INTERNATIONAL COMMERCIAL TELEVISION INC

FORM 10-Q
(Quarterly Report)

Filed 05/13/14 for the Period Ending 03/31/14

Address	489 DEVON PARK DRIVE SUITE 315 WAYNE, PA 19087
Telephone	484-598-2300
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Industry	Retail (Catalog & Mail Order)
Sector	Services
Fiscal Year	12/31

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

FORM 10-Q

Mark One

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

For the quarterly period ended March 31, 2014

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

For the transition period from __________ to __________ _______

Commission file number: 0-49638

INTERNATIONAL COMMERCIAL TELEVISION INC.
(Exact name of small business issuer as specified in its charter)

Nevada	76-0621102
State or other jurisdiction of incorporation or organization	(IRS Employer Identification No.)

489 Devon Park Drive, Suite 315 Wayne, PA 19087
(Address of principal executive offices)

(484) 598-2300
(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 ☐

Indicate by check-mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ No ☐

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.

Large accelerated filer ☐	Accelerated filer ☐
Non - accelerated filer ☐ (Do not check if smaller reporting company)	Smaller reporting company ☒

Indicate by check mark whether the registrant is a shell company (as defined by Rule 12b-2 of the Exchange Act). 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 May 13, 2014, the Issuer had 23,163,316 shares of common stock, par value $0.001 per share, issued and outstanding.

Transitional Small Business Disclosure Format (Check one): Yes ☐ No ☒

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PART I - FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

INTERNATIONAL COMMERCIAL TELEVISION INC. AND SUBSIDIARY

CONDENSED CONSOLIDATED BALANCE SHEETS
AS OF

	March 31, 2014 (Unaudited)	December 31, 2013
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$ 1,721,716	$ 1,370,178
Cash held in escrow	28,171	62,924
Accounts receivable, net of doubtful account reserves of $482,248 and $446,307, respectively	1,074,168	791,292
Inventories, net	1,915,805	1,778,073
Prepaid expenses and other current assets	708,816	733,427
Total current assets	5,448,676	4,735,894
Furniture and equipment	60,007	81,507
Less accumulated depreciation	(37,033)	(66,712)
Furniture and equipment, net	22,974	14,795
Other assets	12,132	21,297
Total assets	$ 5,483,782	$ 4,771,986
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Accounts payable and accrued liabilities	$ 2,377,820	$ 1,391,342
Severance payable – short-term	40,800	40,800
Deferred revenue – short-term	297,613	242,827
Tax penalties payable	-	190,000
Total current liabilities	2,716,233	1,864,969
Severance payable – long-term	36,800	47,000
Deferred revenue – long-term	464,138	386,821
Convertible note payable to shareholder – long-term	193,723	393,723
Total long-term liabilities	694,661	827,544
COMMITMENTS AND CONTINGENCIES		
SHAREHOLDERS' EQUITY:		
Preferred stock 20,000,000 shares authorized, no shares issued and outstanding	-	-
Common stock, $0.001 par value, 100,000,000 shares authorized, 23,163,316 and 21,826,650 shares issued and outstanding as of March 31, 2014 and December 31, 2013, respectively	12,952	11,616
Additional paid-in-capital	8,183,497	7,676,177
Accumulated deficit	(6,123,561)	(5,608,320)
Total shareholders' equity	2,072,888	2,079,473
Total liabilities and shareholders' equity	$ 5,483,782	$ 4,771,986

See accompanying notes to condensed consolidated financial statements.

INTERNATIONAL COMMERCIAL TELEVISION INC. AND SUBSIDIARY

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

FOR THE THREE MONTHS ENDED MARCH 31, 2014 AND 2013
(Unaudited)

	2014	2013
NET SALES	$ 9,822,500	$ 12,400,233
COST OF SALES	2,579,632	3,506,857
GROSS PROFIT	7,242,868	8,893,376
OPERATING EXPENSES:		
General and administrative	1,948,306	1,893,339
Selling and marketing	5,799,848	5,468,993
Total operating expenses	7,748,154	7,362,332
OPERATING INCOME (LOSS)	(505,286)	1,531,044
INTEREST EXPENSE, NET	(3,370)	(6,705)
INCOME (LOSS) BEFORE PROVISION FOR INCOME TAX	(508,656)	1,524,339
PROVISION FOR INCOME TAXES	(6,585)	(355,780)
NET INCOME (LOSS)	$ (515,241)	$ 1,168,559
BASIC NET INCOME (LOSS) PER SHARE	$ (0.02)	$ 0.06
DILUTED NET INCOME (LOSS) PER SHARE	$ (0.02)	$ 0.05
WEIGHTED AVERAGE NUMBER OF COMMON SHARES BASIC	22,555,242	21,011,274
DILUTED	22,555,242	22,713,762

See accompanying notes to condensed consolidated financial statements.

INTERNATIONAL COMMERCIAL TELEVISION INC. AND SUBSIDIARY

CONDENSED CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY
FOR THE THREE MONTHS ENDED MARCH 31, 2014
(Unaudited)

	Common Stock $0.001 par value Shares	Amount	Additional Paid-In Capital	Accumulated Deficit	Totals
Balance at January 1, 2014	21,826,650	$ 11,616	$ 7,676,177	$ (5,608,320)	$ 2,079,473
Share based compensation	-	-	157,130	-	157,130
Expense for previously issued common stock for consulting services	-	-	2,708	-	2,708
Exercise of warrants	593,333	593	128,990	-	129,583
Exercise of options	418,333	418	45,862	-	46,280
Vesting of restricted stock for consulting services	75,000	75	47,880	-	47,955
Conversion of shareholder note payable	250,000	250	124,750	-	125,000
Net loss	-	-	-	(515,241)	(515,241)
Balance at March 31, 2014	23,163,316	$ 12,952	$ 8,183,497	$ (6,123,561)	$ 2,072,888

See accompanying notes to condensed consolidated financial statements.

INTERNATIONAL COMMERCIAL TELEVISION INC. AND SUBSIDIARY

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE THREE MONTHS ENDED MARCH 31, 2014 AND 2013
(Unaudited)

	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income (loss)	$ (515,241)	$ 1,168,559
Adjustments to reconcile net income (loss) to net cash and cash equivalents provided by (used in) operating activities:		
Depreciation	1,249	3,634
Bad debt expense	631,275	963,441
Share based compensation	199,777	(20,125)
Reduction in tax penalties payable	(85,933)	
Change in assets and liabilities		
Accounts receivable	(914,151)	(1,385,565)
Inventories	(137,732)	(154,540)
Prepaid expenses and other assets	41,792	36,529
Accounts payable and accrued liabilities	986,478	(1,106,218)
Severance payable	(10,200)	(10,200)
Tax provision payable	-	307,655
Tax penalties payable	(104,067)	-
Deferred revenue	132,103	93,174
Net cash provided by (used in) operating activities	225,350	(103,656)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of fixed assets	(9,428)	(4,000)
Net cash used in investing activities	(9,428)	(4,000)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from exercise of options	46,280	96,200
Proceeds from exercise of warrants	129,583	-
Payments on note payable	-	(30,169)
Payments on convertible note payable to shareholder	(75,000)	(55,000)
Net cash provided by financing activities	100,863	11,031
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	316,785	(96,625)
CASH AND CASH EQUIVALENTS, beginning of the period	1,433,102	908,366
CASH AND CASH EQUIVALENTS, end of the period	$ 1,749,887	$ 811,741
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Taxes paid	$ 6,585	$ -
Tax penalties and interest paid	$ 104,067	$ -
Interest paid	$ 3,759	$ 6,839
Write off of fully depreciated assets	$ 30,928	$ -
Conversion of shareholder note payable	$ 125,000	$ -

See accompanying notes to condensed consolidated financial statements.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
March 31, 2014 and March 31, 2013
(Unaudited)

Note 1 - Organization, Business of the Company and Liquidity

Organization and Nature of Operations

International Commercial Television Inc., (the "Company" or "ICTV") was organized under the laws of the State of Nevada on June 25, 1998.

The Company sells various health, wellness and beauty products through infomercials and other channels. The products are primarily marketed and sold throughout the United States and internationally via infomercials. Although our companies are incorporated in Nevada and New Zealand, a substantial portion of our operations are currently run from the Wayne, Pennsylvania office.

Effective February 17, 2011, the Company acquired 100% of the equity interest in Better Blocks International Limited ("BBI").

ICTV utilizes a distinctive marketing strategy and multi-channel distribution model to develop, market and sell products through infomercials, live home shopping television, specialty outlets and online shopping. It offers health and beauty products, including DermaWand ™ , a skin care device that reduces the appearance of fine lines and wrinkles, and helps improve skin tone and texture, and DermaVital ™ , a professional quality skin care line that effects superior hydration.

The goal of our strategy is to use the brand awareness we create in our infomercials so that we can sell the products featured in our infomercials, along with related families of products, under distinct brand names on both a continuity program model basis and in traditional retail stores. Our goal is to have these families of products sold in the traditional retail environment in shelf-space dedicated to the product category. We are developing the infrastructure to create these brands of products so that we can implement our business plan. Currently, this plan is being executed with the DermaWand ™ and the DermaVital ™ skincare line. The Company is presently exploring other devices and consumable product lines.

Note 2 - Summary of significant accounting policies

Basis of Presentation

The unaudited condensed consolidated financial statements have been prepared in accordance with generally accepted accounting principles for interim financial statements and within the rules of the Securities and Exchange Commission applicable to interim financial statements and therefore do not include all disclosures that might normally be required for financial statements prepared in accordance with generally accepted accounting principles. The accompanying unaudited condensed consolidated financial statements have been prepared by management without audit and should be read in conjunction with our consolidated financial statements, including the notes thereto, appearing in our Annual Report on Form 10-K for the year ended December 31, 2013. In the opinion of management, all adjustments necessary for a fair presentation of the consolidated financial position, consolidated results of operations and consolidated cash flows, for the periods indicated, have been made. The results of operations for the three months ended March 31, 2014 are not necessarily indicative of operating results that may be achieved over the course of the full year.

Principles of consolidation

The accompanying condensed consolidated financial statements include the accounts of the Company and its wholly-owned subsidiary BBI. All significant inter-company transactions and balances have been eliminated.

Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles of the United States of America requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. Management believes that the estimates utilized in preparing its consolidated financial statements are reasonable and prudent. The most significant estimates used in these consolidated financial statements include the allowance for doubtful accounts, reserves for returns, inventory reserves, valuation allowance on deferred tax assets and share based compensation. Actual results could differ from these estimates.

Concentration of credit risk

Financial instruments, which potentially subject the Company to concentrations of credit risk, include cash and trade receivables. The Company maintains cash in bank accounts that, at times, may exceed federally insured limits. The Company has not experienced any losses and believes it is not exposed to any significant risks on its cash in bank accounts.

As of March 31, 2014 and December 31, 2013, 76% and 90% of the Company’s accounts receivable were due from various individual customers to whom our products had been sold directly via Direct Response Television. Major customers are considered to be those who accounted for more than 10% of net sales. There were no major customers for the three months ended March 31, 2014 and 2013.

Note 2 - Summary of significant accounting policies (continued)

Fair value of financial instruments

Fair value estimates, assumptions and methods used to estimate fair value of the Company's financial instruments are made in accordance with the requirements of Accounting Standards Codification ("ASC") 825-10, "Disclosures about Fair Value of Financial Instruments." The Company has used available information to derive its estimates. However, because these estimates are made as of a specific point in time, they are not necessarily indicative of amounts the Company could realize currently. The use of different assumptions or estimating methods may have a material effect on the estimated fair value amounts. The carrying values of financial instruments such as cash, accounts receivable, accounts payable, and accrued liabilities approximate their fair values due to the short settlement period for these instruments. It is not practicable to estimate the fair value of the Note Payable to Shareholder due to its related party nature.

Cash and cash equivalents

The Company considers all unrestricted highly liquid investments with an original maturity of three months or less to be cash equivalents.

Cash held in escrow

Transfirst ePayment Services ("Transfirst"), ICTV's credit card processing vendor for VISA, Mastercard, Discover and American Express transactions in the United States, maintains a reserve fund within our processing account to cover all fees, charges, and expenses due to them, including those estimated for possible customer charge backs. These reserves are updated periodically by Transfirst and maintained for a rolling 180 days of activity. Based upon established levels of risk, this normally represents approximately 2% of transaction volume for the period, with a maximum of $150,000 and is considered "Cash held in escrow." Effective August 1, 2013, the Company switched its credit card processing from Transfirst to Litle & Co., LLC ("Litle"). Litle does not require a reserve to be held for its processing. The Company still utilizes Transfirst for electronic check processing. As a result of the change in credit card processors, Transfirst released approximately $87,000 of the reserve through December 31, 2013 and approximately $35,000 in the three months ended March 31, 2014, with a portion remaining for electronic check processing. At March 31, 2014 and December 31, 2013 the amount of Transfirst reserves were approximately $28,000 and $63,000 respectively.

Foreign currency transactions

Transactions entered into by the Company in currencies other than its local currency, are recorded in its local currency and any changes in currency exchange rates that occur from the initiation of a transaction until settled are recorded as foreign currency gains or losses in the Condensed Consolidated Statements of Operations.

Note 2 - Summary of significant accounting policies (continued)

Accounts receivable

Accounts receivable are recorded net of allowances for returns and doubtful accounts of approximately $482,000 at March 31, 2014 and $446,000 at December 31, 2013. The allowances are calculated based on historical customer returns and bad debts.

In addition to reserves for returns on accounts receivable, an accrual is made for the return of product that has been sold to customers and had cash collections, while the customer still has the right to return the product. The amounts of these accruals included in accounts payable and accrued liabilities in our Condensed Consolidated Balance Sheets were approximately $250,000 at March 31, 2014, and $239,000 at December 31, 2013.

Inventories

Inventories consist primarily of products held for resale, and are valued at the lower of cost (first-in, first-out method) or market. The Company adjusts inventory for estimated obsolescence when necessary based upon demand and market conditions. Included in inventory at March 31, 2014 and December 31, 2013 is approximately $139,000 and $139,000, respectively, of consigned product that has been shipped to customers under the 30-day free trial period for which the trial period has not expired and as such the customer has not accepted the product.

Furniture and equipment

Furniture and equipment are carried at cost and depreciation is computed over the estimated useful lives of the individual assets ranging from 3 to 7 years. Depreciation is computed using the straight-line method. The related cost and accumulated depreciation of assets retired or otherwise disposed of are removed from the accounts and the resultant gain or loss is reflected in earnings. Maintenance and repairs are expensed currently while major renewals and betterments are capitalized.

Depreciation expense amounted to approximately $1,200 and $3,600 for the three months ended March 31, 2014 and 2013, respectively.

Impairment of long-lived assets

In accordance with ASC 360-10, “Accounting for the Impairment or Disposal of Long-Lived Assets,” long-lived assets are reviewed for impairment when circumstances indicate that the carrying value of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of the assets to the future net cash flows estimated by the Company to be generated by such assets. If such assets are considered to be impaired, the impairment to be recognized is the amount by which the carrying amount of the assets exceeds the fair value of the assets. Assets to be disposed of by sale are recorded as held for sale at the lower of carrying value or estimated net realizable value. No impairment losses were identified or recorded for the three months ended March 31, 2014 and 2013.

Note 2 - Summary of significant accounting policies (continued)

Revenue recognition

For our domestic direct response television sales generated by our infomercials, product sales revenue is recognized when the following criteria are met: persuasive evidence of an arrangement exists, delivery has occurred, the selling price is fixed or determinable, and collectability is reasonably assured. The Company's revenues in the Condensed Consolidated Statement of Operations are net of sales taxes.

The Company offers a 30-day risk-free trial as one of its payment options. Revenue on the 30-day risk-free trial sales is not recognized until customer acceptance and collectability are assured which we determine to be when the trial period ends. If the risk-free trial expires without action by the customer, product is determined to be accepted by the customer and revenue is recorded. Revenue for items purchased without the 30-day free trial is recognized upon shipment of the product to the customer and collectability is assured.

Revenue related to our DermaVital TM continuity program is recognized monthly upon shipment to customers. Revenue related to international wholesale customers is recorded at gross amounts with a corresponding charge to cost of sales upon shipment. Deferred revenue – short-term for payment received prior to shipment on international sales approximated $145,000 and $119,000 as of March 31, 2014 and December 31, 2013, respectively.

The Company has a return policy whereby the customer can return any product received within 30 days of receipt for a full refund excluding shipping and handling. However, historically the Company has accepted returns past 30 days of receipt. The Company provides an allowance for returns based upon past experience. Returns for the periods presented have been offset against gross sales.

In 2012, the Company started selling warranties on the DermaWand TM for one-year, three-year and lifetime terms. In 2013, the Company started selling five-year warranties and discontinued lifetime warranties. One-year, three-year and five-year warranties are recognized ratably over the term. Lifetime warranties are recognized over the estimated term of 5 years. Any unearned warranty is included in deferred revenue on the accompanying consolidated balance sheet. Changes in the Company's deferred service revenue related to the warranties is presented in the following table:

		March 31, 2014
Deferred extended warranty revenue:		
Balance at January 1, 2014	$	510,630
Revenue deferred for new warranties		144,460
Revenue recognized		(38,270)
Balance at March 31, 2014	$	616,820
Current portion	$	152,682
Non-current portion		464,138
	$	616,820

Note 2 - Summary of significant accounting policies (continued)

Shipping and handling

The amount billed to customers for shipping and handling is included in revenue; shipping, handling and processing revenue approximated $1,648,000 and $1,800,000 for the three months ended March 31, 2014 and 2013, respectively. Shipping and handling costs are included in cost of sales. Shipping and handling costs approximated $811,000 and $1,043,000 for the three months ended March 31, 2014 and 2013, respectively.

Research and development

Research and development costs are expensed as incurred and are included in selling and marketing expense in the accompanying condensed consolidated financial statements. Research and development costs primarily consist of efforts to discover and develop new products, clinical trials and the testing and development of direct-response advertising related to these products. Product testing and development costs approximated $144,000 and $26,000 for the three months ended March 31, 2014 and 2013, respectively.

Media and production costs

Media and production costs are expensed as incurred and are included in selling and marketing expense in the accompanying condensed consolidated financial statements. The Company incurred $4,008,000 and $3,435,000 in such costs for the three months ended March 31, 2014 and 2013, respectively.

Income taxes

In preparing our condensed consolidated financial statements, we make estimates of our current tax exposure and temporary differences resulting from timing differences for reporting items for book and tax purposes. We recognize deferred taxes by the asset and liability method of accounting for income taxes. Under the asset and liability method, deferred income taxes are recognized for differences between the financial statement and tax bases of assets and liabilities at enacted statutory tax rates in effect for the years in which the differences are expected to reverse. The effect on deferred taxes of a change in tax rates is recognized in income in the period that includes the enactment date. In addition, valuation allowances are established when necessary to reduce deferred tax assets to the amounts expected to be realized. In consideration of our accumulated losses and lack of historical ability to generate taxable income to utilize our deferred tax assets, we have estimated that we will not be able to realize any benefit from our temporary differences and have recorded a full valuation allowance. If we become profitable in the future at levels which cause management to conclude that it is more likely than not that we will realize all or a portion of the net operating loss carry-forward, we would immediately record the estimated net realized value of the deferred tax asset at that time and would then provide for income taxes at a rate equal to our combined federal and state effective rates, which would be approximately 40% under current tax laws. Subsequent revisions to the estimated net realizable value of the deferred tax asset could cause our provision for income taxes to vary significantly from period to period.

The Company’s policy is to recognize interest and penalties related to tax matters in general and administrative expenses in the Condensed Consolidated Statements of Operations.

Note 2 - Summary of significant accounting policies (continued)

Stock options

In June 2001, our shareholders approved our 2001 Stock Option Plan (the "Plan"). The Plan is designed for selected employees, officers and directors of the Company and its subsidiary, and is intended to advance the best interests of the Company by providing personnel who have substantial responsibility for the management and growth of the Company and its subsidiary with additional incentive by increasing their proprietary interest in the success of the Company, thereby encouraging them to remain in the employ of the Company or its subsidiary. The Plan is administered by the Board of Directors of the Company, and authorizes the issuance of stock options not to exceed a total of 3,000,000 shares. The terms of any awards under the Plan are determined by the Board of Directors, provided that no options may be granted at less than the fair market value of the stock as of the date of the grant. The Plan expired in February 2011. As of March 31, 2014, 666,667 options are outstanding under the Plan.

In December 2011, our shareholders approved our 2011 Stock Option Plan (the "2011 Plan"). The 2011 Plan is designed for selected employees, officers, and directors of the Company and its subsidiary, and is intended to advance the best interests of the Company by providing personnel who have substantial responsibility for the management and growth of the Company and its subsidiary with additional incentive by increasing their proprietary interest in the success of the Company, thereby encouraging them to remain in the employ of the Company or its subsidiary. The 2011 Plan is administered by the Board of Directors of the Company, and authorizes the issuance of stock options not to exceed a total of 3,000,000 shares. The terms of any awards under the Plan are determined by the Board of Directors, provided that no options may be granted at less than the fair market value of the stock as of the date of the grant. Generally, the options granted vest over three years with one-third vesting on each anniversary date of the grant. As of March 31, 2014, 2,623,335 options are outstanding under the 2011 Plan.

The Company accounts for equity instruments issued to non-employees in accordance with the provisions of ASC Topic 505, subtopic 50, *Equity-Based Payments to Non-Employees* based upon the fair-value of the underlying instrument. The equity instruments, consisting of stock options granted to consultants, are valued using the Black-Scholes valuation model. The measurement of share-based compensation is subject to periodic adjustments as the underlying equity instruments vest and is recognized as an expense over the period which services are received.

The Company uses ASC Topic 718, "Share-Based Payments" to account for share-based compensation. The Company recognizes compensation expense in an amount equal to the fair value of share-based payments such as stock options granted to employees over the requisite vesting period of the awards. Stock options granted to non-employees are remeasured at each reporting period.

Note 2 - Summary of significant accounting policies (continued)

Stock options (continued)

The following is a summary of stock options outstanding under the Plan and 2011 Plan (collectively "Stock Option Plans") for the three months ended March 31, 2014 and 2013:

	Number of Shares			Weighted Average Exercise Price
	Employee	Non-Employee	Totals	
Balance, January 1, 2014	3,125,002	350,000	3,475,002	$ 0.24
Granted during the period	100,000	-	100,000	0.96
Exercised during the period	(285,000)	-	(285,000)	0.09
Balance, March 31, 2014	2,940,002	350,000	3,290,002	$ 0.27

	Number of Shares			Weighted Average Exercise Price
	Employee	Non-Employee	Totals	
Balance, January 1, 2013	2,730,000	350,000	3,080,000	$ 0.18
Granted during the period	125,000		125,000	0.55
Exercised during the period	(899,998)	-	(899,998)	0.10
Balance, March 31, 2013	1,955,002	350,000	2,305,002	$ 0.24

Of the stock options outstanding as of March 31, 2014 under the Stock Option Plans, 1,243,335 options are currently vested and exercisable. The weighted average exercise price of these options was $0.17. These options expire through January 2023. The aggregate intrinsic value for options outstanding and exercisable at March 31, 2014 and 2013 was approximately $856,000 and $90,000, respectively. The aggregate intrinsic value for options exercised during the three months ended March 31, 2014 was approximately $219,000.

For the three months ended March 31, 2014 and 2013, the Company recorded approximately $80,000 and ($11,000) respectively in share compensation expense related to vesting of options previously granted under the Stock Option Plans. The Company recorded income for the three months ended March 31, 2013 related to revaluing the nonemployee stock options that require remeasurement over the service period until performance is complete since there was a decrease in stock price at March 31, 2013. At March 31, 2014, there was approximately $570,000 of total unrecognized compensation cost related to non-vested option grants that will be recognized over the remaining vesting period of approximately 3 years.

Note 2 - Summary of significant accounting policies (continued)

Stock options (continued)

The following assumptions are used in the Black-Scholes option pricing model for the three months ended March 31, 2014 to value the stock options under the Stock Option Plans granted during the period:

2014		**2013**	
Risk-free interest rate	2.30%	Risk-free interest rate	1.25%
Expected dividend yield	0.00	Expected dividend yield	0.00
Expected life	6.00 years	Expected life	6.00 years
Expected volatility	340%	Expected volatility	318%
Weighted average grant date fair value	$0.99	Weighted average grant date fair value	$0.60

The following is a summary of stock options outstanding outside of the existing Stock Option Plans for the three months ended March 31, 2014 and 2013:

	Number of Shares			Weighted Average Exercise Price
	Employee	Non-Employee	Totals	
Balance, January 1, 2014	291,667	1,590,000	1,881,667	$ 0.23
Granted during the period	-	100,000	100,000	0.70
Exercised during the period	-	(133,333)	(133,333)	0.15
Balance, March 31, 2014	291,667	1,556,667	1,848,334	$ 0.26

	Number of Shares			Weighted Average Exercise Price
	Employee	Non-Employee	Totals	
Balance, January 1, 2013	150,000	1,650,000	1,800,000	$ 0.20
Granted during the period	50,000	40,000	90,000	0.36
Exercised during the period	(33,333)	-	(33,333)	0.15
Balance, March 31, 2013	166,667	1,690,000	1,856,667	$ 0.21

Of the stock options outstanding as of March 31, 2014 outside of the plan, 873,334 options are currently vested and exercisable. The weighted average exercise price of these options was $0.19. These options expire through March 2023. The aggregate intrinsic value for options outstanding and exercisable at March 31, 2014 and 2013 was approximately $581,000 and $90,000, respectively. The aggregate intrinsic value for options exercised during the three months ended March 31, 2014 was approximately $95,000.

Note 2 - Summary of significant accounting policies (continued)

Stock options (continued)

For the three months ended March 31, 2014 and 2013, the Company recorded approximately $77,000 and ($24,000) of expense, respectively, in share based compensation related to vesting of options previously granted outside of the Stock Option Plans. The Company recorded income for the three months ended March 31, 2013 related to revaluing the nonemployee stock options that require remeasurement over the service period until performance is complete since there was a decrease in stock price at March 31, 2013. Approximately $474,000 of total unrecognized compensation cost related to non-vested option grants outside the plan will be recognized over the remaining vesting period of approximately 3 years.

The following assumptions are used in the Black-Scholes option pricing model for the three months ended March 31, 2014 to value the stock options issued outside the plan:

2014		**2013**	
Risk-free interest rate	2.73%	Risk-free interest rate	1.92 – 2.07%
Expected dividend yield	0.00	Expected dividend yield	0.00
Expected life	10.00 years	Expected life	10.00 years
Expected volatility	266%	Expected volatility	262 – 263%
Weighted average grant date fair value	$0.86	Weighted average grant date fair value	$0.38

The following is a summary of all stock options outstanding and nonvested for the three months ended March 31, 2014:

	Number of Shares			Weighted Average Exercise Price
	Employee	Non-Employee	Totals	
Balance, January 1, 2014 – nonvested	2,923,334	862,500	3,785,834	$ 0.25
Granted	100,000	100,000	200,000	0.83
Vested	(785,000)	(179,167)	(964,167)	0.20
Balance March 31, 2014 - nonvested	2,238,334	783,333	3,021,667	$ 0.33

For the three months ended March 31, 2014 and 2013, the Company recognized approximately $82,000 and $71,000, respectively, in share based compensation expense related to employee stock options and approximately $75,000 and ($106,000), respectively, related to share based compensation expense related to non-employee stock based awards.

Note 3- Commitments and contingencies

Leases

As of March 31, 2014, the Company had an active lease related to the office space in Wayne, Pennsylvania. On February 6, 2013, the Company entered into an amended lease with the landlord of the Wayne office complex of its executive office. As of April 2013 the executive office moved into a larger space within the same complex. The amended lease is for three years, through April 1, 2016.

Rent expense incurred during the three months ended March 31, 2014 and 2013 totaled approximately $13,600 and $9,600, respectively. The schedule below details the future financial obligations under the remaining lease.

	Remaining nine months 2014	2015	2016	TOTAL OBLIGATION
Wayne - Corporate HQ	**$ 39,500**	**$ 53,100**	**$ 13,300**	**$ 105,900**
Total Lease Obligations	**$ 39,500**	**$ 53,100**	**$ 13,300**	**$ 105,900**

DermaWand ™

On October 15, 1999, Windowshoppe.com Limited ("WSL") entered into an endorsement agreement with an individual for her appearance in a DermaWand infomercial. On July 11, 2001, the agreement was amended to include a royalty payment for each unit sold internationally, up to a maximum royalty payment for any one calendar quarter. Further, if the infomercial is aired in the United States, then the airing fee will revert back to the same flat rate per calendar quarter. The initial term of the agreement was five years starting October 15, 1999. The agreement automatically and continually renews for successive additional five-year terms unless R.J.M.Ventures ("RJML") is in material default and is notified in writing at least thirty days prior to the end of the then current term that the individual intends to terminate the agreement. The Company assumed any and all responsibilities associated with the license and reconveyance agreements dated April 1, 2000 entered into by the Company and WSL and RJML. On January 5, 2001, WSL entered into an agreement with Omega 5. WSL shall have worldwide nonexclusive rights to manufacture, market and distribute DermaWand ™ . In consideration of these rights, WSL shall pay a monthly payment for each unit sold of DermaWand depending on various scenarios as defined in the agreement. The agreement is silent as to its duration.

During 2007, the Company entered into an exclusive license agreement with Omega 5 wherein ICTV was assigned all of the trademarks and all of the patents and pending patents relating to the DermaWand ™ and was granted exclusive license with respect to the commercial rights to the DermaWand ™ . This agreement was amended and superseded on July 28, 2010. The geographical scope of the license granted is the entire world consisting of the United States of America and all of the rest of the world. The license remains exclusive to ICTV provided ICTV pays to Omega 5 a minimum annual payment of $250,000 in the initial 18 month term of the agreement and in each succeeding one-year period. If in any calendar year the payments made by the Company to Omega exceed the annual minimum of $250,000, then the amount in excess of the annual minimum or "rollover amount" will be credited towards the Company's annual minimum for the immediately following calendar year only. If the Company fails to meet the minimum requirements as outlined in the agreement, it may be forced to assign the trademarks and patents back to Omega 5. After the initial term, the exclusive license granted shall renew automatically for a three year period, and thereafter automatically at three-year intervals. The Company met the minimum requirements in the year ended December 31, 2013 and is on target to meet this requirement in 2014.

Note 3- Commitments and contingencies (continued)

The amount of royalty expense incurred for sales of the DermaWand TM were approximately $210,000 and $291,000 for the three months ended March 31, 2014 and 2013, respectively.

Employment Agreement

Effective March 1, 2011, the Company entered into an employment agreement with the CEO of the Company. Under the terms of this agreement, the Company will pay an annual salary of $180,000, subject to review and, if appropriate, adjustment on an annual basis by the Company's Board of Directors. Effective January 1, 2014, this annual salary was increased to $275,000 and approved by the Board of Directors. The CEO is also entitled to annual performance bonuses as determined appropriate by the Board of Directors, and is entitled to receive stock options and other employee benefits such as health insurance reimbursement; automobile allowance and other reimbursable expenses. The initial term of this employment agreement is five years and automatically renews for successive one year periods unless either party provides not less than 60 days prior written notice of their intent not to renew the agreement. If the employment agreement is terminated by the Company without cause, the employee will be entitled to a severance payment equal to one year's salary and benefits.

On April 17, 2012, the Company entered into an employment agreement with the President of the Company. Under the terms of this agreement, the Company will pay an annual salary of $125,000, subject to review and, if appropriate, adjustment on an annual basis by the Company's Board of Directors. Effective January 1, 2014, this annual salary was increased to $185,000 and approved by the Board of Directors. The President is also entitled to annual performance bonuses as determined appropriate by the Board of Directors, and is entitled to receive stock options and other employee benefits such as health insurance reimbursement; automobile allowance and other reimbursable expenses. The employment agreement will continue until terminated by either party in accordance with the terms of the agreement. If the employment agreement is terminated by the Company without cause, the employee will be entitled to a severance payment equal to one year's salary and benefits.

Other matters
Product Liability Insurance

For certain products, the Company was (and is) listed as an additional insured party under the product manufacturers' insurance policy. The current policy had a scheduled expiration of April 20, 2014. The policy was renewed in April 2014 with a new scheduled expiration date of April 20, 2015. At present, management is not aware of any claims against the Company for any products sold.

Note 4 – Severance payable

In September 2010 the Company entered into a severance agreement with a former consultant. Under the severance agreement, the consultant will be paid $270,000 over a 27 month period in increments of $10,000 per month beginning in September 2010 and continuing through November 2012. The Company recorded the $270,000 as a General and Administrative expense in the three months ended September 30, 2010. In April 2011, the Company amended the aforementioned severance agreement. The amendment allows the Company to make monthly payments of $3,400 per month for a period of one year from April 2011 through March 2012. In March 2012, the Company amended the aforementioned severance agreement for a second time to continue the monthly payment amount of $3,400 through March 2016. The severance payable balance was approximately $77,600 at March 31, 2014 and $87,800 at December 31, 2013, of which $40,800 is current and $36,800 is long-term as of March 31, 2014.

Note 5 - Related party transactions

The Company has a note payable to a shareholder in the original amount of $590,723. Prior to April 1, 2012, this loan was interest-free and had no specific terms of repayment. On April 1, 2012, the note payable was modified. The new terms include interest at the rate of four and three quarters percent (4.75%) per annum. Interest on the unpaid balance of the note is to be paid in arrears as of the end of each calendar quarter, with payment due on the first day of the month following the quarter as to which interest is being paid. The first payment of interest was due on January 1, 2013, for the three quarters beginning April 1, 2012 and ending on December 31, 2012. Interest payments of approximately $3,800 and $6,600 were paid during the three months ended March 31, 2014 and 2013, respectively.

On April 1, 2012, when this note was modified, a conversion option was added such that all or any part of this note may be converted into shares of common stock of the Company at any time, and from time to time, prior to payment, at a conversion price of $0.50 per share. Conversion is at the option of lender. Any amount not converted will continue to be payable in accordance with the terms of the note. The Company considered this a modification of debt that was not substantive, thus no gain or loss was recorded upon modification.

The principal balance of this note is due and payable in three equal payments on each of April 1, 2015, April 1, 2016, and April 1, 2017. This note may be prepaid in whole or in part at any time without penalty, and any prepayment shall be applied against the next principal payment due. Principal payments of $75,000 and $55,000 were made by the Company during the three months ended March 31, 2014 and 2013, respectively.

On February 5, 2014, the shareholder sold $50,000 of the note to an accredited investor, who then converted the $50,000 note into 100,000 shares of the Company's stock at the contractual conversion price of $.50 per share. Additionally, on March 18, 2014, the shareholder sold $75,000 of the note to an accredited investor, who then converted the $75,000 note into 150,000 shares of the Company's stock at the contractual conversion price of $.50 per share.

At March 31, 2014 and December 31, 2013, the balance outstanding was $194,000 and $394,000, respectively. An additional $20,000 in principal payments were made subsequent to March 31, 2014.

Note 6 – Notes payable

In December 2011, the Company entered into an unsecured note payable with a Canadian lender with principal payments beginning in March 2012 and ending May 2013. This loan accrued interest at the prime rate plus 1%. Interest was paid monthly. The note was repaid in March 2013. The loan permitted payments in advance without penalty at any time. Interest on the loan was approximately $300 for the three months ended March 31, 2013.

The lender of this note was also one of the two persons that receive royalty payments on the DermaWand ^{TM} sales as noted in Note 3.

Note 7 - Capital transactions

During the year ended December 31, 2011, the Company entered into a three year corporate public relations consulting agreement where the consultants received compensation in the form of 500,000 shares of stock, 500,000 warrants with an exercise price of $0.10 that expire 14 months from the date of the agreement, and 1,000,000 warrants with an exercise price of $0.50 that expire 24 months from the date of the agreement. On August 15, 2012, the Company entered into a settlement agreement with the consultants to terminate the consulting agreement. As part of the agreement, the consultants maintained the 500,000 shares of common stock previously issued and all warrants previously issued were terminated. In addition, the consultants received 250,000 new warrants with an exercise price of $0.10 that expire 3 years from the date of the agreement.

The 500,000 shares of common stock issued were originally valued at the fair market value of the stock on the date of grant. The total value of the stock was approximately $65,000 and the expense was being recognized over the consulting period. As noted in the previous paragraph, on August 15, 2012, the Company terminated the consulting agreement through a settlement agreement with these consultants and concurrently entered into a new consultant agreement with one of these consultants. Therefore, any unrecognized expense related to common stock and warrants issued was immediately recognized upon termination of services with the one consultant and expense related to the other consultant will be recognized over the remaining consulting term. The Company recognized approximately $3,000 and $5,000 of share based compensation expense for the three months ended March 31, 2014 and 2013, respectively related to the issuance of these shares, and the Company has remaining unrecognized expense of approximately $4,000, which will be recognized over the next 4 months.

For the three months ended March 31, 2014 and 2013, the Company recorded approximately $4,600 and $4,600, respectively, of share based compensation expense for the 250,000 warrants issued to the consultants under the settlement agreement. The expense related to the consultant no longer performing services was recognized immediately during the year ended December 31, 2012. As of March 31, 2014, there was approximately $24,000 of total unrecognized expense over the next 16.5 months. On February 14, 2014, 125,000 warrants issued to one of the consultants were exercised for total consideration of $12,500.

As previously stated, on August 15, 2012, the Company entered into a three year corporate public relations consulting agreement with one of the previous consultants. As part of the agreement, the consultant will receive a monthly consulting fee of $4,000, a commission of $7.50 for each DermaWand TM sold plus 5% of the net revenue from other products sold on a third party website, and 125,000 additional warrants with an exercise price of $0.30 that expires 36 months from the date of the agreement. For three months ended March 31, 2014 and 2013, the Company recorded approximately $4,600 and $4,600, respectively, of share based compensation expense for the 125,000 warrants issued to the consultant under the new consulting agreement. As of March 31, 2014, there was approximately $24,000 of total unrecognized compensation costs related to these warrant grants which will be recognized over the remaining 16.5 months.

Due to the fact that any warrants issued to the consultant under the new consulting agreement are nonforfeitable, the 125,000 warrants with an exercise price of $0.10 and a fair value of $55,000, and the 125,000 warrants with an exercise price of $0.30 and a fair value of $55,000, which aggregated $110,000, were recorded in equity and were capitalized on the balance sheet in prepaid expenses and other current assets during 2012 and will be expensed over the consultant term. For the three months ended March 31, 2014 and 2013, approximately $9,200 and $9,200, respectively, was expensed and included in share based compensation expense in our accompanying consolidated financial statements. Approximately $48,000 is capitalized at March 31, 2014 and approximately $36,000 and $12,000 is reflected as current and non-current assets, respectively, in our accompanying condensed consolidated balance sheet.

Note 7 - Capital transactions (continued)

As of March 31, 2014, the following warrants were outstanding:

Holder	Warrants Outstanding	Exercise Price	Expiration Date
Shareholders in February 2012 private placement	395,000	$0.25	February – March 2015
Consultant	125,000	$0.30	August 2015
Balance at March 31, 2014	520,000	$0.25 - $0.30	

On September 1, 2013, the Company entered into a one year investor relations consulting agreement, in which 150,000 shares of restricted stock were agreed to be issued to a consultant. Restricted stock awards provide that, during the applicable vesting periods, the shares awarded may not be sold or transferred by the participant. The fair market value was $0.45 and 37,500 shares vested as of the date of executed agreement. An additional 37,500 shares vested on December 31, 2013, with the remaining 75,000 shares vesting on February 28, 2014. The award contains service conditions based on the consultant's continued service for the Company. For the period ended March 31, 2014, the Company recorded approximately $31,000 of share based compensation. As of March 31, 2014, there was approximately $49,600 of total unrecognized compensation costs related to this restricted stock grant which will be recognized over the remaining five months. At March 31, 2014 and December 31, 2013, the balance outstanding of expense related to shares that have vested was $49,600 and $32,500, respectively, and was included in prepaid expenses.

Note 8 - Basic and diluted earnings per share

ASC 260, "Earnings Per Share" requires presentation of basic earnings per share and dilutive earnings per share.

The computation of basic earnings per share is computed by dividing earnings available to common shareholders by the weighted average number of outstanding common shares during the period. Diluted earnings per share gives the effect to all dilutive potential common shares outstanding during the period. The computation of diluted earnings per share does not assume conversion, exercise or contingent exercise of securities that would have an anti-dilutive effect. For the purposes of obtaining future capital to finance the Companies' operations and to fund future expansion of the Companies' Direct Response Television campaign certain shareholders are able to purchase additional stock with stock warrants attached to common stock issued. At March 31, 2014 there were 520,000 warrants outstanding and exercisable. The warrants are exercisable between $0.10 and $0.30 per share expiring through August 2015. At March 31, 2014 there were approximately 5,138,336 stock options outstanding and 2,116,669 were vested and exercisable at an average exercise price of $0.18.

Note 8 - Basic and diluted earnings per share (continued)

The following securities were not involved in the computation of diluted net income (loss) per share as their effect would have been anti-dilutive:

	March 31, 2014	March 31, 2013
Options to purchase common stock	5,138,336	965,000
Warrants to purchase common stock	520,000	515,084
Convertible note payable from shareholder	787,446	1,071,446

The number of shares of common stock used to calculate basic and diluted earnings per share for the three months ended March 31, 2014 and 2013 was determined as follows:

	March 31, 2014	March 31, 2013
Basic weighted average shares outstanding	22,555,242	21,011,274
Dilutive effect of outstanding stock options	-	1,592,360
Dilutive effect of outstanding warrants	-	110,128
Weighted average dilutive shares outstanding	22,555,242	22,713,762

The computations for basic and fully diluted earnings per share are as follows:

	Income (Numerator)	Weighted Average Shares (Denominator)	Per Share Amount
For the 3-months ended March 31, 2014:			
Basic and diluted loss per share			
Loss to common shareholders	$ (515,241)	22,555,242	$ (0.02)

	Income (Numerator)	Weighted Average Shares (Denominator)	Per Share Amount
For the 3-months ended March 31, 2013:			
Basic earnings per share			
Income to common shareholders	$ 1,168,559	21,011,274	$ 0.06
Diluted earnings per share			
Income to common shareholders, excluding interest expense on convertible notes payable of $6,839	$ 1,175,398	22,713,762	$ 0.05

Note 9 - Income taxes

The income tax expense for the three months ended March 31, 2014 and 2013 consist of the following:

	2014	2013
Current		
Federal	$ -	$ 267,095
State	6,585	88,685
Total	$ 6,585	$ 355,780

The provision for income tax is approximately $7,000 and $356,000 for the three months ended March 31, 2014 and 2013, respectively, or 1.29% and 24.19%, respectively, of pre-tax income. The effective tax rates for 2014 and 2013 reflect provisions for current federal and state income taxes. As of December 31, 2013, the Company had approximately $250,000 of gross federal net operating losses and approximately $400,000 of gross state net operating losses available. As of December 31, 2013, the Company completed its IRC Section 382 study and concluded that the availability of the Company's net operating loss carry forwards will not be subject to annual limitations against taxable income in future periods due to change in ownership rules. The Company has provided a full valuation allowance on the remaining net deferred asset as the Company does not have sufficient history of taxable income. During 2012, the Company filed income tax returns from inception, 1998, through 2011; therefore, the statute for all years remains open and any of these years could potentially be audited. The Company is now current in all tax filings.

The Company's policy is to recognize interest and penalties related to tax matters in general and administrative expenses in the Consolidated Statements of Operations. The Company recorded zero interest and penalties for the three months ended March 31, 2014 and 2013. At March 31, 2014 and December 31, 2013 the Company has approximately $0 and $190,000, respectively, accrued for various tax penalties. The following is a summary of the activity in the penalties payable for the three months ended March 31, 2014. The accrual has been reduced because a resolution was made with the Internal Revenue Service and all final tax penalties were made during the three months ended March 31, 2014.

Balance, January 1, 2014	$ 190,000
Penalty payments	(104,000)
Reductions in reserve	(86,000)
Balance, March 31, 2014	$ -

Note 10 - Segment reporting

The Company operates in one industry segment and is engaged in the selling of various consumer products primarily through direct marketing infomercials and televised home shopping. The Company evaluates performance and allocates resources based on several factors, of which the primary financial measure is operating income (loss) by geographic area. Operating expenses are primarily prorated based on the relationship between domestic and international sales. International sales are classified based when a product is sold through a third party international distributor. Domestic sales are DRTV sales sold directly to the consumer by the Company. Included in domestic sales is approximately $670,000 and $0 in DRTV sales in Canada for the three months ended March 31, 2014 and 2013, respectively.

Information with respect to the Company's operating income (loss) by geographic area is as follows:

	For the three months ended March 31, 2014			For the three months ended March 31, 2013		
	Domestic	International	Totals	Domestic	International	Totals
NET SALES	$ 8,866,923	$ 955,577	$ 9,822,500	$ 11,407,568	$ 992,665	$ 12,400,233
COST OF SALES	2,189,931	389,701	2,579,632	3,057,216	449,641	3,506,857
Gross profit	6,676,992	565,876	7,242,868	8,350,352	543,024	8,893,376
Operating expenses:						
General and administrative	1,871,889	76,417	1,948,306	1,842,346	50,993	1,893,339
Selling and marketing	5,780,159	19,689	5,799,848	5,460,290	8,703	5,468,993
Total operating expense	7,652,048	96,106	7,748,154	7,302,636	59,696	7,362,332
Operating income (loss)	$ (975,056)	$ 469,770	$ (505,286)	$ 1,047,716	$ 483,328	$ 1,531,044

Selected balance sheet information by segment is presented in the following table as of:

	March 31, 2014	December 31, 2013
Domestic	$ 5,480,709	$ 4,765,746
International	3,073	6,240
Total Assets	$ 5,483,782	$ 4,771,986

Note 11 – Subsequent events

Effective April 28, 2014, the Company Board of Directors appointed Donald Joseph McDonald as the third independent director. Mr. McDonald received an annual stipend of $6,000, and will be granted an option to purchase 100,000 shares of our common stock at a purchase price of $0.70 per share.

ITEM 2. MANAGEMENT DISCUSSION AND ANALYSIS OR PLAN OF OPERATION

Except for the historical information presented in this document, the matters discussed in this Form 10-Q, and specifically in the "Management's Discussion and Analysis or Plan of Operation", or otherwise incorporated by reference into this document contain "forward looking statements" (as such term is defined in the Private Securities Litigation Reform Act of 1995). These statements can be identified by the use of forward-looking terminology such as "believes", "expects", "may", "will", "intends", "should", or "anticipates" or the negative thereof or other variations thereon or comparable terminology, or by discussions of strategy that involve risks and uncertainties. The safe harbor provisions of Section 21E of the Securities Exchange Act of 1934, as amended, and Section 27A of the Securities Act of 1933, as amended, apply to forward-looking statements made by the Company. You should not place undue reliance on forward-looking statements. Forward-looking statements involve risks and uncertainties. The actual results that the Company achieves may differ materially from any forward-looking statements due to such risks and uncertainties. These forward-looking statements are based on current expectations, and the Company assumes no obligation to update this information. Readers are urged to carefully review and consider the various disclosures made by the Company in this report on Form 10-Q and in the Company's other reports filed with the Securities and Exchange Commission that attempt to advise interested parties of the risks and factors that may affect the Company's business.

The following discussion and analysis of the Company's financial condition and results of operations should be read in conjunction with the Financial Statements and accompanying notes and the other financial information appearing elsewhere in this report.

Overview

Although we currently sell products through infomercials, the goal of our business plan is to use the brand awareness we create in our infomercials so that we can sell the products featured in our infomercials, along with related families of products, under distinct brand names in traditional retail stores. Our goal is to have these families of products sold in the traditional retail environment in shelf-space dedicated to the product category. We are developing the infrastructure to create these brands of products so that we can implement our business plan.

Fluctuations in our revenue are driven by changes in our product mix. Revenues may vary substantially from period-to-period depending on our product line-up. A product that generates revenue in one quarter may not necessarily generate revenues in each quarter of a fiscal year for a variety of reasons, including, seasonal factors, number of infomercials run, the product's stage in its life-cycle, the public's general acceptance of the infomercial and other outside factors, such as the general state of the economy.

Just as fluctuations in our revenues are driven by changes in our product mix, our gross margins from period to period depend on our product mix. Our gross margins vary according to whether the products we are selling are primarily our own products or third-party products. As a general rule, the gross margins for our own products are considerably higher based on proportionately smaller cost of sales. For third-party products, our general experience is that our gross margins are lower, because we record as cost of sales the proportionately higher cost of acquiring the product from the manufacturer. Within each category (i.e., our own products versus third-party products), gross margins still tend to vary based on factors such as market price sensitivity and cost of production.

Many of our expenses for our own products are incurred up-front. Some of our up-front expenditures include infomercial production costs and purchases of media time. If our infomercials are successful, these up-front expenditures produce revenue as consumers purchase the products aired on the infomercials. We do not incur infomercial production costs and media time for our third-party products, because we merely act as the distributor for pre-produced infomercials. It is the responsibility of the international infomercial operators to whom we sell the third-party products to take the pre-produced infomercial, adapt it to their local standards and pay for media time.

Results of Operations

The following discussion compares operations for the quarter ended March 31, 2014 with the quarter ended March 31, 2013.

Revenues

Our revenues decreased to approximately $9,823,000 for the quarter ended March 31, 2014, from approximately $12,400,000 recorded during the comparative quarter in 2013, a 21% decrease. During the quarter ended March 31, 2014, sales relating to DermaWand TM for direct response television (DRTV) were approximately $8,362,000 as compared to approximately $10,372,000 during the comparative quarter in 2013. One of main reasons for the decrease in revenue was a decrease in sales generated by the Company's Spanish language version of the DermaWand TM infomercial. Of the total DRTV sales, the Company recorded sales from the Spanish language version of approximately $1,257,000 and $3,135,000 for the quarters ended March 31, 2014 and 2013, respectively. Another reason for the decrease in total sales is a decrease in the Company's live televised home shopping sales. The Company did not generate any sales from live televised home shopping for the quarter ended March 31, 2014, compared to approximately $589,000 for the quarter ended March 31, 2013. The Company expects to resume airings on live televised home shopping in the second quarter of 2014.

Despite the decrease in revenue, the Company continued to build an auto-ship continuity program with our DermaVital TM skincare line. Currently there are over 16,600 customers in the DermaVital TM Preferred beauty clubs. The Company is focused on expanding the DermaVital TM line and building the continuity program. Sales related to the DermaVital TM line during the quarters ended March 31, 2014 and 2013 were approximately $1,230,000 and $1,036,000, respectively.

During the three months ended March 31, 2014, international sales revenue for the DermaWand TM stayed consistent at approximately $956,000, as compared to approximately $993,000 during the comparative quarter in 2013.

Gross Margin

Gross margin percentage was approximately 74% for the quarter ended March 31, 2014, up from approximately 72% during the comparative quarter in 2013. For the quarter ended March 31, 2014 we generated approximately $7,243,000 in gross margin, compared to approximately $8,893,000 for the comparative quarter in 2013. There are two main reasons for the increase in gross margin percentage. The first reason for the increase is that for the quarter ended March 31, 2013, the Company generated $589,000 in sales from televised home shopping compared to approximately $0 and for the quarter ended March 31, 2014. These sales generate approximately half the gross margin of sales from DRTV due to the discounted selling price. For the quarters ended March 31, 2014 and 2013, gross profit percentage for DRTV Revenue was 87% and 88%, compared to 0% and 66% for televised home shopping, respectively. The second reason for the increase in gross margin percentage has been the Company's ability to obtain discounted product pricing lowering the overall cost of goods for the DermaWand TM kit sold through DRTV.

Operating Expenses

Total operating expenses increased to approximately $7,748,000 during the quarter ended March 31, 2014, from approximately $7,362,000 during the quarter ended March 31, 2013, an increase of approximately $386,000, or 5%. This increase in operating expenses is due to a few key factors. The largest factor is an increase in media expenditures. Total media expenses increased to approximately $3,916,000 during the quarter ended March 31, 2014, from approximately $3,417,000 during the quarter ended March 31, 2013. The primary reason for the increase in media was management's decision to test new media outlets including new cables stations, radio, and a variety of online media outlets. In addition, the Company launched a new line of skin care products called elastin-rp ®, in which approximately $32,000 was spent in media during the quarter.

Other factors that caused an increase in operating expenses were due to an overall expansion of the Company's business operations. This includes such areas as an increase in payroll and employee benefit related expenses to approximately $309,000 during the quarter ended March 31, 2014, from approximately $202,000 during the quarter ended March 31, 2013; an increase in travel related expenses, which was centered around new product expansion, to approximately $138,000 during the quarter ended March 31, 2014, from approximately $53,000 during the quarter ended March 31, 2013; an increase in production costs tp approximately $92,000 during the quarter ended March 31, 2014, compared to approximately $18,000 during the quarter ended March 31, 2013, and lastly an increase in product development and clinical trial costs to approximately $144,000 during the quarter ended March 31, 2014, compared to approximately $26,000 during the quarter ended March 31, 2013.

Other DRTV related expenditures as a percentage of DRTV revenue stayed consistent on a year to date basis. In addition, increased media expenses were offset by decreases in answering service expense to approximately $570,000 during the quarter ended March 31, 2014, from approximately $845,000 during the quarter ended March 31, 2013 and a decrease in customer service expenses to approximately $412,000 during the quarter ended March 31, 2014, from approximately $526,000 during the quarter ended March 31, 2013. There was also an increase in share based compensation and a decrease in bad debt expense. Total share based compensation expenses increased to approximately $200,000 during the quarter ended March 31, 2014, from approximately ($20,000) during the quarter ended March 31, 2013. Total bad debt expenses decreased to approximately $631,000 during the quarter ended March 31, 2014, from approximately $963,000 during the quarter ended March 31, 2013, which is consistent with the decrease in sales. Bad debt as a percentage of DRTV and continuity sales decreased to approximately 8% during the quarter ended March 31, 2014 from approximately 9% during the quarter ended March 31, 2013. Approximately 50% of our customers elect to take the free trial followed by three monthly installments of $39.95. The majority of our bad debt expense is associated with these customers due to the nature of installments.

Net Income and Loss

The Company generated a net loss of approximately $515,000 for the quarter ended March 31, 2014, compared with net income of approximately $1,169,000 for the quarter ended March 31, 2013. In addition to the decrease in sales, the other key drivers of the loss this quarter relate to the Company's investment in future product development and testing. In January 2014, the Company launched a clinical trial for a new skincare resurfacing device system. In addition, the Company began a double blind placebo test in Europe on the DermaWand ™ with the goal of opening new markets around the world. Total product development and testing expenditures were approximately $144,000 for the quarter ended March 31, 2014.

In addition, the Company's elastin-rp ® media campaign launched in January 2014 and all production related expenses were recognized in the quarter ended March 31, 2014. Other production expenses included new short-form spot productions for the DermaWand ™ campaign and high-definition enhancements to the long-form infomercial. Total production expenses for the quarter ended March 31, 2014 were approximately $92,000.

The Company recognized approximately $200,000 in share based compensation which also contributed to the loss. Much of this share based compensation is attributable to an increase in the stock price during the quarter and the impact on non-employee stock options that require remeasurement over the service period until performance is complete.

Liquidity and Capital Resources

At March 31, 2014, we had approximately $1,750,000 in cash and cash equivalents (including cash held in escrow), compared to approximately $1,433,000 at December 31, 2013. We generated positive cash flows from operations of approximately $225,000 in the first quarter of 2014 compared to a negative cash flow from operations of approximately $104,000 for the same period in 2013. The positive cash flow from operations during the current period was a result of net loss of approximately $515,000, an increase in net accounts receivable of approximately $283,000, an increase in inventory of approximately $138,000, a decrease in prepaid expense and other current assets of approximately $42,000, an increase in accounts payable and accrued liabilities of approximately $986,000, a decrease in severance payable of approximately $10,000, an increase in deferred revenue of approximately $132,000, share based compensation expense of approximately $200,000, and depreciation expense of approximately $1,000.

The Company has a note payable to The Better Blocks Trust ("BB Trust"), a shareholder, originally in the amount of approximately $591,000. Interest accrues at the rate of four and three quarters percent (4.75%) per annum and is paid in arrears as of the end of each calendar quarter, with payment due on the first day of the month following the quarter as to which interest is being paid. The first payment of interest was due on January 1, 2013, for the three quarters beginning April 1, 2012 and ending on December 31, 2012. The principal balance of this note is due and payable in three equal payments on each of April 1, 2015, April 1, 2016, and April 1 2017. For the three months ended March 31, 2014 and 2013, $75,000 and $55,000, respectively, in principal prepayments were made on the note. At March 31, 2014 and December 31, 2013, the balance outstanding was approximately $194,000 and $394,000, respectively. In addition to the principal payments, on February 5, 2014, the BB Trust sold $50,000 of its note to an accredited investor, who then converted the $50,000 note into 100,000 shares of the Company's stock at the contractual conversion price of $.50 per share. On March 18, 2014, the BB Trust sold $75,000 of its to an accredited investor, who then converted the $75,000 note into 150,000 shares of the Company's stock at the contractual conversion price of $.50 per share. The Shares were issued as restricted stock, with a restrictive legend placed on the share certificate. The issuance of the shares was exempt from registration under Regulation D and Section 4(2) of the Securities Act of 1933. At March 31, 2014 and December 31, 2013, the balance outstanding was $194,000 and $394,000, respectively. An additional $20,000 in principal payments were made subsequent to March 31, 2014.

Additionally, during January and February 2014, 593,333 warrants and 418,334 options were exercised for proceeds of approximately $130,000 and $46,000, respectively.

Based on the Company's current rate of cash outflows and cash on hand, management believes that its current cash will be sufficient to meet the anticipated cash needs for working capital into the third quarter of 2015.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

There have been no changes to our critical accounting policies and estimates in the three months ended March 31, 2014. The Securities and Exchange Commission ("SEC") defines "critical accounting policies" as those that require application of management's most difficult, subjective or complex judgments, often as a result of the need to make estimates about the effect of matters that are inherently uncertain and may change in subsequent periods. Our significant accounting policies are described under "Critical Accounting Policies" in our "Management's Discussion and Analysis of Financial Condition and Results of Operations" included in Item 7, as well as in our consolidated financial statements and footnotes thereto for the year ended December 31, 2013, as filed with the Commission with our Annual Report form 10-K filed on March 27, 2014.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Not applicable

ITEM 4. CONTROLS AND PROCEDURES

The Company maintains disclosure controls and procedures that are designed to ensure that information required to be disclosed in the Company's Exchange Act reports is recorded, processed, summarized and reported within the time frames specified in the SEC's rules and forms, and that such information is accumulated and communicated to the Company's management, including its Chief Executive Officer, President, and its Chief Financial Officer, to allow timely decisions regarding required disclosure based closely on the definition of "disclosure controls and procedures" in Rule 13a-15(e) and 15d-15(e).

Management recognizes that there are inherent limitations in the effectiveness of any system of internal control, and accordingly, even effective internal control can provide only reasonable assurance with respect to financial statement preparation and may not prevent or detect material misstatements. In addition, effective internal control at a point in time may become ineffective in future periods because of changes in conditions or due to deterioration in the degree of compliance with our established policies and procedures.

We carried out an evaluation as of December 31, 2013, under the supervision and with the participation of our management, including our Chief Executive Officer, President, and Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures pursuant to Exchange Act Rules 13a-15(b) and 15d-15(b). Based upon that evaluation, our Chief Executive Officer, President, and Chief Financial Officer concluded that our disclosure controls and procedures were effective.

Effective April 28, 2014, the Board of Directors established an Audit Committee, consisting of William Kinnear, Stephen Jarvis, and Donald McDonald. Mr. Kinnear shall be Chairman of the Audit Committee.

There were no other changes in our internal control over financial reporting for the quarter ended March 31, 2014 that have materially affected, or that are reasonably likely to materially affect, our internal control over financial reporting.

Off-Balance Sheet Arrangements

We do not have any off-balance sheet arrangements.

PART II – OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

None

ITEM 1A. RISK FACTORS

Not required for smaller reporting company

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES

On March 18, 2014, The Better Blocks Trust sold $75,000 of its note to the Company to an accredited investor, who then converted the $75,000 note into 150,000 shares of the Company's stock at the contractual conversion price of $0.50 per share. The Shares were issued as restricted stock, with a restrictive legend placed on the share certificate. The issuance of the shares was exempt from registration under Regulation D and Section 4(2) of the Securities Act of 1933.

On March 21, 2014, the Company issued 100,000 incentive stock options under our 2011 Stock Option Plan. The options were issued with a fair market value exercise price of $0.96 per share. The options vest one third each year over the next three years, provided the recipient is still employed by the Company. The options may be exercised, once vested, at any time prior to 10 years from the date of grant. The recipient of the option is a key employee of the Company, and the issuance of the options was exempt from registration under Section 4(2) of the Securities Act of 1933.

On April 21, 2014, the Company issued an option to purchase 100,000 shares, at a price of $0.70 per share, for consulting services rendered to the Company. The options vested immediately and are exercisable at any time prior to ten years from the date of grant. The issuance of the option was exempt from registration under Regulation D and Section 4(2) of the Securities Act of 1933.

On April 21, 2014, the Company issued an option to purchase 160,000 shares, at a price of $0.36 per share, for consulting services rendered to the Company. The options vested immediately and are exercisable at any time prior to five years from the date of grant. The issuance of the option was exempt from registration under Regulation D and Section 4(2) of the Securities Act of 1933.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None

ITEM 4. MINE SAFETY DISCLOSURES

None

ITEM 5. OTHER INFORMATION

None

ITEM 6. EXHIBITS

Exhibit Number	Description
2 *	Share and Option Purchase Agreement
3.1 *	Amended and Restated Articles of Incorporation
3.2 *	Amended and Restated Bylaws
3.3 *	First Amendment to Amended and Restated Bylaws
10.1 *	2001 Stock Option Plan
10.2 *	Promissory Note by Moran Dome Exploration Inc. payable to the Trustees of the Better Blocks Trust, in the amount of $590,723.27
10.3 *	Extension of Promissory Note dated August 23, 2001, by and between the Trustees of the Better Blocks Trust and International Commercial Television Inc.
10.4 **	Second Extension of Promissory Note dated March 25, 2002, by and between the Trustees of the Better Blocks Trust and International Commercial Television Inc.
10.5 ***	Assignment of Trademark by Dimensional Marketing Concepts, Inc.
31.1****	Rule 13a-14(a)/15d-14(a) Certification – Chief Executive Officer
31.2****	Rule 13a-14(a)/15d-14(a) Certification – President
31.3****	Rule 13a-14(a)/15d-14(a) Certification – Chief Financial Officer
32****	Section 1350 Certifications

* Incorporated by reference from Form SB-2 filed with the Securities and Exchange Commission on October 3, 2001.

** Incorporated by reference from Post-Effective Amendment No. 1 to Form SB-2 filed with the Securities and Exchange Commission on April 12, 2002.

*** Incorporated by reference from Amendment No. 1 to Form SB-2 filed with the Securities and Exchange Commission on December 24, 2001.

**** Filed herewith

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.

INTERNATIONAL COMMERCIAL TELEVISION INC.
Registrant

Date: May 13, 2014

By: *___/s/ Kelvin Claney________*
Name: Kelvin Claney
Title: Chief Executive Officer

Date: May 13, 2014

By: *___/s/ Richard Ransom_______*
Name: Richard Ransom
Title: President

Date: May 13, 2014

By: *____/s/ Ryan LeBon__________*
Name: Ryan LeBon
Title: Chief Financial Officer

Exhibit 31.1

I, Kelvin Claney, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of International Commercial Television, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a–15(e) and 15d–15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a–15(f) and 15d–15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 13, 2014

/s/ Kelvin Claney
Kelvin Claney, Chief Executive Officer

Exhibit 31.2

I, Richard Ransom, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of International Commercial Television, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a–15(e) and 15d–15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a–15(f) and 15d–15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 13, 2014

/s/ Richard Ransom
Richard Ransom, President

Exhibit 31.3

I, Ryan LeBon, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of International Commercial Television, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a–15(e) and 15d–15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a–15(f) and 15d–15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 13, 2014

/s/ Ryan LeBon
Ryan LeBon, Chief Financial Officer

Exhibit 32

In connection with the Quarterly Report of International Commercial Television, Inc. (the "Company") on Form 10-Q for the period ending March 31, 2014 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), Kelvin Claney, Chief Executive Officer of the Company, Richard Ransom, President, and Ryan LeBon, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to the best of their knowledge and belief:

(1) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

/s/ Kelvin Claney
Kelvin Claney, Chief Executive Officer

/s/ Richard Ransom
Richard Ransom, President

/s/ Ryan LeBon
Ryan LeBon, Chief Financial Officer

Date: May 13, 2014