

JACKSON RIVERS CO
Form 10QSB
November 15, 2007

**U.S. SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549**

FORM 10-QSB

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

For the quarterly period ended September 30, 2007

TRANSITION REPORT UNDER 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 in its charter)

FLORIDA

(State or other jurisdiction of
incorporation or organization)

65-1102865

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

550 Greens Parkway, Suite 230, Houston, Texas 77067

(Address of principal executive offices)

(619) 342-7449

(Issuer's telephone number)

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

State the number of shares outstanding of each of the issuer's classes of common equity, as of the latest practicable date: As of November 6, 2007, the issuer had 307,477,464 shares of its common stock issued and outstanding.

Transitional Small Business Disclosure Format (check one): Yes No

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PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

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INTERACT HOLDING GROUP, INC.
CONSOLIDATED BALANCE SHEETS

	September 30, 2007 (Unaudited)	December 31, 2006
Assets		
Current assets		
Cash and cash equivalents	\$ 173,300	\$ 222,666
Accounts receivable, net	690,463	525,697
Inventory	-	-
Prepaid and other assets	137,704	146,143
Total current assets	1,001,467	894,506
Property and equipment		
Customer list-net	145,095	167,401
Goodwill	595,352	674,147
Other Long Term Assets	1,868,986	1,868,986
	28,206	28,206
Total assets	\$ 3,639,906	\$ 3,633,246
Liabilities and Stockholders' Deficit		
Current liabilities		
Accounts payable and accrued expenses	\$ 599,202	\$ 669,361
Current derivative liability	502,706	250,000
Note payable - short term	967,288	1,245,585
Advance Billings	33,632	120,657
Capital lease - current portion	-	3,481
Other current liabilities	-	-
Total current liabilities	2,102,828	2,289,084
Derivative liability	3,336,569	2,544,177
Note payable - related parties	726,205	263,452
Total Liabilities	\$ 6,165,602	\$ 5,096,713
Stockholders' deficit		
Series A preferred stock, par value \$.001 per share, 10,000,000 shares authorized; 960,000 shares issued and outstanding at September 30, 2007 and December 31, 2006, respectively	10	10
Series B preferred stock, par value \$.001 per share, 10,000,000 shares authorized; 8,413,607 issued and outstanding at September 30, 2007	1,000	1,000
Series C preferred stock, par value \$1.00 per share, 2,200,000 shares authorized, issued and outstanding as of September 30, 2007	2,200,000	2,200,000
Common stock, par value \$.00001 per share, 5,000,000,000 shares authorized, 177,880,864 and 486,380 issued and outstanding	1,778	5
Additional paid-in capital	1,360,374	860,915
Stock subscription receivable	-	-
Accumulated deficit	(6,095,358)	(4,562,376)
Comprehensive Income - translation of non-dollar currency financials of Branch	6,500	6,979
Total stockholders' deficit	(2,525,696)	(1,463,467)
Total liabilities and stockholders' deficit	\$ 3,639,906	\$ 3,633,246

See Accompanying Notes to Consolidated Financial Statements

INTERACT HOLDING GROUP, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)

	For the three months ended September 30,		For the nine months ended September 30,	
	2007	2006	2007	2006
Revenues	\$ 1,112,078	\$ 938,706	\$ 3,373,855	\$ 2,165,256
Cost of goods sold	576,497	648,103	1,785,884	1,394,611
Gross profit	535,581	290,603	1,587,971	770,645
Research & development	115,498	84,709	333,658	84,709
Selling, general & administrative	51,573	598,573	2,120,772	2,292,314
Depreciation and amortization	38,393	57,363	110,940	165,039
Total operating expenses	205,464	655,936	2,565,370	2,457,353
Gain/(loss) from operations	330,117	(450,042)	(977,399)	(1,771,417)
Other income (expense)				
Interest expense, net	(79,990)	(101,273)	(296,354)	(301,528)
Gain/(loss) on derivative liability	(71,000)	(283,645)	(225,000)	(283,645)
Debt forgiveness	—	—	—	—
Other income (expense)	(70,576)	75,549	(34,229)	(20,004)
Total other income (expense)	(221,566)	(309,369)	(555,583)	(605,177)
Net income (loss) from continued operations	108,551	(759,411)	(1,532,982)	(2,376,594)
Loss from discontinued operations	—	—	—	(81,454)
Net income (loss) attributable to common shareholders	\$ 108,551	\$ (759,411)	(1,532,982)	(2,458,048)
Basic and diluted net income/(loss) from continuing operations	0.00	(0.01)	(0.02)	(0.03)
Basic and diluted net income/(loss) from discontinued operations	0.00	0.00	(0.00)	(0.00)
Income (loss) per share, basic and diluted	\$ (0.01)	\$ (0.01)	\$ (0.03)	\$ (0.03)
Weighted average number of shares outstanding basic and diluted	114,981,339	151,158,574	81,928,439	94,898,121

See Accompanying Notes to Consolidated Financial Statements

INTERACT HOLDING GROUP, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

	For the nine months ended September 30,	
	2007	2006
Cash flows from operating activities		
Loss from continued operations	\$ (1,532,982)	\$ (2,376,594)
Loss for discontinued operations	–	(81,456)
Net loss	(1,532,982)	(2,458,050)
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation and amortization	110,940	165,039
Debt forgiveness	–	–
Common stock issued for consulting services rendered	446,343	307,351
Common stock issued in exchange for employee services rendered	–	211,200
Common stock issued from stock subscription receivable	24,889	92,400
Accretion of discount on note payable	–	138,425
Derivative loss	225,000	–
Changes in assets and liabilities (Increase) decrease:		
Accounts receivable	(164,766)	(42,824)
Inventories	–	19,633
Other assets	8,439	(156,235)
Increase (decrease):		
Accounts payable and accrued liabilities	(70,159)	(150,145)
Other liabilities	(87,025)	(6,957)
Net cash used in operating activities	(1,039,321)	(1,880,161)
Cash flows from investing activities		
Purchase of property and equipment	(9,839)	(21,409)
Cash flows from financing activities		
Proceeds from sale of stock, net of costs and fees	–	13,407
Proceeds from notes payable, net of repayments	541,001	1,421,172
Proceeds from notes payable - related parties, net of repayments	462,753	420,751
Payment for Capital Leases	(3,481)	(8,844)
Acquisition of UTSI	–	195,229
Net cash provided by financing activities	1,000,273	2,041,715
Net increase (decrease) in cash and cash equivalents	(48,887)	140,145
Effect of exchange rate on cash and cash equivalents	(479)	11,383
Cash and cash equivalents - beginning of period	222,666	36,361
Cash and cash equivalents - end of period	\$ 173,300	\$ 187,889
Supplemental disclosures of cash flow information		
Cash paid for income taxes	–	–
Cash paid for interest	\$ 40,354	\$ 60,532

See Accompanying Notes to Consolidated Financial Statements

INTERACT HOLDING GROUP, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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 inter-company 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 HOLDING GROUP, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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 June 30, 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 HOLDING GROUP, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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 September 30, 2007, the Company had a retained deficit of \$6,095,358. 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.

INTERACT HOLDING GROUP, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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.

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, the Company records 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 May 2005, the FASB issued SFAS No. 154, entitled “Accounting Changes and Error Corrections – a replacement of APB Opinion No. 20 and FASB Statement No. 3.” This Statement replaces APB Opinion No. 20, “Accounting Changes” and FASB Statement No. 3, “Reporting Accounting Changes in Interim Financial Statements,” and changes the requirements for the accounting for and reporting of a change in accounting principle. This statement applies to all voluntary changes in accounting principle. It also applies to changes required by an accounting pronouncement in the unusual instance that the pronouncement does not include specific transition provisions. Opinion 20 previously required that most voluntary changes in accounting principle be recognized by including in net income of the period of the change the cumulative effect of the change to the new accounting principle. This Statement requires retrospective application to prior periods’ financial statements of changes in accounting principle, unless it is impracticable to determine either the period-specific effects or the cumulative effect of the change. This Statement defines the application of a different accounting principle to prior accounting periods as if that principle had always

been used or as the adjustment of previously issued financial statements to reflect a change in the reporting entity. This Statement also redefines “restatement” as the revising of previously issued financial statements to reflect the correction of an error. The adoption of SFAS 154 did not impact the financial statements.

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INTERACT HOLDING GROUP, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

In February 2006, FASB issued SFAS No. 155, "Accounting for Certain Hybrid Financial Statements." SFAS No. 155 amends SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities" and SFAS No. 140, "Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities." SFAS No. 155, permits fair value measurement for any hybrid financial instrument that contains an embedded derivative that otherwise would require bifurcation, clarifies which interest-only strips and principal-only strips are not subject to the requirements of SFAS No. 133, establishes a requirement to evaluate interest in securitized financial assets to identify interests that are freestanding derivatives or that are hybrid financial statements that contain an embedded derivative requiring bifurcation, clarifies that concentrations of credit risk in the form of subordination are not embedded derivatives, and amends SFAS No. 140 to eliminate the prohibition on the qualifying special-purpose entity from holding a derivative financial instrument that pertains to a beneficial interest other than another derivative financial instrument. This statement is effective for all financial instruments acquired or issued after the beginning of the Company's first fiscal year that begins after September 15, 2006. Management believes that this statement will not have a significant impact on the financial statements.

In March 2006, FASB issued SFAS 156 "Accounting for Servicing of Financial Assets." This Statement amends FASB Statement No. 140, "Accounting for Transfers and Servicing of Financial Assets and Extinguishment of Liabilities," with respect to the accounting for separately recognized servicing assets and servicing liabilities. This Statement:

1. Requires an entity to recognize a servicing asset or servicing liability each time it undertakes an obligation to service a financial asset by entering into a servicing contract.
2. Requires all separately recognized servicing assets and servicing liabilities to be initially measured at fair value, if practicable.
3. Permits an entity to choose "Amortization method" or "Fair value measurement method" for each class of separately recognized servicing assets and servicing liabilities.
4. At its initial adoption, permits a one-time reclassification of available-for-sale securities to trading securities by entities with recognized servicing rights, without calling into question the treatment of other available-for-sale securities under Statement 115, provided that the available-for-sale securities are identified in some manner as offsetting the entity's exposure to changes in fair value of servicing assets or servicing liabilities that a servicer elects to subsequently measure at fair value.
5. Requires separate presentation of servicing assets and liabilities subsequently measured at fair value in the statement of financial position and additional disclosures for all separately recognized servicing assets and servicing liabilities.

Management believes that this statement will not have a significant impact on the financial statements.

In June 2006, the FASB issued FIN 48 "Accounting for Uncertainty in Income Taxes" FIN 48 clarifies the accounting for uncertainty in income taxes recognized in an enterprise's financial statements in accordance with SFAS No. 109, "Accounting for Income Taxes." FIN 48 also provides guidance on derecognition, classification, interest and penalties, accounting in interim periods, disclosure and transition. FIN 48 is effective in fiscal years beginning after December 15, 2006. Management believes that this Statement will not have a significant impact on the financial statements.

INTERACT HOLDING GROUP, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

In September 2006, FASB issued SFAS No. 157, "Fair Value Measures." SFAS No. 157 defines fair value, establishes a framework for measuring fair value in generally accepted accounting principles ("GAAP"), expands disclosures about fair value measurements, and applies under other accounting pronouncements that require or permit fair value measurements. SFAS No. 157 does not require any new fair value measurements, however the FASB anticipates that for some entities, the application of SFAS No. 157 will change current practice. SFAS No. 157 is effective for financial statements issued for fiscal years beginning after November 15, 2007, which for the Company would be its fiscal year beginning January 1, 2008. The implementation of SFAS No. 157 is not expected to have a material impact on the Company's results of operations and financial condition.

In September 2006, the FASB issued SFAS No. 158, "Employer's Accounting for Defined Benefit Pension and Other Postretirement Plans – an amendment of FASB Statements No. 87, 88, 106 and 132(R)." This statement requires employers to recognize the overfunded or underfunded status of a defined benefit postretirement plan (other than a multi-employer plan) as an asset or liability in its statement of financial position and to recognize changes in that funded status in the year in which the changes occur through comprehensive income of a business entity or changes in unrestricted net assets of a not-for-profit organization. This statement also requires an employer to measure the funded status of a plan as of the date of its year-end statement of financial position with limited exceptions. The provisions of SFAS No. 158 are effective for employers with publicly traded equity securities as of the end of the fiscal year ending after December 15, 2006. This pronouncement does not currently apply to the Company.

In September 2006, the Securities and Exchange Commission ("SEC") issued Staff Accounting Bulletin No. 108 (Topic IN), "Quantifying Misstatements in Current Year Financial Statements" ("SAB No. 108"). SAB No. 108 addresses how the effect of prior year uncorrected misstatements should be considered when quantifying misstatements in current year financial statements. SAB No. 108 requires SEC registrants (i) to quantify misstatements using a combined approach which considers both the balance sheet and income statement approaches; (ii) to evaluate whether either approach results in quantifying an error that is material in light of relevant quantitative and qualitative factors; and (iii) to adjust their financial statements if the new combined approach results in a conclusion that an error is material. SAB No. 108 addresses the mechanics of correcting misstatements that include effects from prior years. It indicates that the current year correction of a material error that included prior period effects may result in the need to correct prior year financial statements even if the misstatement in the prior year or years is considered immaterial. Any prior year financial statements found to be materially misstated in years subsequent to the issuance of SAB No. 108 would be restated in accordance with SFAS No. 154, "Accounting Changes and Error Corrections." Because the combined approach represents a change in practice, the SEC staff will not require registrants that followed an acceptable approach in the past to restate prior years' historical financial statements. Rather, these registrants can report the cumulative effect of adopting the new approach as an adjustment to the current year's beginning balance of retained earnings. If the new approach is adopted in a quarter other than the first quarter, financial statements for prior interim periods within the year of adoption may need to be restated. SAB No. 108 is effective for fiscal years ending after November 15, 2006, which for the Company would be its fiscal year beginning January 1, 2007. The implementation of SAB No. 108 is not expected to have a material impact on the Company's financial position or results of operations.

INTERACT HOLDING GROUP, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 4 – Acquisitions

On December 2, 2005, the Company acquired Diverse Networks, Inc. (“DNI”) pursuant to an Agreement and Plan of Merger, which provided that each share of DNI’s 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 of which is equal to the prevailing 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 an “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’s 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’s 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 of which is 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:

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INTERACT HOLDING GROUP, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

The following unaudited pro forma financial information presents the combined results of operations of the Company and UTSI as if the acquisition had occurred as of the beginning of the period presented. The unaudited pro forma financial information is not necessarily indicative of what the Company's consolidated results of operations actually would have been had the Company completed the acquisition at the beginning of each period. In addition, the unaudited pro forma financial information does not attempt to project the future results of operations of the combined company.

	Years Ended December 31,	
	2006	2005
Revenues	\$ 3,587,107	\$ 4,288,505
Cost of goods sold	1,897,884	2,401,321
Gross profit	\$ 1,689,223	\$ 1,887,184
Research and development	\$ 185,665	–
Selling, general and administrative	3,810,324	\$ 2,169,869
Recapitalization expense	–	1,513,727
Depreciation and amortization	170,215	185,986
Total operating expenses	\$ 4,166,204	\$ 3,869,582
Loss from operations	\$ (2,476,981)	\$ (1,982,398)
Other expense, net	682,236	48,815
Loss before income taxes	\$ (3,159,217)	\$ (2,031,213)
Income taxes (benefit)	81,139	(200,229)
Net loss from continuing operations	\$ (3,240,356)	\$ (1,830,984)

Note 5 – Property and equipment

Property and equipment consists of the following:

INTERACT HOLDING GROUP, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

	Life	As of June 30, 2007
Office furniture and equipment	3-7	\$ 1,122,899
Leasehold improvements	10	299,112
		\$ 1,422,011
Less – Accumulated depreciation		1,276,916
		\$ 145,095

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 "Securities Purchase Agreement"). 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 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 (the "Registration Statement") 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.

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 received 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.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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 No. 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 June 30, 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.

The notes are due as follows:

March 31, 2009	\$ 690,630
May 4, 2009	600,000
October 11, 2009	700,000
	\$ 1,990,630

On August 21, 2007, the Company entered into another Securities Purchase Agreement with the same accredited investors who previously invested in the Company on March 31, 2006, pursuant to which the Company 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 shares of our common stock under the same terms set forth above in this Note 6. The notes also include warrants to purchase up to 20,000,000 shares of the Company's common stock at an exercise price of \$0.0014 per share, subject to adjustment. In connection with the offer and sale of these notes and the warrants, the Company has 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, as well as 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 such Securities Purchase Agreement.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 7 – Notes Payable

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

Note 8- Leases

The Company leases office space for its various subsidiaries.

The Company leases certain equipment under capital leases. The capital leases will expire during the year ending December 31, 2007. The future minimum lease payments due in 2007 total \$2,781. These leases are secured by the leased equipment.

Future minimum payments under capital and operating leases as of December 31, 2006 are as follows:

2007	\$ 384,908
2008	381,461
2009	381,461
2010	215,433
2011	106,095
	\$ 1,469,358

Note 9 – Major Customers

During the nine months ending September 30, 2007, the Company had four major customers, sales to which represent approximately 55% of the Company's total revenues.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OR PLAN OF OPERATIONS

The following discussion and analysis should be read in conjunction with our unaudited consolidated financial statements and related notes included in this report. This report contains "forward looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. These statements contained in this report that are not historic in nature, particularly those that utilize terminology such as "may" or "will," or comparable terminology, are forward looking statements based upon current expectations and assumptions. Various risks and uncertainties could cause actual results to differ materially from those expressed in these forward looking statements. This report should be read in conjunction with the Company's Annual Report on Form 10-KSB for the year ended December 31, 2006 filed on May 10, 2007 and its Quarterly Reports on Form 10-QSB for the quarter ended March 31, 2007 and June 30, 2007 filed with the Securities and Exchange Commission (the "SEC").

The Jackson Rivers Company was incorporated on May 8, 2001 under the laws of the State of Florida as a development-stage company. On January 4, 2007, The Jackson Rivers Company changed its name to Interact Holdings Group, Inc. (the "Company", "we" or "us") pursuant to a written consent passed by stockholders owning a majority of the Company's issued and outstanding common stock.

Recent Developments

On August 21, 2007, we entered into another Securities Purchase Agreement with the same accredited investors who previously invested in us on March 31, 2006, 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 shares of our common stock under the same terms set forth in Note 6 to the consolidated financial statements included with this Quarterly Report. The notes also include warrants to purchase up to 20,000,000 shares of our common stock at an exercise price of \$0.0014 per share, subject to adjustment. In connection with the offer and sale 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, as well as 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.

On September 28, 2007, Management received a letter of default from its subsidiary UTSI International Corporation ("UTSI"), indicating that we were in default on several conditions set forth in the Agreement and Plan of Merger signed on May 5, 2006. These conditions included our responsibility to provide UTSI with operating capital, and a requirement that our capitalization exceed an agreed-upon amount. Management drafted a letter offering cures to these default conditions through seeking new financing and restructuring our common stock, which cures were accepted by UTSI. These cures must be in place by December 31, 2007.

Our Business

The Company is in the business of providing operational and technical support to companies in the oil & gas pipeline industries, electrical utility and other industries. We offer a wide range of expertise specific to these industries including engineering design, inspection and audit services. We provide customers with hardware and automation systems. We offer and help integrate business efficiency and real time operations software applications. Through our networks operations facility, we can also provide our customers with a variety of managed services.

Several factors can be identified as to why our services are sought after: (i) escalating energy costs are necessitating higher production standards and great resource management; (ii) aging infrastructures have increased maintenance budgets and initiated new efforts to update equipment and operations; and (iii) increases in security and control systems post-9/11 have put greater emphasis and more dollars into operations management.

To meet these industry needs, we provide high technology tools and services that help other companies, government/institutions, and functional organizational units manage their industrial infrastructure and economic assets more effectively. Our customers today include major petroleum companies such as Shell, BP, Chevron and others.

We presently own two operational companies, UTSI and Diverse Networks, Inc. (“DNI”), both located in Houston, Texas. Taken together, DNI and UTSI have more than 30 years of experience and have worked with over 40 of the world’s top petroleum companies.

Plan of Operations

We are actively seeking to expand the commercialization of our services to other key industries such as telecommunications, water and waste water, and distributed energy, but cannot guarantee we will be successful in doing so. We also maintain operations in Madrid, Spain, which we hope to use to reach out to a growing international market for our products and services.

Results of Continuing Operations

The results of operations are set forth below for the periods ended September 30, 2007 and September 30, 2006.

The following table sets forth, for the periods indicated, selected financial data from continuing operations:

	For the three months ended September 30,		For the nine months ended September 30,	
	2007	2006	2007	2006
Revenues	\$ 1,112,078	\$ 938,706	\$ 3,373,855	\$ 2,165,256
Cost of goods sold	576,497	648,103	1,785,884	1,394,611
Gross profit	535,581	290,603	1,587,971	770,645
Research & development	115,498	84,709	333,658	84,709
Selling, general & administrative	51,573	598,573	2,120,272	2,292,314
Depreciation and amortization	38,393	57,363	110,940	165,039
Total operating expenses	205,464	655,936	2,565,370	2,457,353
Profit/(loss) from operations	330,117	(450,042)	(977,399)	(1,771,417)

Comparison of the Three Months and Nine Months ended September 30, 2007 and September 30, 2006

Net Sales

Our net sales for operations increased to \$1,112,078 and \$3,373,855 for the three months and nine months ended September 30, 2007, respectively. This translates to an increase of approximately 15.6% and 31.9% respectively for each of the periods indicated. This increase is primarily due to the acquisitions of DNI and UTSI, as well as an overall increase in sales.

Cost of Sales

Cost of sales decreased to \$576,497 for the three months ended September 30, 2007, and increased to \$1,785,884 for the nine months ended September 30, 2007. As a percentage of net sales, cost of sales decreased to 52% and 64% for the three and nine months ended September 30, 2007, respectively, versus approximately 69% and 64% of sales for the three and nine months ended September 30, 2006. This decrease is primarily due to better margins being achieved after acquisition.

Research and Development

Research and development expenses related to the development of future products were \$115,498 for the three months ended September 30, 2007 compared to \$84,709 for the corresponding period in 2006. For the nine months ended September 30, 2007, research and development expenses totaled \$333,658, compared to \$84,709 for the corresponding period in 2006. We incurred such expenses because we continue to develop and research new ideas and products.

Selling, General and Administrative Expenses

Selling, general and administrative expenses decreased to \$2,120,272 for the nine months ended September 30, 2007 from \$2,292,314 for the corresponding period in 2006. These expenses decreased to \$51,573 for the three months ended September 30, 2007 from \$598,573 for the corresponding period in 2006, as we did not incur as significant stock for services in the most recent quarter.

Operating profit/loss

We incurred an operating profit of \$330,117 for the three months ended September 30, 2007, compared to a loss of \$450,042 for the corresponding period in 2006. Our loss for the nine months ended September 30, 2007 decreased to \$977,399 from \$1,771,417 for the corresponding period in 2006. This decreased loss was primarily due to us beginning to achieve our goals.

Liquidity and Capital Resources

We have financed our operations, acquisitions, debt service, and capital requirements through cash flows generated from financing activities and debt financing, and the Company expects to fund its operations for the next 12 months through the same means. Our working capital deficit at September 30, 2007 was \$1,101,361.

We used \$1,039,921 of net cash in operating activities for the nine months ended September 30, 2007 and we were provided with \$1,000,273 from financing activities.

Off-Balance Sheet Arrangements

None.

ITEM 3. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures. As of the end of the period covered by this quarterly report, our management 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 pursuant to Rule 13a-15(e) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). Based on this evaluation, our CEO and CFO concluded that our disclosure controls and procedures as of the end of the period covered by this quarterly report are effective to provide reasonable assurance that the information we are required to disclose in the reports that we file under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms. 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.

Changes in Internal Controls. We reviewed our internal controls over financial reporting and there have been no changes in our internal controls or in other factors that occurred during the quarter ended September 30, 2007 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

None.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

On August 21, 2007, we entered into a Securities Purchase Agreement with the same accredited investors who previously invested in us on March 31, 2006, 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 shares of our common stock under the same terms set forth in Note 6 to the consolidated financial statements included with this Quarterly Report. The notes also include warrants to purchase up to 20,000,000 shares of our common stock at an exercise price of \$0.0014 per share, subject to adjustment. Such notes and warrants were issued pursuant to the exemption from registration provided by Section 4(2) of the Securities Act of 1933, as amended. In connection with the offer and sale 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, as well as 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.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

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

None.

ITEM 5. OTHER INFORMATION

There were no matters required to be disclosed in a Current Report on Form 8-K during the fiscal quarter covered by this report that were not so disclosed.

There were no changes to the procedures by which security holders may recommend nominees to the Company's Board of Directors since the Company last disclosed such procedures.

ITEM 6. EXHIBITS

No.	Description
31.1	Certification of Chief Executive Officer and Chief Financial Officer Pursuant to Rules 13a-14(a) and 15d-14(a) of the Exchange Act.
32.1	Certification of Chief Executive Officer and Chief Financial Officer Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

SIGNATURES

In accordance with the requirements of the Exchange Act, the registrant caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

INTERACT HOLDINGS GROUP, INC.

November 15, 2007

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

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