

ACTIGA CORP
Form 10-K
April 01, 2008

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

Form 10-K

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

For the fiscal year ended December 31, 2007

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

For the transition period from _____ to _____

Commission file number 001-31361

Actiga Corp.

(Exact name of registrant as specified in its charter)

Nevada
(State or other jurisdiction of
incorporation or organization)

39-2059213
(I.R.S. Employer
Identification No.)

871 Marlborough Avenue, Suite 100,
Riverside CA
(Address of principal executive offices)

92507
(Zip Code)

951-786-9474

Registrant's telephone number, including area code

Securities registered pursuant to Section 12(b) of the Act:

None.

Securities registered pursuant to Section 12(g) of the Act:

Common Stock, par value \$.0001 per share
(Title of class)

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No .

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Exchange Act. Yes No .

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Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 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 .

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

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 definition of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

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

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

The aggregate market value of the voting and non-voting common equity held by non-affiliates as of March 24, 2008, was approximately \$43,796,452.80 based on the closing sale price of the Company's Common Stock on such date of US \$1.86 per share, as reported by the OTC Bulletin Board.

As of March 24, 2008, there were 46,230,000 shares of Common Stock of the registrant outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

List hereunder the documents from which parts thereof have been incorporated by reference and the part of the Form 10-K into which such information is incorporated: None.

Actiga Corp.,

Form 10-K

For the fiscal year ended December 31, 2007

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NOTE ON FORWARD LOOKING STATEMENTS

This Report, including the documents incorporated by reference in this Report, includes forward-looking statements. We have based these forward-looking statements on our current expectations and projections about future events. Our actual results may differ materially from those discussed herein, or implied by, these forward-looking statements. Forward-looking statements are identified by words such as “believe,” “expect,” “anticipate,” “intend,” “estimate,” “plan,” “p” and other similar expressions. In addition, any statements that refer to expectations or other characterizations of future events or circumstances are forward-looking statements. Please see “Risk Factors” for additional risks which could adversely impact our business and financial performance. Moreover, new risks emerge from time to time and it is not possible for our management to predict all risks, nor can we assess the impact of all risks on our business or the extent to which any risk, or combination of risks, may cause actual results to differ from those contained in any forward-looking statements. All forward-looking statements included in this Report are based on information available to us on the date of this Report. Except to the extent required by applicable laws or rules, we undertake no obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future events or otherwise. All subsequent written and oral forward-looking statements attributable to us or persons acting on our behalf are expressly qualified in their entirety by the cautionary statements contained throughout this Report.

PART I

Item 1. Description of Business.

Introduction

Actiga Corporation (the “Company”, “Actiga”, “we”, or “us”) was incorporated in the State of Nevada on April 27, 2005 under the name Puppy Zone Enterprises, Inc. Prior to the merger we changed our name from Puppy Zone Enterprises, Inc. to Actiga Corporation. On January 7, 2008, we consummated a merger with QMotions, Inc. (“QMotions”), whereby we 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 high quality, integrated and consistent 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.

In light of the fact that (i) prior to the merger with QMotions, our Company was a public shell with nominal assets, (ii) the operations of The Puppy Zone, the development of what was our former business focus, have ceased, and (iii) our Company acquired and adopted the operations of QMotions as our Company’s sole operations, the information presented in this Annual Report reflects the operations and financial statements of QMotions, unless indicated to the contrary.

Recent Developments

On January 7, 2008, Actiga entered into an Agreement and Plan of Merger (the “Merger Agreement”), by and among QMotions, Inc., a private California corporation, the stockholders of QMotions and QMotions Acquisition Corp., a wholly owned subsidiary of Actiga (“QMAC”) formed for the purpose of completing the merger of QMotions and QMAC. Under the terms of the Merger Agreement, we agreed to acquire, through our wholly owned subsidiary QMAC, all of the issued and outstanding shares of QMotions, thereby merging QMotions into QMAC. As a result of the merger, QMotions became a direct, wholly-owned subsidiary of Actiga. Upon the reverse subsidiary merger of QMAC with and into QMotions, we agreed to issue to the shareholders of QMotions an aggregate of 25,230,000 shares of the common stock of Actiga. A certificate of merger respecting the merger of QMotions and QMAC was filed with the state of California. For accounting purposes, the transaction will be accounted for as a “reverse merger,” with Qmotions, Inc. being considered the accounting acquiror, and Actiga Corporation, the legal acquiror, being considered the acquired entity. Accordingly, all historical financial information presented in this form 10-K is that of Qmotions, Inc.

Prior to the merger with QMAC, QMotions was a private corporation incorporated pursuant to the laws of the State of California on January 1, 2003 under the name Comersa Corp. On June 4, 2003, Comersa Corp. changed its name to QMotions, Inc. Since June 4, 2003, QMotions’ business objective has been the development, manufacture, distribution, marketing and sale of motion-based controllers for video games and the in-house development of online video games.

Prior to entering into the Merger Agreement, on January 7, 2008 we terminated the Share Exchange Agreement between each of Dale Hutchins, David Addington and Xuejun Tan, entered into on December 24, 2007. Following the closing of the merger by and between QMotions and Actiga, on January 14, 2008, Actiga issued an aggregate of 3,770,000 options to purchase shares of Common Stock of Actiga to Dale Hutchins, David Addington and Xuejun Tan. The Merger Agreement superseded and replaced all prior agreements between the parties.

Prior to the closing of the merger, QMotions caused its Note of \$1,748,376.30 due to shareholder to be converted into 56,794 shares of QMotions. Following the closing of the merger on January 14, 2008, such shares were converted into 7,059,680 shares of Actiga.

On January 8, 2008, we closed a private placement to four investors consisting of 2,000,000 units of our securities at a price of \$1.25 per unit, for aggregate proceeds of \$2,500,000. Each unit consists of (i) one common share and (ii) one warrant, entitling the holder thereof to purchase one common share at an exercise price of \$1.50 per common share. The warrant is exercisable for a period of 24 months commencing on the closing date of the private placement. This private placement was exempt from the registration requirements under federal securities laws pursuant to Regulation D of the Securities Act of 1933. The proceeds of the private placement were intended to be used for working capital and continued operating expenses.

Description of Products

Our principal business consists of the development of active game controllers for the PC, Microsoft Xbox, Sony PlayStation consoles, and online game community making video games more appealing to gamers and non-gamers alike.

We are a leading pioneer in active gaming. Our mission is to empower users to enjoy real-life, natural motion game play controllers that provide access to revolutionary downloadable 3D games and PC/Console-based video games. We are committed to bringing to market a portfolio of online and PC/Console gaming products and services.

Currently, we have three products on the market:

1. **QMotions™ Golf** - QMotions-Golf is a full motion game controller that can replace the player's keyboard, game controller or mouse on most pre-existing golf video games with a device that measures the player's swing using a real golf club and translates it into the video game. This allows the player to play the video game while using a real golf club as his game controller.
2. **QMotions-Xboard™** - QMotions-Xboard is a full motion game controller, on which the player stands, that translates body movement and converts it to signals that control snowboarding and skateboarding games. The QMotions-Xboard plugs into a player's existing game console.
3. **QMotions-Active Exercise™**. QMotions-Active Exercise is a full motion game controller that connects the player's stationary exercise bicycle to video racing games and allows the player to control the racing object or person in the game through pedaling the bicycle.

Our lines of full motion game controllers are intended to offer an arcade-like experience to video gamers, affordable indoor simulation capabilities to sports enthusiasts and incorporates entertainment into working-out for fitness fans. The next generation controllers and the dedicated avatar-based online game community that offers social networking features are currently in development. In the next 12 months, we plan to increase marketing, distribution and sales for these three products and to develop other potential products. We intend on expanding our product lines by creating additional products, upgrading existing products to support new video games platforms such as Xbox 360, Sony PlayStation III and online platforms and by launching online video games.

Distribution Methods and Marketing Strategy

We rely on multiple sales channels, including, but not limited to, the following:

1. Selling directly to consumers via online sales and television infomercials;
2. Developing strategic alliances with other businesses with mutual business interest (OEM); and
3. Launching products into retail by selling directly to retailers and distributors with relationships with our Company's target retailers.

Our overall strategy is to develop and market a full line of active game technology products that support existing PC/game console platforms, support leading video sports game products and empower players to use their own sports equipment. All of our full motion game controllers are intended to be competitively priced for the consumer market and will power 3D downloadable games. We intend to leverage our intellectual properties, using core technologies that can be used to develop specific applications for almost all current video games that do not require source code interfaces, to design products that have defensible technologies and short time-to-market development cycles. In addition, we intend to create a dedicated online game community that is avatar-based and that offers social networking features to target monthly internet gamers worldwide.

Our initial marketing efforts are focused on four areas:

1. Clearly defining the company/product message to create reseller and end user awareness and demand for the company's product lines.
2. Developing a product strategy that appeals to both major retailers and consumers, including: (i) delivery of a complete product line of full motion game controllers that commands prominent retail shelf space; (ii) create attractive, eye catching retail packaging; and (iii) achieve consumer price points (comparably priced to other video game accessories-both competitive & non-related game accessory products).
3. Establishing the "QMotions" brand as a pioneer and leader in the category.
4. Creating an active experience for casual and avid gamers alike with a dedicated online game community, through an interactive website.

Competition

Our business is highly competitive in nature and subject to rapid and substantial technological changes. We compete with other businesses in various categories, including video game controllers and online game portals. Depending on the product line, we compete with others for retail shelf space, human resources, investment capital, strategic alliances and many other resources. Development by other businesses in the video game controllers and online game portals may render our products non-competitive or obsolete, or we may be unable to keep pace with technological developments or other market factors. Many other businesses have significantly greater research and development capabilities than do we, as well as substantially more marketing, manufacturing, financial and managerial resources. There are several companies that currently sell motion game play controllers such as Sony and Xbox, online game portals and PCs.

Sources and Availability of Raw Materials And Principal Suppliers

As an early-stage company, we currently rely upon a small number of suppliers to whom we outsource our manufacturing needs. Management plans to reduce such dependency by expanding our supply channels.

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Dependence on a Few Major Customers

We are dependent on a few major customers, primarily Radio Shack, for the distribution of our products. In 2007, Radio Shack accounted for 87% of sales. No other single customer accounted for more than 10% of total sales in 2007.

Intellectual Property

As of the date of this Annual Report, the following charts reflect all patent and trademarks pending, currently owned or formerly owned by our Company.

QMotions, Inc., Patents

Title of Invention:	Country:	Status:	Application No.	Filing Date:	
BASEBALL SIMULATION DEVICE	US	Published	11/326097	1/4/2006	-
BASEBALL SIMULATION DEVICE	US	Closed	60/641391	1/4/2005	
BASEBALL SIMULATION DEVICE	WO	Published	PCT/US2005/047061	12/28/2005	
BASEBALL SIMULATION DEVICE	TW	Pending	95100303	1/4/2006	-
SYSTEM AND METHOD FOR INTERFACING A SIMULATION DEVICE WITH A GAMING DEVICE (Claims directed to interfacing of a fitness device with a gaming device, and the general concept of over-riding controller signals.)	US	Pending	11/433066	5/12/2006	-
SYSTEM AND METHOD FOR INTERFACING A SIMULATION DEVICE WITH A GAMING DEVICE (Claims directed to the general over-riding feature, fitness device, and the board.)	US	Pending	11/433047	5/12/2006	