

ICTV
Rich Ransom
ICTV Brands
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Operator: Good day, ladies and gentlemen and welcome to the ICTV Brands Second Quarter 2015 Conference Call. At this time all participants are in a listen only mode. Later we will conduct a question and answer session and instructions will be given at that time. If anyone requires assistance during the call, please press * then 0 on your touchtone telephone. As a reminder, today's call is being recorded. I would now like to turn the conference over to your host, Ryan LeBon. Sir, you may begin.

Ryan LeBon: Thank you very much. Welcome to our conference call to discuss ICTV Brands' financial results for the quarter ended June 30, 2015. On the call we have Kelvin Claney our Chairman and Chief Executive Officer; Rich Ransom, our President; and myself the Chief Financial Officer. Rich will review the company's business operations and give updates in the marketing progress of our brands. I will review the company's financials and Kelvin will review the company's future growth strategies and immediately thereafter we'll take questions from our call participants.

I'd like to take a quick moment to read the Safe Harbor Statement. During the course of this conference call, we will make certain forward looking statements. All statements that address expectations, opinions, or predictions about the future are forward looking statements. Although they reflect our current expectations and are based on our best view of the industry and of our business as we see them today, they are not guarantees of future performance. These statements involve a number of risks and assumptions and since those elements can change, we would ask that you

interpret them in that light. We urge you to review ICTV's Form 10-K and other SEC filings for a discussion of the principal risks and uncertainties that affect our performance and other factors that could cause our actual results to differ materially. With that, I'd like to turn the call over to Rich Ransom.

Rich Ransom:

Thank you, Ryan. Good afternoon and thank you for joining us today. We are very excited to have the opportunity to give our dedicated shareholders an update on the progress ICTV Brands has made in the first half of 2015. Some of the items we're going to discuss in further detail on today's call will include ICTV Brands' return to profitability, updates on our direct to consumer business and plans for expansion, international third party distributor updates including the UK and Japan, live televised home shopping results and plans for the rest of 2015, retail updates for DermaWand and other product lines, updates on the product pipeline and growth strategies for the rest of 2015 and beyond.

We discussed on our last several calls our commitment to return ICTV Brands to a position of profitability. In the early part of this year, we made several key decisions that we believed would help us achieve this goal including optimizing our North American advertising strategy, tightening up internal expense policies, and eliminating some internal and external overhead. The result of these decisions is a return to profitability in the second quarter of over 286,000 in net income and \$454,000.00 in EBITDA. Now that we have righted the ship from a profitability standpoint, our focus as management is now firmly set on profitably growing the revenue of ICTV Brands. There are many positive developments that have occurred during the first six months of the year that I believe have our company in a great position to start to see some

significant growth over the next several quarters. I look forward to discussing these developments with you later on this call, but for now, I will turn the call back over to our Chief Financial Officer, Ryan LeBon, who will detail our financial performance and earnings for the quarter ended June 30, 2015.

Ryan LeBon:

Thanks, Rich. We are pleased to report our second quarter 2015 results as we return overall profitability, compared to three and six months ended June 30, 2015. Revenues for the three months ended June 30, 2015 were \$7.2 million compared to \$7.8 million for the three months ended June 30, 2014. Gross profit margin at 67% was realized in the second quarter of 2015 which decreased from 69%. The decrease in our gross margin percentage is due to our additional brands being sold both domestically and internationally as well as the increase in Life Home Shopping sales. While the gross margin percentage was lower for these sales, such as the \$212,000.00 international Super Solution order, they have contributed to our increased overall operating profits due to the lower associated selling and marketing costs. Total operating expenses decreased to \$4.6 million from \$5.2 million during the second quarter of 2014. The decrease can be attributed to our cost control measures, which were implemented this year. When comparing second quarter of 2015 compared to 2014, significant quarterly decreases include share based compensation decreases of 225,000.00. Consulting expense reductions of \$183,000.00, customer service expense decreases of \$57,000.00, legal and travel related expenditure decreases of \$65,000.00, merchant fee decreases of \$39,000.00, and product testing decreases of \$44,000.00. Net income for the second quarter was \$287,000.00 compared to net income of \$159,000.00 in the second quarter of 2014, an 80% increase year over year. The resulting earnings per share for both periods was \$0.01 per share.

Adjusted earnings before interest, taxes, depreciation, and amortization/adjusted EBITDA was \$455,000.00 as compared to \$552,000.00 for the second quarter of 2014. Revenues for the six months ended June 30, 2015 were \$16.1 million compared to \$17.6 million for the prior year period. Gross profit margin of 69% was realized in the first half of 2015, which decreased from 71% in the prior year period due to the aforementioned changes in sales mix and channels. Total operating expenses decreased to \$11.1 million from \$12.9 million during the prior period. When comparing the six months ended June 30, 2015 to 2014, significant year to date decreases include share based compensation expense decreases of \$262,000.00, consulting expense reductions of \$398,000.00, customer service expense decreases of \$129,000.00, legal and travel related expenditure decreases of \$97,000.00, merchant fees decreases of \$132,000.00 and product testing decreases of \$165,000.00. Net income for the six months ended June 30, 2015 was \$16,000.00 compared to a net loss of \$356,000.00 in the six months ended June 30, 2014. The resulting EPS is at \$0.00 per share as compared to a loss per share of -\$0.02 in the prior year period. Adjusted EBITDA was \$349,000.00 as compared to \$248,000.00 for the six months ended June 30, 2014. As of June 30, 2015 the company had \$957,000.00 in cash and cash equivalents compared to \$1.1 million as of December 31, 2014. The company's current working capital increased from \$1.9 million at December 31, 2014 to \$2.4 million as of June 30, 2015, which is a great indicator of our strong short term liquidity. Additionally, the company had no debt obligations at both June 30, 2015 and December 31, 2014. Now, I'd like to turn the call back over to Rich to outline the number of marketing and strategic initiatives for the remainder of the year.

Rich Ransom:

Thank you, Ryan. As I mentioned at the beginning of this call, we are pleased to have been able to get ICTV Brands back to a position of profitability not only for the second quarter, but for the whole of 2015 year to date. Now our focus shifts to growing the business profitably. We believe the keys to our growth rest in two main areas. The first is expanding our distribution channels for both DermaWand and our other brands and the second is acquiring more unique and demonstratable products that we can produce creative assets for both television and the internet to drive consumers to respond.

In regards to expanding our distribution channels, we're constantly looking for new ways to promote and sell our brands to new audiences. This year we have made a successful return to the live home shopping environment in the United States and Canada. Through six months we've generated over \$270,000.00 in revenue, selling on three major North American shopping channels: HSN, Eva & Live, and the Shopping Channel Canada, which has generated about \$160,000.00 in gross profit. These sales have come from three brands: DermaWand, Derma Brilliance, and JiDue. We had zero sales from our Life Home Shopping in 2014, so this has been a huge factor in our return to profitability. Our goal is to continue to expand our footprint in the live home shopping channels around the world. As we mentioned on our last call in March, we were invited to present DermaWand to the beauty device buyer at QVC. Our Vice President of Sales, Doug Crouthers, and I met with QVC at the end of April and the DermaWand was well received. We are currently in the process of working with the QVC legal department to determine what claims they will allow us to make on air. We're very hopeful about the prospects of getting some airings for DermaWand on QVC before the end of the year. In addition to QVC USA we've begun conversations with QVC UK

regarding the DermaWand as well. Another channel of distribution that our management team is exploring for some of our brands is the salon and spa business. Recently, Doug and I attended the largest trade show in North America geared towards salon and spas called Cosmoprof in Las Vegas. Our goal is to gain a better understanding of this market and see if any of the brands in our portfolio made sense to distribute in this space. Our belief is that this space is a great opportunity and one we plan to explore. Cosmoprof puts on three shows each year: the North American show in the summer, the Asia show in the fall, and the European show in the spring. Our goal is to put all the necessary preparations in place to be ready to take a booth at the European show this March. We will be sure to give you further updates as we progress with our plans to enter the salon and spa market space. A third channel of distribution that we continue to work on building is the US retail market. On the last call I mentioned to you that we placed DermaWand in a retail outlet called Curacao. Curacao is a large format retail department store chain founded in 1978. Curacao is headquartered in Los Angeles with 10 retail locations covering Southern California and Arizona, primarily serving the US Hispanic market. To date, we have had about \$16,000.00 in sales which just began in the second quarter. We're also pleased to announce today that we have been approved as a vendor for DermaWand with Bed Bath & Beyond. We will begin selling DermaWand on the Bed Bath & Beyond website before the end of August and the plan is to test in 50 - 100 stores shortly thereafter. In addition to Bed Bath & Beyond, JC Penney will begin carrying DermaWand on their website in September with in store placement to follow at approximately 1,000 stores in their salon department. We're very excited about these opportunities and feel these are the types of stores that give DermaWand the best chance to succeed in the retail environment.

Now I'd like to give you some specific updates on each of our current active brands before turning the call over to Kelvin, who will focus on the new products in our pipeline and the marketing plans associated with them. I want to start with a few more updates for our flagship product, DermaWand. We continue to run the infomercial consistently in both the United States and Canada in English, Spanish, and French languages. We have pulled back our spending over the summer months, which is primarily the reason for the decrease in revenue quarter over quarter. During the slower response times we've been doing some new offer testing and have seen some very promising signs, the biggest of which is an increase in our average order value by over \$5.00 per order. We believe as summer ends media spending will increase again. DermaWand has had a very successful first half of the year on live home shopping at the Shopping Channel in Canada as we sold over 6,000 units in just two days of promotion. We have another air date scheduled with the Shopping Channel in September and they have asked us to prepare 7,000 units for that day.

For several calls we have been updating you on our progress as it relates to opening two large markets for DermaWand, the United Kingdom and Japan. The good news is we are very close to being able to sell in both markets. The bad news is the challenges to enter these markets have been greater than anticipated and has taken far longer than any of us had hoped it would. In regards to the United Kingdom, we have been back and forth several times with the governmental authorities regarding the claims we can make in advertising. We have a consultant on the ground in the UK who is an expert in dealing with these matters. He's assured us that this is normal operating procedure and that he firmly believes with the evidence of the DermaWand that was given in the double blind placebo, we will

soon be able to be cleared to advertise in the UK market. As soon as we get clearance for the UK we'll make an announcement and be sure to let you all know. The challenge the current challenges in Japan are much more technical as their regulatory requirements for electrical devices are much more stringent than other places in the world. We have been advised that we are going to need an additional resistor for the DermaWand in Japan with the Japanese model to comply with their electromagnetic compatibility standards and received the S Mark certification that our Japanese distributor requires. The engineers at our factory are in the process of making the required updates and our hope is we will have S Mark certification in the next 8 - 12 weeks. Our distributors' are ready to place an order as soon as the final certification is obtained.

The final update I want to give you on DermaWand is an international update. In June, our sales team went to the Electronic Retailing Association European Conference in Barcelona. For me personally, it was impressive to see how many new distributors are selling DermaWand and are excited about its future. Through the first six months of 2015, our third party distribution sales for DermaWand was \$3.2 million compared with \$2.9 million through June 30, 2014. Last year our top distributor accounted for 64% of all international sales through six months and this year on rising sales, our top distributor accounted for only 28% of our total international sales for DermaWand. New territories such as France, Peru, Colombia, and Ecuador just to name a few, have helped DermaWand's footprint expand around the globe. The conference also got us engaged with some new potential distributors in South Africa and Germany; areas DermaWand has sold well in the past, but not in recent years. I'm as

confident as ever that we will continue to break international distributor sales records for DermaWand for many quarters to come.

Now I'd like to turn our attention and give you a brief update on each of our other brands starting with our acne skin care line CoralActives. Over the past several months we have invested in several creative assets for CoralActives including brand new before and after photos and video testimonials, three unique 30 second internet ads featuring the new testimonials, and a brand new website that we expect to launch during the middle of next week. In addition, we found out last week that CoralActives has been approved for a patent; prior to this, it had been patent pending. It is our belief that this is the first over the counter acne formulation with a patent. The timing of this announcement could not be better for us as I will be joining our sales team in two weeks at the National Association of Chain Drug Stores Annual Conference in Denver. We have already secured meetings with Walgreens, CVS, and Rite-Aid at the conference. We have also sourced a sonic cleansing brush that we will package with the CoralActives 2 step kit. We believe we have a wonderful opportunity to get the CoralActives lined in mass retail distribution while at the same time driving people to our website to sell direct and build a continuity business. For more information on CoralActives, please visit our website at www.coralactives.com. I do also encourage you to all visit the new site at some point next week. We believe that will be live by Wednesday.

Our JiDue facial massager has gotten some wonderful PR since our last call. In May, JiDue was featured on the NBC Today show as part of a feature on the next big up and coming products. In addition, we had some social media buzz when the famous producer, David Foster, tweeted

himself wearing a JiDue on a private jet. From a sales standpoint, JiDue had two successful live airings during the quarter on the Eva & Live. We are scheduled for appearances with JiDue on the shopping channel Canada on August 27 and we're also currently in negotiations with Eva and to go back up in September. Kelvin will have some more updates on our future plans with JiDue in just a few minutes. For more information on JiDue, please visit our website at www.jidue.com.

I announced in our last call that we were taking a wait and see approach as we watched the continuity metrics on our Elastin-RP skin care brand. We did not actively market Elastin in the second quarter however we recognized \$37,000.00 in lagging continuity sales during the quarter. While the additional continuity revenue is encouraging, our team's analysis has concluded that the initial customer response was not strong enough to continue with this brand. We will continue to service the continuity customers in the program and plan to liquidate the remaining inventory throughout the rest of 2015.

On our first quarter call, Kelvin announced our newest brand launch, Good Planet Super Solution. Super Solution is a multiple use cleaning agent used for washing and waxing cars, cleaning and polishing stainless steel appliances, as well as multiple other household uses. Super Solution is made in Germany and formulated with the latest water based polymer technology. We had one order shipped during the second quarter for Super Solution to our Australian distributor and recognized revenue at \$212,000.00 in the quarter. Since the end of the quarter, four more distributors have placed test orders and we're in discussions with several others. One distributor has already successfully tested in India and we expect an opening PO of at least 10,000 pieces and believe that that will

be just the beginning for the Indian market. We fully expect Super Solution to continue to gain sales momentum throughout the rest of this year and beyond. Overall, our non-DermaWand brands have contributed over \$659,000.00 in revenue for the first half of 2015. Now, I'd like to turn the call over to Kelvin who will expand upon our growth strategies focusing on the creative productions he's overseeing as well as some new products that have been added to the pipeline since our last call.

Kelvin Claney:

Thanks very much, Rich and good afternoon listeners. Well, we certainly are pleased to be able to fulfill our commitment that we made to you, our shareholders, of returning ICTV to a position of profitability. Now as Rich mentioned, our focus is on continuing to deliver earnings while strategically taking steps to grow the sale of our business. A huge part of that growth strategy is to continue to fill our pipeline with great products and the associated creative efforts to sell those products. We've proven with Super Solution that we can rapidly take new products to market through our growing network of international distributors. To that end, and I'm pleased to announce for the first time today a new fitness product that we have just licensed that we are branding Spin Force. Spin Force is an exercise product focused on a whole body workout. While Rich and Doug were in Barcelona, they previewed the product with several key distributors and all of them cannot wait for us to deliver them a show to test, so we're very excited about this product. We are beginning the before and after process over the next several weeks and we'll be streamlining the infomercial production with the goal of having Spin Force ready for distribution early in 2016. Another production we're about to begin is the long form infomercials for our JiDue facial massager. As Rich mentioned, we had two successful live television home Shopping airings recently and we learned an awful lot about the product and what it is about JiDue that

resonates with the consumers, and that is sleep and relaxation factors. For those of you who have been following us for a while, you may remember that we inherited a two minute spot for the JiDue. Even though the spot was not good enough in our opinion, our marketing team ran a spot in both the US and Canadian markets and was able to generate over \$200,000 .00 in sales for the first half of 2015, and it was very close to working or playing out as we say in the industry. What we have to learn from running the spot and from our live home shopping airings is that I believe that we have confirmed the correct marketing position for JiDue, and I'm very, very confident we'll be out with the JiDue infomercial that will work both in the United States and all around the world. Excuse the pun, but I truly believe that JiDue is a sleeping giant. Our target is to have the production done by early November so that we can have the commercial running during the 2015 holiday season.

Finally, I want to give you an update on the Derma Brilliance brand. In our last call, we announced that we have the opportunity to take Derma Brilliance on to HSN in April. Now, I was at the airings and was able to learn a tremendous amount about what makes the consumer respond to this product. We only sold a couple of hundred units that day however, within six weeks, we were informed by the buyer at HSN that Derma Brilliance had been selected by their viewers as a customer pick. This further confirms to us that once people have used Derma Brilliance, they love it. I'm pleased to announce today that Derma Brilliance will be returning to a live home shopping on August 21st on the shopping channel in Canada with a 2000 piece order to be aired on four one hour shows and we are also in discussions at the moment with HSN who have specifically requested to us to bring Derma Brilliance back for additional airings sometime this fall. In addition to live home shopping, in May, our

marketing team began selling Derma Brilliance on that DermaWand closing the script as well as on the DermaWand website. We've received tremendous response from our DermaWand customers with almost 10% of our DermaWand customers opting to order a Derma Brilliance kit. Overall for the quarter, we sold over a \$105,000.00 worth of product under the Derma Brilliance brand. More importantly, we're starting to build a critical mass of Derma Brilliance continuity members so that we can really understand the lifetime value of a Derma Brilliance customer. So what are the next steps with Derma Brilliance? Over the past several weeks I've been editing the Derma Brilliance infomercial and incorporating the learnings from HSN and from our sales to our DermaWand customers. I've now finished that show and it is in the hands of our distributors in the Philippines who plans to test the show this weekend with multiple airings on the largest national cable network in the country. If the show responds positively, which I'm confident it will, we have several other distributors eager to test the show. Also began editing our US creative for Derma Brilliance and we plan to begin retesting the show here in early fall. It's very exciting to have such a vast portfolio of top quality products. We're at a point in our company's history where on a weekly basis new product opportunities are coming to us because of our reputation in the direct response industry. With the team and products we have at ICTV, I truly believe we're on the cusp of another wave of substantial growth. As you heard today, we have a tremendous amount of opportunity before us and I want to take a moment to thank our dedicated staff. We have 115 employees here at ICTV Brands, and each one of them plays a vital role in our success. About a year ago we started the process of building this team and moving away from an outsourced staffing model. I feel fortunate that some of the most talented people in the direct response industry believed in us and our vision to join ICTV Brands family. Many

of the members of our team have not been here for a year yet and have already had a tremendous impact, as you can see by our quick return to profitability. I'm excited to see what this team can do together over the next several quarters. To our dedicated shareholders, I also thank you for your support. I speak with many of you often and I can't tell you how much it means to know that you are also believing in our vision and support our efforts. We look forward to providing you with updates to our progress through the third quarter and operator, I'd like to open the call to take any questions. Thank you very much.

Operator: Ladies and gentlemen, if you wish to ask a question at this time, please press the * then the number 1 key on your touchtone telephone. If your question has been answered or you wish to remove yourself from the queue for any reason, please press the # key. Once again ladies and gentlemen, if you wish to ask a question at this time, please press the * then the 1 key on your touchtone telephone. Our first question comes from John Grimley with TJW Capital. Please go ahead.

John Grimley: Hey, guys. Congrats on a nice, profitable quarter and all the progress you've made with all the pieces of the business.

Kelvin Claney: Hello, John. Good to hear your voice.

John Grimley: Yes. So you guys went through a lot, and thanks for being so thorough on the call. I guess on the Coral Actives product, are there any other OTC products that are patented now for acne or it's Coral Acne-? What else is out there? I know there's a lot of other acne products, but how important is that patent I guess is what I'm looking to understand.

Kelvin Claney: Well, the patent really is important because the patent basically protects the solution from the addition of the seaweed coral extract. Seaweed coral extract is the only thing to this date - it's an anti-inflammatory, right? So the acid in the - what's the acid called? I'm sorry. Benzoyl peroxide. Benzoyl peroxide is a very fierce substance and when you put an anti-inflammatory into Benzoyl Peroxide, the Benzoyl Peroxide promptly destroys the anti-inflammatory. So the guys that developed CoralActives found that the seaweed coral extract was not affected by the Benzoyl Peroxide, and that's when they went forward and got the patent and that's a very, very strong patent because it gives us an edge to be able to make the claim that this is patented and this anti-inflammatory really will take that redness away from the acne sufferer and the other guys just can't do that. Rich made a good point, it's going to be a huge selling point when it's up in Colorado in a CBS.

John Grimley: Awesome. Then you know it's always nice - you guys have a lot of products and you know you have to commit your capital on time efficiently. So you know from my perspective, it's good to see you shuttering a product that you don't really think you can get maximum return on or great return on investment, but can you kind of go through the process on how you make that decision, you know, what leads to that decision? Obviously you've got plenty of products in your holster for people. I'd just like to understand how you decide to shutter a product as far as part of being business process.

Rich Ransom: Sure, John. I'll take that one. You know Elastin was really the first time we took a product that was solely a continuity driven product. We often talked about the razor-razor blade model. This was just a blade, and so it was a little bit of new waters for us in that we weren't really sure what we

could afford in terms of media, cost to acquire a customer, because we didn't know how long the stick rate would be. How long they would stay in the program. After evaluating Elastin, it's not that far off, but to your point exactly, we have so many opportunities before us. While we have a great team, we aren't a huge team, so we do have to choose, both from a financial capital perspective and a time and energy perspective, where we want to put our efforts. Elastin is a really great product. We knew that when we took it over. The amount of money it would take to get a new show and the effort with that to get to take a chance to get a better front end response, get more people in, and that initial media dollar, we just have evaluated that that there's better opportunities out there, which is why we're really turning our focus to the Jidue, which has turned out to much more promise. We just signed this week - actually just today - the final agreement with our producer who we were very confident in. Kelvin's going to work very closely with them incorporating all the learnings from live shopping and from what we learned running the two minutes spot. One thing that wasn't mentioned in the script was as we took that two minutes spot, expanded it to a 15 minute show for the international community, actually looping the two minutes spot three times, which isn't prescribed but we wanted to get a read and we sent it off to a few distributors and actually in a couple of territories it worked okay, but we have very, very high confidence that this new JiDue show is going to work all around the world and in the United States and Canada, so we're very excited about that. In the evaluation process there's no specific formula. You kind of have to trust what you see the numbers. The numbers never lie and Elastin just wasn't giving us the numbers we needed to really want to pour a lot of money or energy into.

John Grimley: Then just one more question. Continuity - clearly a big part of how you guys do things. JiDue doesn't appear to have continuity. I love the product. I use it very often myself but is there anything you can do to create a continuity type effect with that or is there something you can sell with it?

Kelvin Claney: Mr. Ransom has come up with a brilliant - and as a marketing guy, I got to commend him. He's come up with a brilliant, brilliant way to provide continuity for JiDue and I'm very proud of him.

Rich Ransom: Well thank you, Kelvin. Now, thanks for the question, John. That's a great question. One of the benefits of going to a lot of these shows is you get new ideas and when Doug and I were at Cosmoprof, we saw a lot of these aromatherapy type machines. They blow off kind of steam and inside of them you can put scented oils, basically just kind of to promote again the relaxation, the things that are going to help people fall asleep, so there's definitely an opportunity there. We think we've sourced it really good aromatherapy machine that that will come with a line of scented oils and it's probably going to be give away. We're not totally sure yet how the show and the offer is going to be constructed, but we think that JiDue will come. If you buy JiDue you'll get the machine free - just the processing and handling - and then we'll up sell people into the oils, so that's the plan for JiDue.

John Grimley: Then just I know you've mentioned being - obviously regulatory in foreign countries, it can take a little longer than you like. Just so I can understand market size for the UK for DermaWand and for Japan, how big are those opportunities and do you think it's likely that you'll be selling there by the end of this year or could it even be pushed out beyond that?

Kelvin Claney: I personally think it's likely that we'll be selling before the end of the year. It still requires a lot of effort. I spoke to our electrical engineer today. I spoke to him personally and he said that he was 99.99% had solved the Japanese problems. So I said, "Well what about that 0.001?" He said, "Well, I'm working on that right now," so we're getting very close. The UK I'm dealing probably on a two or three day basis with a consultant there. I do have to send some more paperwork over to him, but I specifically asked the consultant. I said, "Look, you've done this before. Given what we've got. Given what we're going through, are we going to get this up?" and he said, "Absolutely Kelvin." That, to me, would probably be the one that would stretch out longer than Japan. There we're dealing with bureaucrats and the British I think invented bureaucracy. Did they or no? So they're very good at it.

Rich Ransom: Apologize to any Brits on the call. [Laughter]

John Grimley: Then just to understand the size of the market too. My sense is the UK is a very big - I guess they're both big opportunities, but please compare it on to some of the other international markets just so I can understand kind of what we're playing for?

Kelvin Claney: Yes. The UK, we think based on what we know about other products that have sold - I mean here's the very positive to the headache of opening up the UK market is, is it's such a hard barrier to entry especially for foreigners that they're not saturated with the product that we are here in the US. Not only that, but the consumer is much more - they believe that if they see something on television that it must really work because they know about this process that every marketer must go through, so the best

estimates we have are - we think we think it could be on the low end, 50,000 plus unit and a high end maybe a 100,000 units a year market for us. Now, we're still kind of evaluating all the different channels. We think a lot of that will come through retail. We've already been speaking with Boots, which is probably the biggest retailer in the UK. We're not exactly sure what the pricing's going to look like yet. In retail obviously, the conversion to pounds is going in the right direction for us, so I hesitate to put a dollar amount on what we expect the UK to be at this point, but from a unit standpoint, we're thinking somewhere in the ballpark of 50,000 units to a 100,000 units once we get up and really rolling. Japan, probably bigger. I would say our best estimates right now are probably more like \$250,000.00 to, on the high end, \$400,000.00.

Kelvin Claney: Well, just jumping back to the England. John, remember we've been selling DermaWand in England and we only had one channel of distribution and that was Ideal World, which is this the second live television home shopping channel in the United Kingdom - QVC UK being the first - Ideal was considerably smaller than QVC and I think we were selling in the vicinity of about 16,000 - 20,000 units a year before we got knocked out of the marketplace.

Rich Ransom: This is in 2007.

Kelvin Claney: Yes. So that was just one channel, so you know, the market is pretty - I mean it's a very vibrant market and what Rich says is true that once the people of England know that and when they see something on television that it's had to go through huge hoops to get there, so therefore they believe it works, but also getting great response on Amazon in the UK.

You can see a definite business there. It wouldn't surprise me if we weren't selling somewhere between 30,000 and 50,000 units a year.

John Grimley: Thanks. Then last question. You've taken out a lot of costs in the business. Do you feel that the business is now at a place where incremental revenues will lead to nice margin expansion? Is that the right way to be thinking about it going forward?

Rich Ransom: Yes, absolutely and you know part of the reason we're looking at some of these other channels such as the spa and salon businesses, the other big eye opener for me at that show in talking with some of the vendors is that we're so used in direct response because of media cost all around the world. If we're selling through a distributor, we need to allow a four to five and maybe sometime a six time mark up to what the end user is going to pay, so we have to discount our price down to the those levels. In the salon and spa world when you take all the media and telemarketing costs and all that off the equation, you're looking at more of like a one, maybe 1.5 time discount. So you're selling a product for \$100.00 through our channels, you'd have to discount it to maybe \$20.00 to sell to a direct response distributor. With salon and spas, you're looking at maybe \$40.00 or \$50.00 of a sale for the same product. In terms of adding new products to the portfolio, I think we have some bandwidth here with our team even though we are small because of the fact that we leverage still a system of many people and third party fulfillment and whatnot. So yes, I definitely think if we could get for instance, to do working in the United States alongside DermaWand on a consistent level, you're not going to need to add a lot more overhead to do that so that incremental profitability is going to fall further to the bottom line, which has always been why we're are so committed even though I'll be the first to say, I would've hoped by

now the numbers will be higher on some of these non-DermaWand brands. I'm very encouraged by the momentum we're seeing by it. If it wasn't for those brands this quarter, we probably wouldn't have been profitable. Seeing Super Solution generate the profit it did, seeing even the Elastin money coming in, all these things start to add up over time and you're starting to see the momentum build. It's very, very encouraging from where we sit. So I'm confident that we're going to be able to continue to maintain not only these percentages of profitability, but as more revenue comes in, it's definitely going to grow.

John Grimley: Got it. Thanks. Thanks for the time.

Rich Ransom: Thanks, John.

Operator: Thank you. We'll go next to Gary Zurkin, a private investor. Please go ahead.

Jerry Zurkin: Hey, fellas. Thank you guys for your tenacity and sticking with this. It sounds like we got a good thing going forward. Two questions. Number one is, is there any plans going forward to change exchanges whether it's the NASDAQ, New York - get on in layman terms of big boy exchange? Question two, thank you for your e-mail with all the financials and pretty words. Is there any way I can get these financials in the raw format/the traditional Excel spreadsheet if you will, where it shows the balance sheet and the consolidated statements or is that kept confidential internally?

Rich Ransom: Jerry, it's Rich Ransom, the press release that went out should have had all the tables. To be honest I haven't checked it. It should've hit around 4:00 PM today. You can also access all of the full statements on the financials

on the SEC website. If you just search under the ICTV ticker on company filings, it should be there now. If you need help with any of that, you can feel free to contact me. I'm happy to - myself or Ryan - happy to help you with that.

Jerry Zurkin: No. Great. You answered that question. I might be accredited, but I might not be astute but you pointed me where to go. So thank you.

Rich Ransom: Okay. Cool. Then your other question about the exchange is a great one. It's one we talk about here quite a bit. I think the short answer is yes, we fully intend at some point in the not so distant future to up list. I wish I could be more specific than that. We feel we need to have a few quarters of sustained profitability, of sustained growth, to really warrant doing anything major in terms of splitting the stock to get up - get the share price. The only requirement we're missing right now to move up is the stock price, but we do want to feel like the momentum is firmly moving. We feel it's going in the right direction. We're definitely positive on it, but we know that like you said, it's the big leagues and you got to be ready for all the things, the analysts and the different things that come with that, so right now we're not giving guidance. We want to be prepared to know firmly what the guidance we can achieve and that The Street will want on those exchanges, so hopefully that answer your question, but it's definitely something that's always on the forefront of our minds.

Jerry Zurkin: Well to paraphrase in layman terms, it's a great answer; you're not saying, "What's this guy talking about?" You guys thought about it. There's a saying, "The ox is slow but the earth is patient." You guys are trying to build the company. Let's forget the iceman days, but you're trying to - you're showing a profit, you're turning the company around, you're going

forward with well thought out plan, and if the revenues keep growing, the change to an exchange is just part of the process and it will come in time with my paraphrasing back to you, "It will come in time. It's in our radar, but now is not the time."

Rich Ransom: Perfectly said Jerry and one thing I'll say is even though it may have gone a little bit unnoticed, we did take the step to up list the OTCQX, which is the highest level of the OTC. We had, for several quarters, hadn't met all the requirements, but I think - when did we do that? That was several quarters ago, two or three or four ago?

Kelvin Claney: Yes. Around this time last year.

Rich Ransom: Yes, maybe a year ago we did that and you know - so for sure, it's definitely something that's very important to us.

Jerry Zurkin: Thank you.

Kelvin Claney: Jerry, as one of our longest stockholders, I'd like to thank you and your brother for the support you've given us over the years. Really appreciate it. Very much appreciated.

Jerry Zurkin: Well Kelvin, on a public forum, you're very welcome. We've done our job, then please continue doing your job.

Kelvin Claney: Thank you. We will. We will.

Operator: Thank you. As a reminder it is * then 1 if you'd like to ask a question. We'll go next to Ken Washerman, a private investor.

Ken Washerman: Hi. This is Ken Washerman. I love listening to your calls. I feel like buying something. I have a couple of questions in regarding JiDue.

Rich Ransom: Absolutely. Hi, Ken.

Ken Washerman: The first question is, is there any protection in terms of patent protection or any trade secret protection to prevent somebody from differently reverse engineering it and competing with you?

Kelvin Claney: The simple answer to that is, no there isn't. Remember, we inherited this product, Ken. We would've done it may be slightly differently. We would've put a design patent on it. We would've done things a little bit differently, but we inherited this and of course we it was a gift.

Rich Ransom: The exact model I guess, the answer to your question, Ken, the exact model we have does have a design patent.

Ken Washerman: Oh, it does. I didn't realize that.

Rich Ransom: Chinese.

Kelvin Claney: Correct, it has a Chinese design patent. Had we done it, we'd have probably design patented it in the United States and certainly Europe, but it does have a Chinese design patent, which is valuable.

Rich Ransom: That said there are other devices like that out on the market. One of the things that we like about it - because we've bought some of the other devices. We've looked at them and we've even looked at changing the design, but the way this was designed was very well put together. The

way the massage - it's not a cheap product. It's actually the cost of goods is probably much higher than anything that's out there on the market, but the reason for it is that it uses good quality plastic, good quality nodes that make the massage effect work, so we think we're the only ones in the DR space that are actively promoting it right now. We haven't seen anything like it.

Kelvin Claney: I don't suspect that we'll get any knockoff competition in the DR space. I just don't suspect that at all. Really, Ken, the trick to this product is to get the infomercial done correctly and head down, tail up, and just go like the clappers and just get it out there and get the space and that's what's going to make it the brand leader.

Ken Washerman: Well here's the thing, I've been using it since it was available and felt from the beginning it was really extraordinary in terms of being able to relax you and actually, if you want to take a nap, it will put you there and I think it's not just the design, it's the actual sequence of the vibrations and just simply how it works and I wonder if that is protectable, and not in design sense, but simply in terms of the specifications of how the device works by the pressure points that it accesses in sequence, etc., etc., etc. So that's what impresses me about the device - it works and it works for a reason. I think if you just had a random number of vibrations with no rubber nodes, I don't think it would work. I think it would just be annoying, but this thing works and well - let me leave that be. Are you planning to put that into retail at all this year?

Kelvin Claney: No, next year.

Rich Ransom: Yes, not until we've got the new show done and we are really ready to support with immediate plan. That said, we probably will do some online retailers, nothing brick and mortar though.

Ken Washerman: Okay. I've spoken with Rich/ with you before that. I think retail would work tremendously as a Christmas item. It's really unusual and it's a really nice type of gift. I've done that and people who've received it have really liked it. Let me move to one other area, which is investor relations and investor conferences. I'm a little bit misguided by the fact that there's not a IR firm, and I understand that you've been very watchful about cost and careful about that, but I think that it's important to have - it could be marketing your stock as much as marketing your products and I think it takes two forms, one is if you have investor relations that can help guide you as to your PRs and the other into investor conferences. So the question is what's your plan?

Kelvin Claney: Good point, Ken, but before I answer that, I'd like to thank you very much because while you were giving me the feature and benefit that you like so much about JiDue, I wrote that down word for word and you'll probably see it appearing in the show, so thank you.

Ken Washerman: Thank you. [Laughter]

Kelvin Claney: Yes. Good point about IR and you know Ken, you can spend an awful lot of money flying Rich Ransom and Ronnell Bond to Los Angeles, to Minnesota and the reality is we have probably the best small cap venture market in our backdoor, which is New York, Philadelphia, Boston, Baltimore. So we had one of the directors, Don McDonald, who has got some very, very long standing connections here on the main line which is

a hot bid of venture capitalists and good one, so we got to put a local plan together and that local plan, it'll start in September because as you know, all the capital guys are on holiday in the Hamptons in August, and we will start and we will have a tremendous amount of days every month to be shuttling between offices in New York, Philadelphia, Boston, Baltimore and we feel that we'll kick up some dust and get some activity in the market and if you've got some people that you feel in those areas that we should go and see, please give us a contact, make a call, open some doors for us and we'll be there.

Ken Washerman: Well here's the thing, I am a little guy. I think I've got a nice position in your company but it's really the access more than just fund managers or institutional investors of any kind and I think you only get to the individual investors if you go to where they are. I'm thinking of LD micro-conference in December is one and one of the advantages of that kind of conference is you can have access to distributing what products you want to the people who attend. So you really get a tremendous bang for your buck there because people who can try out a JiDue or a DermaWand really kind of feel what your company's all about instead of just listening to it. So I'm in a little bit of disagreement that it's just the type of investors that you have contacts through your existing investors, but I think it limits the scope of who you can reach. Forgive me for running off, but I think that you need also to have some kind of investor relations and if you're not going to, to at least maybe have monthly reports that are online so people can become knowledgeable about what you're doing rather than just wait quarter to quarter to get [unintelligible]. I listen to this call and you guys are really good sales people and I believe in what you're doing and I think that you're really going to be very successful, but there's been this kind of drop off in terms of attention between quarterly

call and you just can't sustain the stock price or volume with that approach. You kind of have to keep the wind in the sails.

Kelvin Claney: Listen, that's a really good point about your online monthly reports. Thank you. Just noted that down. Yes, I agree with you and LD micro-cap, we have done that twice and kind of okay we're in a better position today than we were when we did it those last two times, but not just the brokers - especially in the local area there's a tremendous amount of local investment clubs here and retail investors in this whole area, so we plan to target them. That probably is going to look like some sort of functions held at a local casino and buffet lunches and inviting people, but with the changes in the rigs, we have the ability to market our stock a lot more than what they used to be. So we were going to take advantage of that. We're just being really, really focused on getting the company back to profitability, getting some of these products in the pipeline. So now what we're going to be looking at after August how to definitely promote the stock.

Ken Washerman: Okay. By the way, when I read the financials - the PR was released today, it certainly is reassuring to see the profit. Don't get me wrong, I know that you're being careful with the expenses lead to that and I think it's really a critical point and my complements. I just think that you got to keep some kind of flow of information beyond what you're doing now and there's ways of spreading the word whether it's through micro-cap club or just by creating a forum/message board iHub, but there's ways of taking that - whatever you would put on your website and expanding its reach. If you're not going to do traditional IR, that at least gives you a plausible substitute so you're getting word out about what you're doing; and what you're doing is really interesting, so people can relate to it.

Kelvin Claney: Okay. All right. Thank you. You've given us some great ideas there. I appreciate it.

Ken Washerman: Thank you. Take care and best wishes.

Kelvin Claney: Thank you very much, Ken.

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