officer	