INTERNATIONAL COMMERCIAL TELEVISION INC

FORM 10-K
(Annual Report)

Filed 03/28/13 for the Period Ending 12/31/12

Address	489 DEVON PARK DRIVE SUITE 315 WAYNE, PA 19087
Telephone	484-598-2300
CIK	0001076522
Symbol	ICTL
SIC Code	5961 - Catalog and Mail-Order Houses
Industry	Retail (Catalog & Mail Order)
Sector	Services
Fiscal Year	12/31

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

FORM 10-K

ANNUAL REPORT UNDER SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934

FOR THE FISCAL YEAR ENDED DECEMBER 31, 2012

Commission File Number 0-49638

INTERNATIONAL COMMERCIAL TELEVISION INC.

(Name of Registrant as Specified in Its Charter)

Nevada	**76-0621102**
(State or Other Jurisdiction of Incorporation or Organization)	**(I.R.S. Employer Identification No.)**

487 Devon Park Dr. Ste 212 Wayne, PA 19087
(Address of Principal Executive Offices) (Zip Code)

(484) 598-2300
(Registrant's Telephone Number, Including Area Code)

Securities registered under Section 12(b) of the Exchange Act: NONE.

Securities registered under Section 12(g) of the Exchange Act: COMMON STOCK, PAR VALUE, $0.001

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

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

Indicate by checkmark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. ☒ Yes ☐ No

Indicate by check mark 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 (§ 232.405 of this chapter) 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 checkmark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of the registrant's knowledge, in definitive proxy or information statements incorporated by reference in part III of this Form 10-K or any amendment to this Form 10-K. ☒

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a small reporting company. See definition of "large accelerated filer", "accelerated filer", and "smaller reporting company" in Rule 12B-2 of the Exchange Act.

Larger Accelerated Filer ☐	Accelerated Filer ☐
Non-Accelerated Filer ☐	Smaller Reporting Company ☒

Indicate by checkmark whether the registrant is a shell company (as defined in Rule 12B-2 of the Securities Act). ☐ Yes ☒ No

The aggregate market value of the voting common stock held by non-affiliates on June 29, 2012 (the last business day of our most recently completed second fiscal quarter) was $2,064,776 using the closing price of $0.33 on June 29, 2012.

As of March 28, 2013, the registrant had issued and outstanding 21,706,087 shares of common stock.

Documents Incorporated by Reference: None.

INTERNATIONAL COMMERCIAL TELEVISION INC.

Index to
Annual Report on Form 10- K
For the Year Ended December 31, 2012

Part I

FORWARD-LOOKING STATEMENTS

The matters discussed in this Form 10- K may 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 International Commercial Television Inc. ("ICTV"). You should not place undue reliance on forward-looking statements. Forward-looking statements involve risks and uncertainties. The actual results that ICTV 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 ICTV assumes no obligation to update this information. Readers are urged to carefully review and consider the various disclosures made by ICTV in our reports filed with the Securities and Exchange Commission that attempt to advise interested parties of the risks and factors that may affect its business.

ITEM 1. DESCRIPTION OF BUSINESS

Overview

International Commercial Television, Inc. ("ICTV" or the "Company" or "we" or "us") sells various consumer products via infomercials and through other channels. We produce long-form infomercials and short-form advertising spots and sell our proprietary brands of advertised products directly to our viewing audience. In addition, we sell products via televised shopping networks, the internet, and retail distribution channels.

The goal of our business plan is to create brand awareness through our infomercial and spot advertising, and in doing so, create a customer base that we can cross-sell our brands to and will buy our consumable products on a repetitive basis. In addition, we plan to create brand awareness so that these brands and their families of products may be sold in dedicated shelf-space areas by product category in traditional retail stores. We acquire the rights to our products that we market via licensing agreements, acquisition and in-house development. We currently sell these products domestically and internationally.

A short-form spot is a 30-second, 1 minute, 2-minute, 3-minute or 5-minute commercial, while a long-form infomercial is a 28 1/2-minute direct response commercial. Short-form spots generally feature products that can be explained or demonstrated in two minutes or less, with a selling price of $29 or less. Short-form spots of three to five minutes are typically cut down versions of well branded long-form infomercials. Long-form infomercials generally feature products with a selling price of $30 - $300 and are usually unique, with more benefits and features, and thus require a lengthier demonstration and explanation.

For the fiscal years ended December 31, 2012 and December 31, 2011, 84% and 58%, respectively, of our product sales were generated from products sold domestically.

Our international division represented 16% and 42% of our sales volume for the years ended December 31, 2012 and 2011, respectively. International revenues resulted primarily from the sale of products to international distributors who in turn marketed our products to their respective markets via direct response and retail marketing channels.

We are a Nevada corporation, and our headquarters are located at 487 Devon Park Drive, Suite 212, Wayne, PA 19087.

The ICTV Strategy

Many of our competitors who produce successful infomercials fail to capitalize on their success by associating the products featured in their infomercials with a particular brand. We think that there is a unique opportunity to do so. Our goal is to create several brands of products and to introduce our brands of products to the market by airing infomercials featuring one or a few anchor products for each particular brand. As our brands achieve recognition through the infomercial of the anchor product(s), we plan to sell the anchor product(s) and related families of products under those brands in traditional retail stores. Our objective is to have our brands of proprietary products sold in retail stores in dedicated shelf space areas by product category. We are currently developing the infrastructure we will need to develop our brands and to take families of products under those brands to the traditional retail environment.

Our Proposed Brands and Current Products

We continually seek to develop, acquire or obtain the license to consumer products that we believe can be distributed and marketed profitably, especially in the retail environment. Our success depends, in part, on our ability to market products that appeal to viewers and that can be easily associated with a particular brand. In order to succeed, we are also aware of the need to identify new products to supplement and possibly replace our existing product lines as they mature through product life cycles.

Our product development and marketing department is the backbone of our Company. We put forth extensive effort to research and develop new products that are unique and that will be suitable both for direct response marketing in infomercials and for sale in traditional retail stores. Our development of new product ideas stems from a variety of sources, including inventors, trade shows, strategic alliances with manufacturing and consumer product companies, industry conferences, and the continuous review of new developments within targeted brand and product categories. In addition, we also receive unsolicited new product proposals from independent parties.

The Company also internally generates ideas for new products that it wishes to develop. If the Company has an idea for a product, it will present prototype specifications to one of its manufacturers to develop a prototype, and the Company will then evaluate the feasibility of selling the product through an infomercial.

When we evaluate a product for its suitability for an infomercial, we consider how appropriate it is for television demonstration and how consumers will perceive the value of the product. Part of our selection criteria for new products are as follows:

- Products must be unique, demonstrable, have mass-market appeal and generally be unavailable elsewhere in the marketplace. Benefits must be capable of being demonstrated visually, preferably with support from customer testimonials;
- Must support a minimum 5 times mark-up from landed cost while still representing good perceived value to the consumer;
- Must have a unique "hook" to be able to catch the attention of the viewer - infomercials simply portray the consumer's problem and the solution provided by the product and usually present a significant before and after state - the bigger the problem solved by the product, the greater the sales potential;
- Easily and effectively promoted through sustained television branding;
- Supports a margin sufficiently high enough to maintain profitability to us when sold through conventional retailers;
- Has high volume sales potential, to ensure retailer interest;
- Exhibits potential for "back-end" sales either through traditional retail or by company-run "auto ship" continuity programs - the more related products that are available for upsell/back-end campaigns, the wider the advantage in the infomercial marketplace;
- Should have the potential to be turned into a long-term retail item – a product can drive retail sales by capitalizing on awareness advertising that is created with a successful infomercial; and
- Must be relatively easy to ship.

Our primary product categories are health and beauty, diet and fitness, and leisure and toy products. These categories have performed well in Direct Response Television ("DRTV") campaigns and they move smoothly to retail sales channels. Retail buyers seek out new and better products in these categories, especially branded products that have gained a high profile through television.

The following is a list of products we own or have certain rights to and that we are currently marketing or plan to market over the next twelve months.

Health and Beauty Products

The Health and Beauty category is a strong and proven DRTV category as products in this category demonstrate well on television with before and after clinicals, possess high profit margins, and are aimed at the highly motivated "Fountain of Youth" markets.

DermaWand ™

We have a worldwide exclusive license to sell the DermaWand ™ , a skin care appliance that reduces fine lines and wrinkles and improves overall skin appearance. The price consumers pay for DermaWand ™ varies from country to country, however, it generally ranges from approximately $90-$120. The DermaWand ™ is sold and marketed with DermaVital ™ skin care products which are offered with a monthly continuity program. The Company sold approximately 318,000 and 99,000 DermaWand ™ units during 2012 and 2011, respectively.

On November 9, 2011, ICTV began airing a new DermaWand ™ long-form infomercial. During 2012, the new DermaWand ™ infomercial aired on both national cable stations and throughout a variety of major and minor broadcast markets in the United States. The Company recognized approximately $17,021,000 and $128,000 of revenue relate to the new DermaWand ™ infomercial, including DermVital ™ sales, during 2012 and 2011, respectively. The infomercial has continued to run through March 2013, and it is the Company's plan to continue airing it throughout the entire year.

DermaVital ™

DermaVital ™ is a brand of cosmetics with a wide variety of products. The product line consists of several moisturizers that allow water to penetrate the skin's surface, thus re-hydrating the deeper layers. Medical experts, including dermatologists, agree that dehydration or lack of water is a major cause of skin problems. The problem is that the skin by itself is virtually waterproof and water cannot penetrate its resilient surface. This moisturizing formula has the ability to send water into the deeper layers of the skin where it is most needed. The result is a deeper moisturization that softens, cleanses and hydrates the skin in a way that enhances and supports the skin's own natural functions.

In addition to moisturizers, the DermaVital ™ line has facial cleansers, microdermabrasion treatments, eye cream, lip cream, and hand cream. The Company is currently working on developing new products to market under the DermaVital ™ name.

DermaVital ™ has been offered to DermaWand buyers through U.S. DRTV and Internet distribution channels as a monthly continuity program, and to HSN customers as an "add on" product to their DermaWand purchase. As of March 2013, over 12,000 customers are currently enrolled in some form of DermaVital ™ continuity program. Customers are enrolled month to month and can cancel at any time. During 2013, ICTV is focused on expanding the number of customers that enroll in continuity, increasing the average order value of our continuity shipments, and increasing the average number of cycles that a customer stays in a continuity program.

In an effort to achieve these goals, during March 2013, the Company has rebranded its core DermaVital ™ continuity program as, "The DermaVital ™ Preferred Beauty Club". As a member of the Club, a customer will receive exclusive benefits, including significant discounts of up to 70% on DermaVital ™ products, free monthly gifts of other products in the DermaVital ™ line, and a dedicated member-only phone number.

Additional Products – Various Categories

BetterBlocks ™

In April 2000 we acquired the exclusive, royalty-free worldwide license to manufacture market and distribute BetterBlocks ™ , a patented plastic toy building system, under the Share and Option Purchase Agreement with The Better Blocks Trust, a shareholder. BetterBlocks ™ has been sold mainly through DRTV, mail order catalogues, retail and the television shopping channel QVC.

The Company tested the BetterBlocks ™ product line on televised shopping in the fall of 2009, and has continued to sell the product on the internet in 2012 and 2011. Revenue for BetterBlocks ™ was approximately $11,500 and $6,000 during 2012 and 2011, respectively. The Company plans to continue selling BetterBlocks ™ through the web during 2013 and plans to sell this product in conjunction with the promotion of the new line of BetterBlocks ™ , *Glo-B's ™* .

Glo-B's ™

On March 14, 2012, the Company completed the execution of an agreement with Hutton Miller LLC for the production of one and two minute direct response television commercials to be aired on major US children's cable channels, featuring Glo-B's ™ .

Glo-B's ™ is a toy building block system that bends, moves, shapes and curves. Solidly made of quality glow-in-the-dark neon colored plastic, the blocks glow in their respective colors. Glo-B's ™ are designed for children 3 + years and will connect with and enhance other popular building block sets. Recent years have seen the "construction toy" segment of the toy market in the USA on a sharp increase, with actual "building and doing" once again enjoying a resurgence of popularity with both children and parents alike.

In September 2012, the Glo-B's ™ spot was tested on a variety of national cable channels geared toward children's programming. A second test was run in December 2012. Gross revenue of Glo-B's ™ during 2012 were approximately $13,900.

Strike N' Set ™

In July 2010, we entered into an exclusive, royalty-free worldwide agreement to distribute Strike N' Set ™ , a patented fishing lure system manufactured by MBCT Global Ventures, LLC. As part of the agreement, ICTV was required to develop and produce at its own expense, 60-second, 120-second, and 15 minute infomercials. In January 2011, ICTV began production of these infomercials and in July 2011 ran a U.S. media test of the product. Revenue for Strike N Set was approximately $8,300 and $4,000 during 2012 and 2011, respectively. The Company plans to continue selling Strike N Set ™ through the web during 2013.

Slender Lift™

In November 2009, we acquired worldwide exclusive license to manufacture and sell the Slender Lift™, a slimming garment system for women. In the spring of 2010, the Company did a DRTV media test of Slender Lift™. In February 2012, we tested Slender Lift™ on a televised home shopping channel. The product sold at an introductory price of $24.95. The test consisted of one airing of approximately eight minutes and generated sales of approximately 200 units. Three additional airings occurred in April 2012. Gross revenue for Slender Lift™ was approximately $16,600 and $120 during 2012 and 2011, respectively.

Marketing, Sales, Production and Distribution

We use infomercials to build brand awareness and identity.

Infomercials are designed to motivate the viewer to purchase the product immediately (or in the case of lead-generation DRTV, to inquire about the product). As a result, where brand TV spots generally focus on one key benefit, infomercials give the viewer all the information they need to make a purchasing decision, including presenting multiple features and benefits, and providing price and quality comparisons. Most infomercials also include a special time-sensitive offer designed to induce immediate response.

Infomercials are characterized by benefit-driven copy, captivating demonstrations and attractive offers. A typical infomercial consists of two or three "pods" that each last from 6 -12 minutes. Each pod contains product and benefit information for consumers to make a decision on whether or not to purchase. The pod concludes with a call-to-action (CTA) during which the seller asks for the order.

More importantly, we feel that infomercials build brand awareness. Viewers of a long-form infomercial are exposed to the name and features of a particular brand and product for nearly thirty minutes. We think that this brand recognition will make it easier to market the featured product in the retail environment, because consumers who have seen our infomercials will already have been exposed to the brand. We expect other products within the featured product's family to benefit from brand association in the retail environment. We believe this introduction of product family brands through infomercials will save much time, money and effort that we would otherwise have to spend on marketing if we were to introduce our products to traditional retail without airing the infomercials first.

We also think infomercials are an easy means by which to measure the success of our marketing efforts. We can measure how successful an infomercial is or will be by doing a media test. If the product performs well during test marketing, we can increase the media time for the infomercial. We can also target certain markets by buying media time in particular locations or cities. The products we sell via our infomercials may do well in some markets, but not in others. When orders are placed, we gather demographic information about the purchaser and use this information to determine our future target markets.

We contract with several independent companies to manufacture our products. In general, we place an order with the manufacturer and we pay the manufacturer cash upon shipment of the goods. In some instances, we provide the manufacturer with an advance payment to cover a portion of the manufacturers' costs, and we pay the balance after the goods are shipped.

We contract with telemarketing firms to answer phones and capture orders for products sold through our infomercials. Our storage of inventory, customer service, order processing, and order shipping functions are performed by an outside third party contracted fulfillment company - a2b Fulfillment in Greensboro, GA.

We generally fulfill our orders within one to five days of the date customers order our products. If for some reason we are unable to fulfill an order within five days of the date of a customer's order, then we provide the customer with a letter explaining the reason for the delay. The letter will also provide the customer with a revised shipping date not to exceed thirty days, and will offer the customer an option to either consent to the delay in shipping or to cancel their order and receive a prompt refund.

Infomercial Production

In the past, we have produced our infomercials with internal management resources, but we also have utilized independent production companies to produce our infomercials. We have relationships with several independent producers, and we contract out such functions as a way to keep our overhead to a minimum. We, along with the owner or inventor of the product (as the case may be) will always have input in the production process. Even when we out-source production, we utilize a company specialist to oversee all scripting, filming and editing of the infomercial, and we take great care to ensure that the infomercial is produced in such a way that it can easily be adapted to international markets.

Media Testing

Once the infomercial is produced, we acquire a minimal amount of inventory and purchase $10,000 – $20,000 worth of media time through one of our preferred direct response television specialist media agencies to test the infomercial in select target markets. The agencies generally have comprehensive records of the markets and time slots in which certain product categories have historically sold well. The agencies also have comprehensive tracking and analyzing programs to test and track the sales response in the markets where we air our infomercials. The agencies will provide us with a report showing the amount of revenue generated from the infomercial as a ratio to media dollars spent. For example, a 2.5:1 ratio means that for every $1.00 spent on media, $2.50 was generated in sales. We take this information, along with other things such as cost of goods, fulfillment charges, telemarketing costs, insurance, returns, credit card commissions and shipping costs and generate our own reports to assess the success of the infomercial in our target markets.

Product Rollout

If a positive result is achieved during media testing, we will begin to build up inventory of the product and “roll out” the infomercial on a wider scale by increasing media spending on a weekly basis until a point just before returns diminish. When we roll out infomercials, we generally begin with a media spend of $75,000 – $100,000 per week for media time for a long-form infomercial and a minimum of $50,000 per week for a short-form infomercial or spot. We monitor results, payoffs and profitability of our infomercials on a daily basis and aim to be very cautious as to when and how we go about rolling out our infomercials.

In our experience, a “good average” infomercial, which we define as having a media ratio of 2.5:1, will have a life span of eight to twelve months and will, at its peak, sustain $150,000 – $200,000 in media spending per week. A “hit” infomercial, which we define as having a media ratio of 4:1 or greater, will have a life span of 12 to 24 months, and at its peak, will sustain $600,000 – $700,000 in media spending per week.

International Sales

The goal of our international division is to establish solid distribution relationships in each country where our products are marketed. By doing so, we can tailor our products and production for each individual region, and develop relationships with local experts and established companies that are intimate with the marketplace. When a product that was domestically sold in an infomercial is prepared for international distribution, the international infomercial operator will dub the infomercial, develop product literature in the appropriate foreign language and review the infomercial’s compliance with local laws. The international infomercial operator will then test the infomercial and roll it out on a larger scale if the test marketing is successful. We believe that many well-produced infomercials can produce profitable margins somewhere internationally, even if they have failed in the United States.

We do expect to continue to devote attention to the international market and to have our infomercials aired internationally through our strategic alliances that we have and will continue to develop throughout the world. We are working to leverage our line of products that we market internationally and test which shows sell best in each country and region.

Traditional Retail Sales

We aim to capitalize on the brand and product awareness we create through our infomercials by selling our proprietary brands of products and related families of products under those brands in dedicated shelf-space areas by product category in traditional retail stores. We believe that traditional retail sales are a logical step to take after we create brand and product awareness through our infomercials, because we will not have to incur any significant marketing costs and expenses that consumer product companies would otherwise have to incur when introducing their products to the traditional retail environment.

We are currently working toward creating the infrastructure that we will need in order to take our brands and products to the traditional retail environment. The objective of the DRTV strategy is to build brands that are attractive to our main target market - national retailers.

Other Direct Response Sales Methods

Once we have rolled out a product in an infomercial, we prepare to distribute the product via other direct response methods, such as mail order catalogs, direct mail, credit card statement inserts and live appearances on television home shopping channels such as HSN and QVC. We believe that this is an additional means by which to use the brand awareness we create in our infomercials, and to reach consumers who might not watch television. These other direct response methods also extend the time period during which each of our products can generate revenue.

Customer Service

We seek to provide our customers with quality customer service. We generally offer an unconditional 30-day money back return policy to purchasers of our products. Our policy is to investigate the cause of returns if returns begin to undermine our expectations for a product's profitability.

Competition

We compete directly with several established companies that generate sales from infomercials and direct response television, as well as small independent direct response television producers. Products similar to ours may be sold in department stores, pharmacies, general merchandise stores, magazines, newspapers, direct mail advertising, catalogs and over the internet. Many of our major competitors, who include Thane International Inc. and Guthy-Renker Corp., have substantially greater financial, marketing and other resources than us.

We expect that we will face additional competition from new market entrants and current competitors as they expand their direct marketing business models. The barriers to entry in the infomercial industry are fairly low, but there are many difficult hurdles for young entrants to overcome if they are to be successful in the long-term. To be competitive, we believe we must respond promptly and effectively to the challenges of technological change, evolving standards and our competitors' innovations. We must also source successful products, create brand awareness and utilize good sales pitches for our products. We believe that although we have a limited operating history, we are strategically positioned to compete because of our management's experience and strong relationships in the industry. In addition, we feel that associating our products with particular brands and focusing on the traditional retail environment, as we intend to do, will give us a competitive advantage over traditional infomercial companies who fail to capitalize on the consumer awareness they create via their infomercials.

Intellectual Property

Our success is dependent, in part, upon our proprietary rights to our primary products. The following consists of a description of our intellectual property rights.

- **Trademarks**

We have several registered trademarks for BetterBlocks ™ in countries throughout the world. We have also registered trademarks in the United States for Derma Wand ™, DermaVital ™, Smart Stacks ™, Slender Lift ™, BetterBlocks ™, Glo-B's ™, and Strike N' Set ™.

- **Patents**

We have patents for the toy building elements of BetterBlocks ™ in several countries throughout the world. We also have the exclusive right to the use of the worldwide patent for DermaWand ™, as is necessary to manufacture, market and distribute DermaWand ™. In addition, we have the exclusive right to the use of the worldwide patent for the distribution of Strike N' Set ™.

- **Copyrights**

We have copyright registrations for all versions of our infomercials for DermaWand ™ and BetterBlocks ™.

- **Registered Designs**

We have registered designs for BetterBlocks TM in several countries throughout the world.

There can be no assurance that our current or future intellectual property rights, if any, will not be challenged, invalidated or circumvented, or that any rights granted under our intellectual property will provide competitive advantages to us. In addition, there can be no assurance that claims allowed on any future patents will be sufficiently broad to protect our products. The laws of some foreign countries may not protect our proprietary rights to the same extent as do the laws of the United States. We intend to enforce our proprietary rights through the use of licensing agreements and, when necessary, litigation. Although we believe the protection afforded by our patents, trademarks, copyrights and registered designs has value, rapidly changing technology and industry standards make our future success depend primarily on the innovative skills, expertise, and management abilities of our team rather than on patent and trademark protection.

Royalty Agreements

In April 2000, we assumed from R.J.M. Ventures Limited and Better Blocks International Limited, by virtue of the Share and Option Purchase Agreement we signed with The Better Blocks Trust, the obligation to pay royalties on the sales of the DermaWand ™ under the following agreements:

DermaWand ™

- Under a marketing and royalty agreement with the developer of DermaWand ™, we are obligated to pay them a royalty at a fixed rate per unit sold. The agreement is silent as to its duration.

Governmental Regulation

We are subject to regulation by a variety of federal, state and local agencies, including the Federal Trade Commission, the Federal Communications Commission, the Consumer Product Safety Commission and the FDA under the FDC Act. The government regulations to which we are subject vary depending on the types of products we manufacture and market. As we begin to market a broader variety of products and services, we may become subject to regulation by additional agencies.

We are also subject to the Federal Mail/Telephone Order Rule. Under the Mail/Telephone Order Rule, it is an unfair or deceptive act or practice for a seller to solicit any order for the sale of merchandise to be ordered by the buyer through the mail or by telephone unless, at the time of the solicitation, the seller has a reasonable basis to expect that it will be able to ship the ordered merchandise to the buyer within 30 days after the seller's receipt of a properly completed order from the buyer. If the buyer uses credit to pay for the merchandise, the time period within which the seller must ship the merchandise to the buyer is extended to 50 days. Under the Mail/Telephone Order Rule, the seller, among other things, must provide the buyer with any revised shipping date. If the seller is unable to fulfill an order within 30 or 50 days, as the case may be, then the seller must provide the buyer an option either to consent to a delay in shipping or to cancel their order and receive a prompt refund.

There can be no assurance that new laws, rules, regulations or policies that may have an adverse effect on our operations will not be enacted or promulgated at a future date.

Employees

During the course of 2012 we employed a total of eight employees, seven full-time employees and one part-time employee. We consider our labor relations to be good. None of our employees are covered by a collective bargaining agreement.

Research and Development

Our research and development costs have consisted of efforts to discover and develop new products and the testing and development of direct-response advertising related to these products.

Available Information and Reports to Stockholders

We are subject to the information and periodic reporting requirements under Section 12(g) of the Securities Exchange Act and, accordingly, will file periodic reports, proxy statements and other information with the Securities and Exchange Commission. Any document we file may be read and copied at the Commission's Public Reference Room located at 450 Fifth Street NW, Washington DC 20549. Please call the Commission at 1-800-SEC-0330 for further information about the public reference rooms. Our filings with the Commission are also available to the public from the Commission's website at http://www.sec.gov.

ITEM 1A. RISK FACTORS

Shareholders and prospective purchasers of our common stock should carefully consider the following risk factors in addition to the other information appearing in this Annual Report on Form 10-K.

There is no assurance that our strategy to leverage brand awareness created by our infomercials into the retail market will work, and the value of your investment may decline if we do not attain retail sales.

The goal of our business plan is to create brand awareness through infomercials so that we can use this brand awareness to sell our products under our brands in traditional retail stores in dedicated shelf-space areas. Our success will depend on our ability to associate our products with particular brands to create consumer awareness and to enter the traditional retail market. If our strategy to leverage brand awareness created by our infomercials into the retail market does not work and we do not attain retail sales, the value of your investment may decline.

If the response rates to our infomercials are lower than we predict, we may not achieve the customer base necessary to become or remain profitable, and the value of your investment may decrease .

Our revenue projections assume that a certain percentage of viewers who see our infomercials will purchase our products. If a lower percentage of these viewers purchase our products than we project, we will not achieve the customer base necessary to become or remain profitable, and the value of your investment may decrease.

If our infomercials are not successful, we will not be able to recoup significant advance expenditures spent on production and media times, and our business plan may fail .

Our business involves a number of risks inherent in operating a direct response television business. The production of infomercials and purchase of media time for television involves significant advance expenditures. A short-form infomercial generally costs around $15,000-$40,000 to produce, while production costs for a long-form infomercial are generally around $120,000-$180,000. We are dependent on the success of the infomercials we produce and the public's continued acceptance of infomercials in general. If our infomercials do not generate consumer support and create brand awareness and we cannot recover the initial money we spend on production and media time, we will not be able to recoup the advance expenditures and may go out of business if new products and additional capital are not available.

We depend on key management and employees, the loss of whom may prevent us from implementing our business plan, limit our profitability and decrease the value of your stock.

We are dependent on the talent and resources of our key executives and employees. In particular, the success of our business depends to a great extent on Kelvin Claney, our Chief Executive Officer and a member of our Board of Directors. Mr. Claney has extensive experience in the infomercial industry, and his services are critical to our success. The market for persons with experience in the direct response television industry is very competitive, and there can be no guarantee that we will be able to retain the services of Mr. Claney. We have not obtained key man insurance with respect to Mr. Claney or any of our executive officers. The loss of Mr. Claney may prevent us from implementing our business plan, which may limit our profitability and decrease the value of your stock.

If we cannot protect our intellectual property rights, our operating results will suffer, and you could ultimately lose your investment.

We seek to protect our proprietary rights to our products through a combination of patents, trademarks, copyrights and design registrations. Despite our efforts to protect our proprietary rights, unauthorized parties may attempt to copy aspects of our products or obtain and use information that we consider proprietary. Litigation may be necessary to enforce our intellectual property rights and to determine the validity and scope of the proprietary rights of others. Any litigation could result in substantial costs and diversion of management and other resources with no assurance of success and could seriously harm our business and operating results. Investors could lose their entire investment.

If we do not continue to source new products, our ability to compete will be undermined, and we may be unable to implement our business plan.

Our ability to compete in the direct marketing industry and to expand into the traditional retail environment depends to a great extent on our ability to develop or acquire new innovative products under particular brands and to complement these products with related families of products under those brands. If we do not source new products as our existing products mature through their product life cycles, or if we do not develop related families of products under our brands, we will not be able to implement our business plan, and the value of your investment may decrease.

Our shares are classified as "penny stock," which will make it more difficult to sell than exchange-traded stock.

Our securities are subject to the Securities and Exchange Commission rule that imposes special sales practice requirements upon broker-dealers that sell such securities to other than established customers or accredited investors. For purposes of the rule, the phrase "accredited investors" means, in general terms, institutions with assets exceeding $5,000,000 or individuals having a net worth in excess of $1,000,000 or having an annual income that exceeds $200,000 (or that, combined with a spouse's income, exceeds $300,000). For transactions covered by the rule, the broker-dealer must make a special suitability determination for the purchaser and receive the purchaser's written agreement to the transaction prior to the sale. Consequently, the rule may affect the ability of purchasers of our securities to buy or sell in any market that may develop.

In addition, the Securities and Exchange Commission has adopted a number of rules to regulate "penny stocks". A "penny stock" is any equity security that has a market price of less than $5.00 per share or with an exercise price of less than $5.00 per share, subject to certain exceptions. Such rules include Rules 3a51-1, 15g-1, 15g-2, 15g-3, 15g-4, 15g-5, 15g-6 and 15g-7 under the Securities and Exchange Act of 1934, as amended. The rules may further affect the ability of owners of our shares to sell their securities in any market that may develop for them. Shareholders should be aware that, according to the Securities and Exchange Commission Release No. 34-29093, the market for penny stocks has suffered in recent years from patterns of fraud and abuse. Such patterns include:

- control of the market for the security by one or a few broker-dealers that are often related to the promoter or issuer;
- manipulation of prices through prearranged matching of purchases and sales and false and misleading press releases;
- "boiler room" practices involving high pressure sales tactics and unrealistic price projections by inexperienced sales persons;
- excessive and undisclosed bid-ask differentials and markups by selling broker-dealers; and
- the wholesale dumping of the same securities by promoters and broker-dealers after prices have been manipulated to a desired level, along with the inevitable collapse of those prices with consequent investor losses.

Our issuance of additional shares may have the effect of diluting the interest of shareholders .

Any additional issuances of common stock by us from our authorized but unissued shares may have the effect of diluting the percentage interest of existing shareholders. Out of our 100,000,000 authorized common shares, 79,227,244 shares, or approximately 79%, remain unissued at December 31, 2012. The Company has approximately 6,383,000 stock options and warrants to purchase common stock outstanding, as well as approximately 1,332,000 in potential common shares that could be issued upon conversion of outstanding debt as of December 31, 2012. The board of directors has the power to issue such shares without shareholder approval. None of our 20,000,000 authorized preferred shares are issued. We fully intend to issue additional common shares or preferred shares in order to raise capital to fund our business operations and growth objectives.

The board of directors' authority to set rights and preferences of preferred stock may prevent a change in control by shareholders of common stock.

Preferred shares may be issued in series from time to time with such designation, rights, preferences and limitations as our board of directors determines by resolution and without shareholder approval. This is an anti-takeover measure. The board of directors has exclusive discretion to issue preferred stock with rights that may trump those of common stock. The board of directors could use an issuance of preferred stock with dilutive or voting preferences to delay, defer or prevent common stockholders from initiating a change in control of the Company or reduce the rights of common stockholders to the net assets upon dissolution. Preferred stock issuances may also discourage takeover attempts that may offer premiums to holders of our common stock.

Concentration of ownership of management and directors may reduce the control by other shareholders over ICTV.

Our executive officers and directors own or exercise full or partial control over approximately 37.0% of our outstanding common stock. As a result, other investors in our common stock may not have much influence on corporate decision-making. In addition, the concentration of control over our common stock in the executive officers and directors could prevent a change in control of ICTV.

Our board of directors is staggered, which makes it more difficult for a stockholder to acquire control of the Company.

Our articles of incorporation and bylaws provide that our board of directors be divided into three classes, with one class being elected each year by the stockholders. This generally makes it more difficult for stockholders to replace a majority of directors and obtain control of the board.

Stockholders do not have the authority to call a special meeting, which discourages takeover attempts.

Our articles of incorporation permit only our board of directors to call a special meeting of the stockholders, thereby limiting the ability of stockholders to effect a change in control of the Company.

We do not anticipate paying dividends to common stockholders in the foreseeable future, which makes investment in our stock speculative or risky.

We have not paid dividends on our common stock and do not anticipate paying dividends on our common stock in the foreseeable future. The board of directors has sole authority to declare dividends payable to our stockholders. The fact that we have not and do not plan to pay dividends indicates that we must use all of our funds generated by operations for reinvestment in our operating activities. Investors also must evaluate an investment in our Company solely on the basis of anticipated capital gains.

Limited liability of our executive officers and directors may discourage stockholders from bringing a lawsuit against them.

Our articles of incorporation and bylaws contain provisions that limit the liability of directors for monetary damages and provide for indemnification of officers and directors. These provisions may discourage stockholders from bringing a lawsuit against officers and directors for breaches of fiduciary duty and may also reduce the likelihood of derivative litigation against officers and directors even though such action, if successful, might otherwise have benefited the stockholders. In addition, a stockholder's investment in our Company may be adversely affected to the extent that costs of settlement and damage awards against officers or directors are paid by us under the indemnification provisions of the articles of incorporation and bylaws. The impact on a stockholder's investment in terms of the cost of defending a lawsuit may deter the stockholder from bringing suit against one of our officers or directors. We have been advised that the SEC takes the position that this provision does not affect the liability of any director under applicable federal and state securities laws.

We face risk related to late tax filings.

The Company had not previously filed its mandatory tax filings since inception. During 2012, the Company filed all of the mandatory filings dating back to the inception of the Company. Management believes that the potential income tax liability to the Company is not significant since the Company reported significant losses for most years since inception. Moreover, to the best of management's knowledge, the Company does not believe that not filing tax returns is a violation of any of its contractual covenants. However, due to these late filings, we may be subject to penalties and interest on income tax due. In addition, the net operating losses derived may be limited due to changes in ownership as in accordance with IRS Code 382. Further, the net operating losses may expire prior to being utilized.

We have material weaknesses in our controls over financial reporting and the effectiveness of our disclosure controls and procedures.

Due in large part to our limited management personnel, we have identified material weaknesses in our financial reporting and disclosure controls and procedures, including an inadequate number of personnel with requisite expertise in the key functional areas of finance and accounting, an inadequate number of personnel to properly implement control procedures, insufficient written policies and procedures for accounting and financial reporting, and lack of an audit committee. While identified, these material weaknesses continue as of December 31, 2012.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None

ITEM 2. DESCRIPTION OF PROPERTY

PROPERTIES

Our executive offices are located in Wayne, Pennsylvania with a monthly lease payment of $2,692.

On February 1, 2011, we entered into a 6 month office leases in Bainbridge Island, WA, with a monthly lease payment of $650. The lease expired on August 1, 2011 and was not renewed.

On February 6, 2013, the Company entered into a new lease with the landlord of the Wayne office complex of its executive office. As of April 2013 the executive office will move into a larger space within the same complex. The new lease is for three years, commencing on April 1, 2013. The new office will be 2,516 square feet, compared to the current office space which is approximately 1,700 square feet. The monthly lease payment for the first year of the new lease will be approximately $4,036.

We believe that our present facilities will be suitable for the operation of our business for the foreseeable future and should we need to expand, we expect that suitable additional space will be available on commercially reasonable terms, although no assurance can be made in this regard. Our property is adequately covered by insurance in the Wayne location.

ITEM 3. LEGAL PROCEEDINGS

In January 2013, we received a letter from a California law firm alleging certain violations of the California Consumer Legal Remedies Act in connection with the Company's advertising and marketing of its DermaWandTM product. The law firm purported to represent a class of plaintiffs and invited us to contact them in order to amicably resolve the matter. The plaintiff is currently asking for approximately $325,000 to settle the suit.

We have consulted with counsel and have presented to the California law firm the substantiation for our advertising and marketing claims. While they have acknowledged a good portion of our substantiation, the law firm continues to press for a settlement under threat of litigation.

We believe we would prevail if the California law firm were to bring suit. However, while the cost of settling the matter would likely be material, we also believe that the cost of litigation may exceed the amount for which the matter can be settled. Therefore, while it may take substantial time, we are continuing settlement negotiations.

ITEM 4. MINE SAFTEY DISCLOSURES

Not applicable

PART II

ITEM 5. MARKET FOR COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER'S PURCHASES OF EQUITY SECURITIES

MARKET FOR COMMON EQUITY

Our common stock is currently traded in the "OTC.BB," which does not constitute an "established trading market". The range of reported high and reported low bid prices per share for our common stock for each fiscal quarter within the last two fiscal years, as reported by Stockwatch is set forth below. These quotations reflect inter-dealer prices, without retail mark-up, markdown or commission and may not represent actual transactions.

Quarter ended	High $	Low $	Quarter ended	High $	Low $
December 31, 2012	0.83	0.40	December 31, 2011	0.20	0.05
September 30, 2012	0.60	0.31	September 30, 2011	0.13	0.04
June 30, 2012	0.55	0.15	June 30, 2011	0.15	0.03
March 31, 2012	0.38	0.11	March 31, 2011	0.21	0.02

HOLDERS

As of March 28, 2013, there were 21,706,087 shares of common stock outstanding. We estimate these shares are held by approximately 300 shareholders of record.

DIVIDENDS

To date we have not paid any dividends on our common stock, and we do not expect to declare or pay any dividends on our common stock in the foreseeable future. Payment of any dividends will be dependent upon our future earnings, if any, our financial condition, and other factors the board of directors determines are relevant.

SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

In June 2001, our shareholders approved our 2001 Stock Option Plan (the "Plan"). The Plan is designed for selected employees, officers and directors to the Company and its subsidiaries, 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 December 31, 2012, 1,600,000 options are outstanding under the Plan.

In December 2011, our Board of Directors approved our 2011 Incentive 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 subsidiaries 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. As of December 31, 2012, 1,480,000 options are outstanding under the 2011 Plan.

The following table presents information as to the number of shares of our common stock which are authorized for issuance under the Plan as of December 31, 2012.

	(a)	(b)	(c)
Plan Category	**Number of securities to be issued upon exercise of outstanding options**	**Weighted-average exercise price of outstanding options**	**Number of s ecurities remaining available for future issuance under the Plan (excluding securities reflected in column (a))**
Equity compensation plans approved by security holders	3,080,000	$ 0.18	1,520,000
Equity compensation plans not approved by security holders	1,800,000	$ 0.20	n/a
Total	4,880,000	$ 0.19	1,520,000

ITEM 6. SELECTED FINANCIAL DATA

Not applicable

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion should be read in conjunction with the consolidated financial statements in Item 8. Certain statements contained in this report may constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Because such statements include risks and uncertainties, actual results may differ materially from those expressed or implied by such forward-looking statements. Factors that could cause or contribute to such differences include those discussed in the "Outlook: Issues and Uncertainties" section of this Form 10- K.

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 fiscal year ended December 31, 2012, with the fiscal year ended December 31, 2011.

Revenues

Net sales increased $19,818,000 or 639% to approximately $22,920,000 in 2012 from approximately $3,102,000 in 2011. There were two major reasons for the increase in revenue. The first reason relates to continued success of the new DermaWand ™ infomercial. During 2012 sales relating to DermaWand ™ for direct response television (DRTV) were approximately $17,021,000 as compared to approximately $128,000 in 2011.

This increase in DRTV revenue was in part due to the launching of a new Spanish language version of the DermaWand show that was launched in August 2012. We have also been successful in building an auto-ship continuity program with our DermaVital ™ skincare line. Currently there are over 12,000 customers in the program, all which pay $29.95 per month to receive the three core products in the line; Pre-Face Beauty Treatment, Hydra Infusion Beauty Treatment, and Skin Mist. Customers are enrolled month to month and can cancel at any time. The Company is focused on expanding the DermaVital ™ line and building the continuity program. Sales related to the DermaVital ™ line during the years ended December 31, 2012 and 2011 were approximately $1,519,000 and $3,000, respectively.

The second reason for the increase in revenue was an increase in international sales. During 2012, international sales revenue for the DermaWand ™ was approximately $3,768,000, as compared to approximately $1,299,000 in the prior year, an increase of approximately $2,469,000. The increase in international sales can be attributed primarily to the new DermaWand ™ infomercial running in Europe, Asia, and South America.

Gross Margin

Gross margin percentage increased to approximately 67.4% in 2012 from approximately 49.5% in 2011. The main reason for the increase in gross margin was that the sales generated from the new DermaWand ™ infomercial have an average selling price of $145, including shipping and handling, which represented the majority of sales for the 2012. In comparison, for 2011, the majority of sales were generated from televised home shopping, which had a selling price of approximately $60 to $100. Infomercial sales of DermaWand ™ only occurred during the last quarter of 2011, whereas it ran for all of 2012.

In 2012, we generated approximately $15,440,000 in gross margin, compared to approximately $1,534,000 in 2011.

Operating Expenses

Total operating expenses increased to approximately $15,915,000 in 2012, from approximately $2,020,000 in 2011, an increase of $13,895,000, or 688%. This increase in operating expenses in primarily due to the expenses associated with running the new DermaWand ™ infomercial. The largest of these expenses are media expenditures. Total media and production expenses increased to approximately $7,626,000 in 2012, from approximately $337,000 in 2011. Other expenses that increased in association with the DermaWand ™ infomercial were answering services of approximately $1,587,000 in 2012, from approximately $33,000 in 2011; customization and duplication of approximately $218,000 in 2012, from approximately $52,000 in 2011; and merchant fees of approximately $521,000 in 2012, from approximately $19,000 in 2011.

In addition to the increased costs associated with the infomercial, there was also a significant increase in stock based compensation and bad debt expense. Total stock based compensation expenses increased to approximately $838,000 during 2012, from approximately $111,000 in 2011. Total bad debt expenses increased to approximately $1,436,000 during 2012, from approximately $44,000 in 2011, which is consistent with the increase in sales and related primarily to infomercial sales.

Net Loss

The Company generated net loss of approximately $550,000 for the year ended December 31, 2012, compared to a 2011 net loss of approximately $486,000. The major reason for the increased 2012 net loss was the increased operating expenses, offset by increased profit margins the Company achieved with the higher selling price for DermaWand ™ through DRTV infomercial sales.

Liquidity and Capital Resources

At December 31, 2012, we had approximately $908,000 in cash and cash equivalents (including cash held in escrow), compared to approximately $59,000 at December 31, 2011. We incurred a positive cash flow from operations of approximately $563,000 in 2012, compared to a negative cash flow from operations of approximately $353,000 in 2011. In addition to the approximately $550,000 in net loss, the Company's cash flow from operations were impacted by an increase in inventory on hand of approximately $1,261,000, an increase in accounts receivable of approximately $2,545,000, an increase in prepaid expense and other assets of approximately $268,000, an increase in accounts payable of approximately $2,504,000, a decrease in severance payable of approximately $41,000, an increase in deferred revenue of approximately $387,000, bad debt expense of $1,436,000, stock based compensation of approximately $838,000 and depreciation expense of approximately $14,000.

The Company has a note payable to The Better Blocks Trust ("BB Trust"), a shareholder, in the amount of approximately $591,000. Interest is accrued at the rate of four and three quarters percent (4.75%) per annum and is to be paid in arrears at 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 accrued. 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 shall be due and payable in three equal payments on each of April 1, 2015, April 1, 2016, and April 1, 2017.

In December 2011, the Company entered into a note payable with a Canadian lender in the amount of approximately $98,000 (C$100,000). This loan accrues interest at prime plus 1%. Interest is paid monthly. Principal payments are to be paid in monthly installments of approximately $6,500 (C$6,667), beginning in March 2012. The loan permits payment in advance without penalty at any time. On January 24, 2012, the Company modified its loan with the Canadian lender. The note was modified and increased the outstanding balance to approximately $137,000 (C$140,000) as additional borrowings were made to the Company. In addition, the interest was modified to lender's cost, plus two-percent interest and the note became convertible into shares of common stock at a fixed conversion rate of $0.196 (C$.20) per share.

On February 17, 2012, the Board authorized the issuance of up to 2,500,000 shares of common stocks to be purchased at $0.15 per share through February 29, 2012. On February 29, 2012, the Board amended the resolution to authorize the issuance of up to 3,000,000 shares of common stock to be purchased at $0.15 per share through March 23, 2012. A total of 2,590,000 shares were purchased through March 23, 2012 for proceeds of $388,500. In addition, for every three shares of common stock purchased, the purchasers will receive one warrant to purchase common stock at $0.25 per share. The warrant will expire three years after its issuance date. The warrants have a weighted average fair value of $0.32. The fair value of the warrant has been estimated on the date of grant using a Black-Scholes Pricing Model. See Note 7.

The accompanying consolidated financial statements have been prepared assuming the Company will continue as a going concern. The Company generated positive cash flows from operating activities during the year ended December 31, 2012, of approximately $563,000, and the Company, for the most part, has experienced recurring losses from operations. As of December 31, 2012, the Company had positive working capital of approximately $336,000, compared to negative working capital of approximately $1,043,000 at December 31, 2011, and an accumulated deficit of approximately $7,254,000 as of December 31, 2012. Improvement in working capital is mainly due to the modification of debt terms reclassifying the $590,723 shareholder note payable to long-term as of December 31, 2012.

Although we currently sell our products primarily though infomercials, the goal of our business is to use the brand awareness we create in our infomercials to sell our products (along with additional line extensions) under distinct brand names in traditional retail stores. Our objective 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.

There is no guarantee that the Company will be successful in bringing our products into the traditional retail environment. If the Company is unsuccessful in achieving this goal, the Company will be required to raise additional capital to meet its working capital needs. If the Company is unsuccessful in completing additional financings, it will not be able to meet its working capital needs or execute its business plan. In such case the Company will assess all available alternatives including a sale of its assets or merger, the suspension of operations and possibly liquidation, auction, bankruptcy, or other measures. These conditions raise substantial doubt about the Company's ability to continue as a going concern. The accompanying consolidated financial statements does not include any adjustment relating to the recoverability of the carrying amount of recorded assets or the amount of liabilities that might result should the Company be unable to continue as a going concern.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

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 in Note 2 in the Notes to the Consolidated Financial Statements. Not all of these significant accounting policies require management to make difficult, subjective or complex judgments or estimates. However, the following policies could be deemed to be critical within the SEC definition. Improvement in working capital is mainly due to the modification of debt terms reclassifying the $590,723 shareholders note payable to long-term as of December 31, 2012.

Accounts receivable

Accounts receivable are recorded net of allowances for returns and doubtful accounts of approximately $623,000 and $13,000 for the years ended December 31, 2012 and 2011 respectively. 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 against returns for product that have been sold to customer 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 Consolidated Balance Sheets were approximately $248,000 and $42,000 at December 31, 2012 and 2011, respectively.

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. The Company has recorded approximately $251,000 and $12,000 of inventory of consigned product as of December 31, 2012 and 2011, respectively, 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.

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 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 ™ 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.

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. All significant returns for the years presented have been offset against gross sales.

Income taxes

In preparing our 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 Consolidated Statements of Operations.

Off-Balance Sheet Arrangements

We do not have any off-balance sheet arrangements.

ITEM 7A. MARKET RISK DISCLOSURES.
Not Applicable.

ITEM 8. FINANCIAL STATEMENTS

Financial statements are set forth on pages F-1 through F-22.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None

ITEM 9A. CONTROLS AND PROCEDURES
Evaluation of Disclosure Controls and Procedures

Our management is responsible for establishing and maintaining adequate disclosure controls and procedures. Disclosure controls and procedures are those controls and procedures that are designed to ensure that information required to be disclosed in our reports filed or submitted under the Exchange Act are recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed in our reports filed under the Exchange Act is accumulated and communicated to management, including our Chief Executive Officer and Chief Financial Officer, to allow timely decisions regarding required disclosure.

We carried out an evaluation as of December 31, 2012, under the supervision and with the participation of our management, including our Chief Executive Officer 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 and Chief Financial Officer concluded that our disclosure controls and procedures were not effective as a result of the material weaknesses in internal control over financial reporting discussed below.

Management's Report on Internal Control Over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting. Internal control over financial reporting is defined in Rule 13a-15(f) and 15d-15(f) promulgated under the Exchange Act as a process designed by, or under the supervision of, our principal executive and principal financial officers and effected by our board of directors, management and other personnel, 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 and includes those policies and procedures that:

- Pertain to the maintenance of records that in reasonable detail accurately and fairly reflect the transactions and disposition of our assets;
- Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that our receipts and expenditures are being made only in accordance with authorizations of our management and directors; and
- Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of our assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Our management assessed the effectiveness of our internal control over financial reporting as of December 31, 2012. In making this assessment, management used the criteria set forth in Internal Control – Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission.

Based on our assessment, management believes that, as of December 31, 2012, our internal control over financing reporting was not effective due to the following material weaknesses:

- A lack of sufficient resources and an insufficient level of monitoring and oversight, which restricts the Company's ability to gather, analyze and report information relative to the financial statement assertions in a timely manner, including insufficient documentation and review of selection and application of generally accepted accounting principles.

- The limited size of the accounting department makes it impracticable to achieve an appropriate segregation of duties.

- There are no formal documented closing and reporting calendar and checklists.

- There are no formal cash flow forecasts, business plans, and organizational structure documents to guide the employees in critical decision-making processes.

- Documentation (and retention thereof) of certain transactions was not completed on a timely basis.

- Material weaknesses identified in the past have not been remediated.

- Lack of an audit committee which results in ineffective oversight over the Company's financial reporting and accounting.

- Controls over the accounting for certain equity transactions were ineffective. This material weakness is attributed to lack of technical expertise with respect to the application of Accounting Standards Codification Topic 815-40 which deals with accounting for equity-based instruments that may require to be treated as derivative instruments.

A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

The material weaknesses listed above are weaknesses that were discovered during prior assessments and continued during the current year. Management is committed to improving its internal controls and will (1) continue to use third party specialists to address shortfalls in staffing and to assist the Company with accounting and finance responsibilities, (2) increase the frequency of independent reconciliations of significant accounts which will mitigate the lack of segregation of duties until there are sufficient personnel, (3) prepare and implement sufficient written policies and checklists for financial reporting and closing processes and (4) may consider appointing outside directors and audit committee members in the future. The Company cannot predict when it will be able to appropriately address such weaknesses. However, we believe that these measures, if effectively implemented and maintained, will remediate the material weaknesses discussed above.

This annual report does not include an attestation report of our registered public accounting firm regarding internal control over financial reporting. Management's report was not subject to attestation by our registered public accounting firm pursuant to the rules of the SEC that permit us to provide only management's report in this annual report.

Changes in internal control over financial reporting

As described above, the Company's management assessed the effectiveness of the Company's internal control over financial reporting and identified material weakness in internal control over financial reporting as of December 31, 2012.

There were no changes in our internal control over financial reporting that occurred during the quarter ended December 31, 2012 that have materially affected, or that are reasonably likely to materially affect, our internal control over financial reporting. We are continuing to actively assess and evaluate our most critical business and accounting processes to identify further enhancements and improvement opportunities.

ITEM 9B. OTHER INFORMATION

None.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS, AND CORPORATE GOVERNANCE

The following table sets forth the name, age and position of each director and executive officer of ICTV. The directors serve staggered terms of one, two, or three years and until their successors are elected and qualified. Officers hold their positions at the pleasure of the board of directors, without prejudice to the terms of any employment agreement.

NAME	AGE	POSITION
Kelvin Claney	62	Chief Executive Officer, Secretary and Director
Richard Ransom	34	President and Chief Financial Officer
Stephen Jarvis	58	Director
William Kinnear	68	Director

Kelvin Claney –Chief Executive Officer, Secretary, Director

Kelvin Claney has served as a director of the Company since January 2001. Mr. Claney began working in the United States direct response business in 1989 as an independent contractor to National Media Corp., where he produced, sourced, and executive-produced various infomercial projects, including Euro Painter, HP9000, Auri polymer sealant and Color Cote 2000™, Dustmaster 2000, LeSnack, Iron Quick and Fatfree Express. Since 1992, Mr. Claney has served as President of R.J.M. Ventures, Inc., a television direct response marketing company, where he was responsible for such things as identifying projects the Company wants to become involved in, selecting production companies to produce infomercials and selecting media times to promote the infomercials. The creation of the Smart Stacks TM infomercial, which is now owned by ICTV, was one of the projects Mr. Claney was responsible for as President of R.J.M. Ventures, Inc. He also created the infomercial for the children's toy product known as BetterBlocks TM , which was then owned by The Better Blocks Trust.

Richard Ransom – President and Chief Financial Officer

Richard Ransom joined ICTV in July of 2008 as the Company's Controller, and was appointed as Chief Financial Officer on December 8, 2008. Mr. Ransom joined the Company with eight years of experience in financial management roles at Traffic.com, Hildebrandt International, and Grant Thornton. He is a graduate of Pennsylvania State University with a degree in Accounting, and received his MBA from Delaware Valley College in December, 2009. In August 2011, Mr. Ransom was promoted to President of ICTV.

Stephen Jarvis – Director

Stephen Jarvis has served as a director of the Company since December 17, 2009. Mr. Jarvis is the co-founder and President of Positive Response Vision, Inc., located in Manila, Philippines. Formed in 1996, Positive Response Vision is one of the largest infomercial-based direct response companies in Southeast Asia, and has approximately 400 employees. The company markets and distributes a vast range of products throughout the Philippines. As President, Mr. Jarvis is responsible for product sourcing and acquisition, inventory, finance control and design issues. Mr. Jarvis also produces infomercials in a private capacity, licensing them to Positive Response Vision and other international infomercial companies. Mr. Jarvis has been engaged in direct response marketing since 1983.

William Kinnear – Director

William Kinnear became a director of the Company in March 2013. Mr. Kinnear is a chartered accountant in Canada, and has over 40 years of experience as a senior officer with a variety of companies, both public and private, in the accounting and financial disciplines. His experience includes the areas of mortgage underwriting and finance, point of sale, steel fabrication, secretarial services, and investments. Mr. Kinnear is currently Corporate Secretary for a private investment company, and provides corporate secretarial services to a variety of companies, working closely with stock exchanges and security commissions within Canada. Mr. Kinnear has also spent 15 years as President of Corsec Canada, Inc., providing corporate secretary services to small cap public companies.

SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Control persons, including all directors and executive officers, of our Company are required by Section 16(a) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), to report to the SEC their transactions in, and beneficial ownership of, the Company's common stock, including any grants of options to purchase common stock. To the best of the Company's knowledge, the Company's directors and executive officers timely filed all required reports with the SEC during the year ended December 31, 2012.

Audit Committee and Code of Ethics

We have not formally appointed an audit committee, and the entire Board of Directors (three persons) currently serves the function of an audit committee. Because of the small number of persons involved in management of the Company, we do not have an audit committee financial expert serving on our Board. We have not yet adopted a code of ethics applicable to our chief executive officer and chief financial officer, or persons performing those functions, because of the small number of persons involved in management of the Company.

ITEM 11. EXECUTIVE COMPENSATION

Compensation of Named Executive Officers

The following table sets forth all compensation paid or earned for services rendered to ICTV in all capacities during the years ended December 31, 2012 and 2011, by our chief executive officer and president, chief operating officer, and chief financial officer (the "Named Officers").

Summary Compensation Table

Name And Principal Position	Year	Salary ($)	Bonus ($)
Kelvin Claney (Chief Executive Officer)	2012	180,000	65,600
	2011	180,000	nil
Richard Ransom (President and Chief Financial Officer)	2012	125,000	70,832
	2011	125,000	nil

Compensation of Directors

During 2012 and 2011, our directors received no compensation for their service as directors, although they did receive reimbursement for expenses. In 2012, Stephen Jarvis, one of our directors was paid $10,600 for commissions above and beyond his duties as a director; he also received a bonus of $16,040 paid in February 2013 and accrued for as of December 31, 2012. In 2013, William Kinnear, one of our directors was paid an annual stipend of $4,000 and issued options to purchase 50,000 shares of the Company's common stock at an exercise price of $0.25 per share.

Employment Contracts

We entered into an Employment Agreement with Kelvin Claney, our President and Chief Executive Officer, effective March 1, 2011. The Agreement provides, among other things, that if Mr. Claney's employment is terminated without cause, he will be entitled to severance pay in a lump sum payment equal to one year of his base salary, health insurance reimbursement and automobile expenses allowance as in effect on the date of termination. Under the Employment Agreement, Mr. Claney will be considered terminated without cause if his substantive responsibilities are changed without his prior approval, or if all or substantially all of the assets of the Company are sold, or a controlling interest in the Company is sold, unless in connection with such a sale Mr. Claney's Employment Agreement is assumed by the buyer or he is offered an employment contract for substantially the same responsibilities, for a term of at least one year, and at substantially the same compensation, terms and benefits as provided in the Employment Agreement.

On April 17, 2012, the Company entered into an employment agreement with Richard Ransom, our President and CFO. 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. The President and CFO 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.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

The following table sets forth, as of March 28, 2013 our outstanding common stock owned of record or beneficially by (1) each person who owned of record, or was known by us to own beneficially, more than 5% of our common stock, (2) each executive officer, (3) each director and (4) the shareholdings of all executive officers and directors as a group. As of March 28, 2013, we had 21,706,087 shares of common stock issued and outstanding.

Name	Number of Shares Owned	Percentage of Shares Owned
Kelvin Claney, Chairman and Chief Executive Officer, Member of the Board of Directors (1)	6,998,825	32.2%
The Better Blocks Trust, declared January 1, 1994 (2)	6,578,826	30.3%
Richard Ransom (3)	366,666	1.7%
Stephen Jarvis, Member of the Board of Directors (4)	671,666	3.1%
Kevin Race, Shareholder (5)	1,200,000	5.5%
ALL EXECUTIVE OFFICERS AND DIRECTORS AS A GROUP – 3 INDIVIDUALS	8,037,157	37.0%

Except as noted below, all shares are held of record and each record shareholder has sole voting and investment power.

(1) Includes 6,578,826 shares owned by The Better Blocks Trust, of which Mr. Claney is a joint trustee. Mr. Claney disclaims beneficial ownership of the shares and options owned or controlled by The Better Blocks Trust beyond the extent of his pecuniary interest. Mr. Claney's business address is 487 Devon Park Drive, Suite 212, Wayne, PA 19087.
(2) The address for The Better Blocks Trust is 1 Kimberly Road, Epson, Auckland City, Auckland New Zealand, c/oBarry Stafford, Stafford Klaassen.
(3) Mr. Ransom's business address is 487 Devon Park Drive, Suite 212, Wayne, PA 19087.
(4) Mr. Jarvis's business address is 320 J P Razal Street, Unit 301, 3rd Floor Aralco Bldg., Poblacion, Makati City 1210, Philippines.
(5) Mr. Race's address is 141 Coolbreeze Avenue, Pointe-Claire, Quebec, H9R 3S9, Canada.

There are no arrangements known to ICTV, the operation of which may result in a change of control of the Company.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

The Company has received short-term advances from a shareholder. These advances amounted to approximately $50,000 and $40,000 during the years ended December 31, 2012 and 2011, respectively. The $50,000 loan accrued interest of 6% annually. Principal payments were made in six monthly installments of approximately $8,333, beginning in May 2012 and ending in October 2012. Interest was paid along with the final payment in October 2012. The total advances are offset by repayments which amounted to approximately $57,500 and $32,500 during the years ended December 31, 2012 and 2011, respectively. At December 31, 2012 and 2011, the balance outstanding was approximately $0 and $7,500, respectively. These advances were included in Short Term Advances Payable – Related Parties on the accompanying consolidated balance sheets.

The Company also received short-term advances from another shareholder. There were no advances during the years ended December 31, 2012 and 2011. Repayments amounted to approximately $30,900 and $0 during the years ended December 31, 2012 and 2011, respectively. These advances are non-interest bearing and without specific terms of repayment. At December 31, 2012 and 2011, the balance outstanding was approximately $0 and $30,900, respectively. These advances were included in Short Term Advances Payable – Related Parties on the accompanying consolidated balance sheets.

The Company has a note payable to the Better Blocks Trust, a major shareholder, in the 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 with new terms to 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 at 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 accrued. The first payment of interest in the amount of approximately $21,000 was due on January 1, 2013, for the three quarters beginning April 1, 2012 and ending on December 31, 2012. This interest was paid on December 28, 2012. The principal balance of this note shall be 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. Subsequent to year end, $55,000 in principal payments have been made on this note. 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 .

We have three directors. Under the definition of director independence found in NASD Rule 4200, Stephen Jarvis was our sole independent director in 2012 and 2011. William Kinnear became a second independent director in 2013.

ITEM 14. PRINCIPAL ACCOUNTING FEES AND SERVICES

Audit Fees

The aggregate fees billed to the Company for professional services rendered from EisnerAmper, LLP for the audit of the Company's annual financial statements, review of the Company's quarterly financial statements, and other services normally provided in connection with statutory and regulatory filings or engagements was approximately $97,650 in 2012 and approximately $97,500 in 2011.

Audit-Related Fees

There were no fees billed in each of the last two fiscal years for assurance and related services by our independent registered public accounting firm that are reasonably related to the performance of the audit or review of our financial statements, and are not reported above.

Tax Fees

On February 21, 2012 the Company’s Board of Directors engaged EisnerAmper LLP, our independent registered public accounting firm, for tax compliance, tax advice, and tax planning. The aggregate fees billed to the Company for professional services rendered for taxes were approximately $73,750 in 2012. There were no tax fees in 2011.

All Other Fees

There were no other fees billed in each of the last two fiscal years for professional services rendered by our independent registered public accounting firm.

All fees for audit and non-audit services, and any material fees for other services, are approved in advance by the Chief Executive Officer and the Chief Financial Officer.

PART IV

ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

Financial Statements

Exhibits

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 – 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 Section 13 or 15(d) 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.

Date: March 28, 2013

By: /s/ Kelvin Claney
Name: Kelvin Claney
Title: Chief Executive Officer and Director

In accordance with the Exchange Act, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

By: /s/ Kelvin Claney Name: Kelvin Claney Title: Chief Executive Officer and Director	Date: March 28, 2013
By: /s/ Richard Ransom Name: Richard Ransom Title: President and Chief Financial Officer, Principal Accounting Officer	Date: March 28, 2013
By: /s/ Stephen Jarvis Name: Stephen Jarvis Title: Director	Date March 28, 2013

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

International Commercial Television Inc. and Subsidiaries

Report of Independent Registered Public Accounting Firm

To the Board of Directors and Stockholders of
International Commercial Television, Inc.

We have audited the accompanying consolidated balance sheets of International Commercial Television, Inc. and Subsidiary (collectively, the "Company") as of December 31, 2012 and 2011, and the related consolidated statements of operations, shareholders' deficit, and cash flows for each of the years in the two-year period ended December 31, 2012. The financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of International Commercial Television, Inc. and Subsidiary as of December 31, 2012 and 2011, and the consolidated results of their operations and their cash flows for each of the years in the two-year period ended December 31, 2012, in conformity with accounting principles generally accepted in the United States of America.

The accompanying consolidated financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 1 to the consolidated financial statements, the Company's recurring losses from operations raise substantial doubt about its ability to continue as a going concern. Management's plans considering these matters are also described in Note 1 to the consolidated financial statements. The consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

/s/EisnerAmper, LLP

Edison, New Jersey
March 28, 2013

INTERNATIONAL COMMERCIAL TELEVISION INC. AND SUBSIDIARY

CONSOLIDATED BALANCE SHEETS
AS OF DECEMBER 31, 2012 AND 2011

	2012	2011
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$ 758,358	$ 53,337
Cash held in escrow	150,008	5,467
Accounts receivable, net of doubtful account reserves of $623,061 and $13,317, respectively	1,154,855	46,220
Inventories, net	1,979,757	718,450
Prepaid expenses and other current assets	324,991	20,559
Total current assets	4,367,969	844,033
Furniture and equipment	71,258	183,117
Less accumulated depreciation	56,949	162,868
Furniture and equipment, net	14,309	20,249
Other assets	57,950	-
Total assets	$ 4,440,228	$ 864,282
LIABILITIES AND SHAREHOLDERS' DEFICIT		
CURRENT LIABILITIES:		
Convertible note payable – short-term	$ 30,169	$ 65,363
Accounts payable and accrued liabilities	3,360,745	856,542
Short term advances payable – related parties	-	38,359
Severance payable – short-term	40,800	40,800
Deferred revenue – short-term	281,774	25,128
Tax provision payable	48,600	-
Tax penalties payable	270,000	270,000
Convertible note payable to shareholder – short-term	-	590,723
Total current liabilities	4,032,088	1,886,915
Severance payable – long-term	87,800	128,600
Deferred revenue – long-term	129,986	-
Convertible note payable to shareholder– long-term	590,723	-
Convertible note payable – long-term	-	32,681
Total long-term liabilities	808,509	161,281
COMMITMENTS AND CONTINGENCIES		
SHAREHOLDERS' DEFICIT:		
Preferred stock 20,000,000 shares authorized, no shares issued and outstanding	-	-
Common stock, $0.001 par value, 100,000,000 shares authorized, 20,722,756 and 18,057,756 shares issued and outstanding as of December 31, 2012 and December 31, 2011, respectively	10,562	7,959
Additional paid-in-capital	6,843,267	5,511,877
Accumulated deficit	(7,254,198)	(6,703,750)
Total shareholders' deficit	(400,369)	(1,183,914)
Total liabilities and shareholders' deficit	$ 4,440,228	$ 864,282

See accompanying notes to consolidated financial statements.

INTERNATIONAL COMMERCIAL TELEVISION INC. AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF OPERATIONS
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011

	2012	2011
NET SALES	$ 22,920,386	$ 3,102,041
COST OF SALES	7,480,788	1,567,876
GROSS PROFIT	15,439,598	1,534,165
OPERATING EXPENSES:		
General and administrative	4,347,052	1,332,008
Selling and marketing	11,568,271	687,809
Total operating expenses	15,915,323	2,019,817
OPERATING LOSS	(475,725)	(485,652)
INTEREST EXPENSE, NET	(26,123)	(240)
LOSS BEFORE PROVISION FOR INCOME TAX	(501,848)	(485,892)
PROVISION FOR INCOME TAX	(48,600)	-
NET LOSS	$ (550,448)	$ (485,892)
BASIC AND DILUTED NET LOSS PER SHARE	$ (0.03)	$ (0.03)
WEIGHTED AVERAGE NUMBER OF COMMON SHARES		
BASIC	20,110,242	16,844,086
DILUTED	20,110,242	16,844,086

See accompanying notes to consolidated financial statements.

INTERNATIONAL COMMERCIAL TELEVISION INC. AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' DEFICIT

FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011

	Common Stock $0.001 par value		Additional Paid-In	Accumulated	
	Shares	Amount	Capital	Deficit	Totals
Balance at January 1, 2011	15,547,179	$ 5,448	$ 5,257,293	$ (6,217,858)	$ (955,117)
Net loss	-	-	-	(485,892)	(485,892)
Share based compensation	-	-	70,163	-	70,163
Shares issued as part of BBI acquisition	500,000	500	(500)	-	-
Exercise of warrants	168,649	169	16,696	-	16,865
Issuance of common stock	1,291,928	1,292	127,712	-	129,004
Issuance of common stock for consulting services	550,000	550	18,478	-	19,028
Issuance of warrants for consulting services	-	-	22,035	-	22,035
Balance at December 31, 2011	18,057,756	$ 7,959	$ 5,511,877	$ (6,703,750)	$ (1,183,914)
Net loss	-	-	-	(550,448)	(550,448)
Share based compensation	-	-	522,164	-	522,164
Exercise of warrants	125,000	12	12,488	-	12,500
Issuance of common stock	2,590,000	2,591	385,909	-	388,500
Issuance of common stock for consulting services	-	-	38,820	-	38,820
Issuance of warrants for consulting services	-	-	262,045	-	262,045
Issuance of nonforfeitable warrants for consulting services	-	-	109,964	-	109,964
Balance at December 31, 2012	20,722,756	$ 10,562	$ 6,843,267	$ (7,254,198)	$ (400,369)

See accompanying notes to consolidated financial statements.

INTERNATIONAL COMMERCIAL TELEVISION INC. AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011

	2012	2011
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss	$ (550,448)	$ (485,892)
Adjustments to reconcile net loss to net cash and cash equivalents provided by (used in) operating activities:		
Depreciation	14,250	14,092
Bad debt expense	1,435,920	43,594
Stock based compensation	838,388	111,226
Change in assets and liabilities		
Accounts receivable	(2,544,555)	(14,009)
Inventories	(1,261,307)	(191,629)
Prepaid expenses and other assets	(267,777)	26,115
Accounts payable and accrued liabilities	2,504,203	234,855
Severance payable	(40,800)	(93,933)
Tax provision	48,600	-
Tax penalties	-	10,000
Deferred revenue	386,632	(7,570)
Net cash provided by (used in) operating activities	563,106	(353,151)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of fixed assets	(8,310)	-
Net cash (used in) investing activities	(8,310)	-
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from issuance of common stock	388,500	16,865
Proceeds from exercise of warrants	12,500	129,004
Proceeds from note payable	40,000	98,044
Payments on note payable	(107,875)	-
Advances from related parties	50,000	40,000
Payments to related parties	(88,359)	(32,500)
Net cash provided by financing activities	294,766	251,413
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	849,562	(101,738)
CASH AND CASH EQUIVALENTS, beginning of the year	58,804	160,542
CASH AND CASH EQUIVALENTS, end of the year	$ 908,366	$ 58,804
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Capitalization of stock based compensation expense related to nonforfeitable warrants	$ 109,964	$ -
Fair value of warrants in connection with sale of common stock	273,831	-
Interest paid	26,490	249
Write off of fully depreciated assets	120,169	-

See accompanying notes to consolidated financial statements.

INTERNATIONAL COMMERCIAL TELEVISION INC. AND SUBSIDIARY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2012 and 2011

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.

Strategic Media Marketing Corp. ("SMM"), a wholly owned subsidiary, was incorporated in the Province of British Columbia on February 11, 2003 and has a December 31 fiscal year-end. Effective February 7, 2011, SMM offices were closed down and the subsidiary was dissolved. Operations performed by SMM are now being managed out of our office.

Effective February 17, 2011, the Company acquired 100% of the equity interest in Better Blocks International Limited ("BBI"), see Note 7.

The Company sells various consumer products. 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 operations are currently run from the Wayne, Pennsylvania office.

Liquidity and Going Concern

The accompanying consolidated financial statements have been prepared assuming the Company will continue as a going concern. The Company generated positive cash flows from operating activities in the past fiscal year of approximately $563,000, but, for the most part, has experienced recurring losses from operations. The Company had positive working capital of approximately $336,000 and an accumulated deficit of approximately $7,254,000 as of December 31, 2012.

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 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 does not require any additional capital to grow the DermaWand ™ and the DermaVital ™ businesses. The Company is currently exploring other devices and consumable product lines.

There is no guarantee that the Company will be successful in bringing our products into the traditional retail environment. If the Company is unsuccessful in achieving this goal, the Company will be required to raise additional capital to meet its working capital needs. If the Company is unsuccessful in completing additional financings, it will not be able to meet its working capital needs or execute its strategy. In such case the Company will assess all available alternatives including a sale of its assets or merger, the suspension of operations and possibly liquidation, auction, bankruptcy, or other measures. These conditions raise substantial doubt about the Company's ability to continue as a going concern. The accompanying financial statements do not include any adjustments relating to the recoverability of the carrying amount of recorded assets or the amount of liabilities that might result should the Company be unable to continue as a going concern.

Note 2 - Summary of significant accounting policies

Principles of consolidation

The accompanying consolidated financial statements include the accounts of the Company and its wholly-owned subsidiary BBI for the period February 17, 2011 through December 31, 2012 and SMM for the period January 1, 2011 through February 7, 2011 and for the year ended December 31, 2011. All significant inter-company transactions and balances have been eliminated.

Note 2 - Summary of significant accounting policies (continued)

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. 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 December 31, 2012 and December 31, 2011, 90% and 39% of the Company's accounts receivable were due from various individual customers to whom our products had been sold directly via Direct Response Television; 5% and 0%, respectively were due from a third party; 4% and 0% was cash due from the Company's credit card processors; the remaining 1% and 61% of the Company's accounts receivable were due from one and three wholesale infomercial operators, respectively. Major customers are considered to be those who accounted for more than 10% of net sales. For the fiscal years ended December 31, 2012 and 2011, approximately 5% and 43%, respectively, of the Company's net sales were made to two televised shopping network major customers.

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 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 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 as "Cash held in escrow". At December 31, 2012 and 2011 the amount of Transfirst reserves was approximately $150,000 and $5,000, respectively.

In January 2012, ICTV entered into a Media Financing, Security and Assignment agreement with Media Acquisition, LLC ("Media Acquisition"). Under the agreement, Media Acquisition, LLC provided financing to the Company for the cost of purchasing advertising time. In return, Media Acquisition was paid a service fee based on revenues generated from the advertisement time purchased. To secure payment under the agreement, the Company granted Media Acquisition a security interest in essentially all of the Company's assets. In addition, the Company's CEO has personally guaranteed the Company's performance. The term of the agreement is month-to-month and it can be terminated by either party with 30 days written notice. As part of the agreement, a portion of cash generated through direct response television (DRTV) is reserved to cover all fees, expenses, charges and expenses due Media Acquisition. In August 2012, the Company terminated this agreement and the reserved cash was subsequently refunded in October 2012.

Note 2 - Summary of significant accounting policies (continued)

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 Consolidated Statements of Operations.

Accounts receivable

Accounts receivable are recorded net of allowances for returns and doubtful accounts of approximately $623,000 and $13,000 for the years ended December 31, 2012 and 2011, respectively. 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 against returns for product that have been sold to customer 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 Consolidated Balance Sheets were approximately $248,000 and $42,000 at December 31, 2012 and 2011, respectively.

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. The Company has recorded approximately $251,000 and $12,000 in inventory of consigned product as of December 31, 2012 and 2011, respectively, 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 $14,000 and $14,000, respectively, for the years ended December 31, 2012 and 2011.

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 in the fiscal years ended December 31, 2012 and 2011.

INTERNATIONAL COMMERCIAL TELEVISION INC. AND SUBSIDIARY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2012 and 2011

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 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 ™ 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.

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. All significant returns for the years presented have been offset against gross sales.

In 2012, the Company started selling warranties on the DermaWand ™ for one-year, three-year and lifetime terms. One-year and three-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:

	2012
Deferred extended warranty revenue:	
At beginning of period	$ -
Revenue deferred for new warranties	186,535
Revenue recognized	(15,216)
At end of period	$ 171,319
Current portion	$ 41,333
Non-current portion	129,986
	$ 171,319

Shipping and handling

The amount billed to a customer for shipping and handling is included in revenue: shipping and handling revenue approximated $3,546,000 and $61,000 for the years ended December 31, 2012 and 2011, respectively. Shipping and handling costs are included in cost of sales. Shipping and handling costs approximated $2,082,000 and $233,000 for the years ended December 31, 2012 and 2011, respectively.

Research and development

Research and development costs are expensed as incurred and are included in selling and marketing expense in the accompanying consolidated financial statements. Research and development costs primarily consist of efforts to discover and develop new products and the testing and development of direct-response advertising related to these products.

Note 2 - Summary of significant accounting policies (continued)

Media and production costs

Media and production costs are expensed as incurred and are included in selling and marketing expense in the accompanying consolidated financial statements. The Company incurred approximately $7,626,000 and $337,000 in such costs for the years ended December 31, 2012 and 2011, respectively.

Income taxes

In preparing our 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 Consolidated Statements of Operations.

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 subsidiaries, 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 subsidiaries 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 subsidiaries. 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 December 31, 2012, 1,600,000 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 subsidiaries, 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 subsidiaries 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 subsidiaries. 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 December 31, 2012, 1,480,000 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 stock-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.

Note 2 - Summary of significant accounting policies (continued)

Stock options (continued)

The Company uses ASC ("Accounting Standards Codification") Topic 718, "Share-Based Payments", to account for stock-based compensation issued to employees and directors. 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 until a measurement date has been reached.

The following is a summary of stock options outstanding under the existing stock option plan for the years ended December 31, 2012 and 2011:

	Number of Shares			Weighted Average Exercise Price
	Employee	Non-Employee	Totals	
Balance, January 1, 2012	1,300,000	350,000	1,650,000	$ 0.08
Granted during the year	1,510,000	-	1,510,000	0.29
Exercised during the year	-	-	-	-
Forfeited during the year	(80,000)	-	(80,000)	(0.11)
Balance, December 31, 2012	2,730,000	350,000	3,080,000	$ 0.18

	Number of Shares			Weighted Average Exercise Price
	Employee	Non-Employee	Totals	
Balance, January 1, 2011	-	657,000	657,000	$ 2.00
Granted during the year	1,300,000	350,000	1,650,000	0.08
Exercised during the year	-	-	-	-
Expired during the year	-	(657,000)	(657,000)	(2.00)
Balance, December 31, 2011	1,300,000	350,000	1,650,000	$ 0.08

Of the stock options currently outstanding, 533,333 options are currently vested and exercisable; 16,667 previously vested and exercisable options were forfeited during the year ended December 31, 2012. The weighted average exercise price of these options was $0.08. These options expire in February 2021. The aggregate intrinsic value for options outstanding and exercisable at December 31, 2012 was approximately $276,000. The aggregate intrinsic value for options outstanding and exercisable at December 31, 2011 was immaterial.

During the year ended December 31, 2012, 1,510,000 options were granted to employees; in addition, 80,000 options were forfeited due to employee termination. For the years ended December 31, 2012 and 2011, the Company recorded approximately $250,000 and $70,000 respectively in stock compensation expense under the plan. At December 31, 2012, there was approximately $518,000 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 year ended December 31, 2012 and 2011 to value the stock options granted during the period:

2012		2011	
Risk-free interest rate	1.19% - 1.62%	Risk-free interest rate	1.92% - 3.03%
Expected dividend yield	0	Expected dividend yield	0
Expected life	6.00 years	Expected life	6.00 -10.00 years
Expected volatility	305% - 316%	Expected volatility	313% - 340%
Weighted average grant date fair value	$ 0.30	Weighted average grant date fair value	$ 0.14

The following is a summary of stock options outstanding outside of the existing stock option plan for the years ended December 31, 2012 and 2011:

	Number of Shares			Weighted Average Exercise Price
	Employee	Non-Employee	Totals	
Balance, January 1, 2012	-	250,000	250,000	$ 0.18
Granted during the year	150,000	1,400,000	1,550,000	0.20
Exercised during the year	-	-	-	-
Expired during the year	-	-	-	-
Balance, December 31, 2012	150,000	1,650,000	1,800,000	$ 0.20

	Number of Shares			Weighted Average Exercise Price
	Employee	Non-Employee	Totals	
Balance, January 1, 2011	-	250,000	250,000	$ 0.18
Granted during the year	-	-	-	-
Exercised during the year	-	-	-	-
Expired during the year	-	-	-	-
Balance, December 31, 2011	-	250,000	250,000	$ 0.18

Of the stock options currently outstanding outside of the plan at December 31, 2012, 500,000 options are currently vested and exercisable. The weighted average exercise price of these options was $0.11. These options expire between December 2013 and February 2015. The aggregate intrinsic value for options outstanding and exercisable at December 31, 2012 was approximately $243,000. The aggregate intrinsic value for options outstanding and exercisable at December 31, 2011 was immaterial.

During the year ended December 31, 2012, 1,550,000 options were granted to employees and consultants. For the years ended December 31, 2012 and 2011, the Company recorded approximately $272,000 and $0 respectively in stock compensation expense under the plan. At December 31, 2012, there was approximately $547,000 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 year ended December 31, 2012 to value the stock options outstanding outside the plan:

	2012
Risk-free interest rate	0.72% – 1.78%
Expected dividend yield	0.00
Expected life	3.00 – 10.00 years
Expected volatility	263% – 394%
Weighted average grant date fair value	$ 0.31

The following is a summary of all stock options outstanding, and nonvested for the year ended December 31, 2012:

	Number of Shares			
	Employee	Non-Employee	Totals	Weighted Average Exercise Price
Balance, January 1, 2012 – nonvested	1,300,000	516,667	1,816,667	$ 0.09
Granted	1,660,000	1,400,000	3,060,000	0.25
Vested	(433,334)	(533,334)	(966,668)	0.10
Forfeited	(63,333)	-	(63,333)	0.11
Balance, December 31, 2012 - nonvested	2,463,333	1,383,333	3,846,666	$ 0.21

Note 3 - Commitments and contingencies

Leases

As of December 31, 2012, the Company had an active lease related to the office space rented in Wayne, Pennsylvania. Total rent expense incurred during 2012 and 2011 totaled approximately $34,000 and $38,000, respectively. During the year ended December 31, 2012, the Company renewed its lease at the Wayne, Pennsylvania location with lower monthly rent payments, which extends through March, 2013. On April 1, 2013, the Company will be moving to a different building within the same facility and has amended the lease through March 2016. The schedule below details the future financial obligations under the remaining two leases.

	2013	**2014**	**2015**	**2016**	**2017**	**TOTAL OBLIGATION**
Wayne - Corporate HQ	**$ 46,400**	**$ 50,900**	**$ 51,500**	**$ 14,400**	**$ -**	**$ 163,200**
Total Lease Obligations	**$ 46,400**	**$ 50,900**	**$ 51,500**	**$ 14,400**	**$ -**	**$ 163,200**

Note 3 - Commitments and contingencies (continued)

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 amount of royalty expense incurred for sales of the DermaWand ™ were approximately $795,000 and $248,000 for the years ended December 31, 2012 and 2011, 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 agrees that in consideration of services performed, the Company will pay an annual salary of $180,000, subject as appropriate to an adjustment to be approved by the Company's Board of Directors on an annual basis. The CEO is also entitled to annual performance bonuses as determined appropriate by the Board of Directors, as well as employee is entitled to receive issuance of 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 shall automatically renew for successive one year periods unless either party provides no 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 and CFO 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. The President and CFO 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.

The Company has accrued approximately $106,000 in bonuses to the CEO and the President and CFO for the year ended December 31, 2012, included in accounts payable and accrued expenses in the accompanying consolidated financial statements. These bonuses were paid in February 2013.

Note 3 - Commitments and contingencies (continued)

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. On February 20, 2007, the Company purchased its own liability insurance to cover all direct to consumer product sales in the US and worldwide, which expires on April 20, 2013. 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 at December 31, 2012 and 2011 is $128,600 and $169,400, respectively of which $40,800 is current and $87,800 is long-term as of December 31, 2012.

Note 5 - Related party transactions

The Company has received short-term advances from a shareholder. These advances amounted to approximately $50,000 and $40,000 during the years ended December 31, 2012 and 2011, respectively. The $50,000 loan accrued interest of 6% annually. Principal payments were made in six monthly installments of approximately $8,333, beginning in May 2012 and ending in October 2012. Interest was paid along with the final payment in October 2012. The advances are offset by repayments which amounted to approximately $57,500 and $32,500 during the years ended December 31, 2012 and 2011, respectively. These advances were included in Short Term Advances Payable – Related Parties on the accompanying consolidated balance sheets. At December 31, 2012 and 2011, the balance outstanding was approximately $0 and $7,500, respectively.

The Company also received short-term advances from another shareholder. There were no advances during the years ended December 31, 2012 and 2011. Repayments amounted to approximately $30,900 and $0 during the years ended December 31, 2012 and 2011, respectively. These advances are non-interest bearing and without specific terms of repayment. These advances were included in Short Term Advances Payable – Related Parties on the accompanying consolidated balance sheets. At December 31, 2012 and 201, the balance outstanding was approximately $0 and $30,900, respectively.

The Company has a note payable to a shareholder in the 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 of approximately $21,000 was paid on December 28, 2012.

The principal balance of this note shall be 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. Subsequent to December 31, 2012, $55,000 in principal payments were made on the note.

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.

Note 6 – Notes payable

In December 2011, the Company entered into an unsecured note payable with a Canadian lender in the amount of approximately $98,000 (C$100,000). This loan accrues interest at prime (3.25% at December 31, 2012) plus 1%. Interest is paid monthly. Principal payments are to be paid in fifteen monthly installments of approximately $6,500 (C$6,667), beginning in March 2012 and ending May 2013. The loan permits payment in advance without penalty at any time.

On January 24, 2012, the Company entered into a note modification with the Canadian lender increasing the outstanding balance to approximately $137,000 (C$140,000) as additional borrowings were made by the Company. The principal payments on the additional borrowings of approximately $39,500 (C$40,000) were due in two installments of $20,000 (approximates C$) payable on April 15, 2012 and July 15, 2012. In addition, the interest rate on the note was modified to lender's cost (prime), plus two-percent and the note became convertible into shares of the Company's common stock at a fixed conversion rate of $0.196 (C$.20) per share. The Company considered this a modification of debt that was not substantive, thus no gain or loss was recorded upon modification. The amount of the beneficial conversion upon modification was deemed insignificant to the consolidated financial statements. The amount outstanding under the note at December 31, 2012 was approximately $30,200 (C$30,000). The balance was paid in full by March 2013. Interest paid on the loan for the years ended December 31, 2012 and 2011, was approximately $3,600 and $250, respectively.

The lender of this note is also one of the two persons that receive royalty payments on the DermaWand sales as noted in Note 3

Note 7 - Capital transactions

On February 17, 2011, the Company acquired from one of its shareholders 100% of its equity interest in Better Blocks International Limited ("BBI"), consisting primarily of intellectual properties in exchange for 500,000 shares of the Company's common stock. This transaction is between entities under common control and accordingly the net asset acquired is recorded at zero, which is the carrying value of BBI and is recorded as a capital transaction.

On April 1, 2011, the Company issued 1,000,000 shares of common stock in a private placement at $0.10 for total consideration of $100,000.

On May 11, 2011, the Company issued 250,000 shares of common stock in a private placement at $0.10 for total consideration of $25,000.

In November 2011, the Company issued a former consultant 50,000 shares of common stock for prior services rendered. The Company recognized $10,000 of share based compensation expense during 2011 in relation to this transaction based on the closing stock price on date of settlement.

In addition, during 2011, the Company issued 41,928 shares of commons stock for total consideration of approximately $4,000.

On February 17, 2012, the Board authorized the issuance of up to 2,500,000 shares of common stocks to be purchased at $0.15 per share through February 29, 2012. On February 29, 2012, the Board amended the resolution to authorize the issuance of up to 3,000,000 shares of common stock to be purchased at $0.15 per share through March 23, 2012. A total of 2,590,000 shares were purchased through March 23, 2012 for gross proceeds of $388,500. In addition, for every three shares of common stock purchased, the purchasers received one warrant to purchase common stock at $0.25 per share. A total of 863,333 warrants were issued. The warrants expire three years after their issuance date. The warrants have a weighted average fair value of $0.32. The fair value of the warrant has been estimated on the date of grant using a Black-Scholes Pricing Model with the following assumptions:

Risk-free interest rate	0.36% – 0.58%
Expected dividend yield	0.00
Expected life	3.00 years
Expected volatility	410% – 418%
Exercise price	$ 0.25

Note 7 - Capital transactions (continued)

The fair value of the warrants was approximately $274,000, and was recorded as an increase and corresponding decrease to additional paid-in capital for the year ended December 31, 2012.

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. Upon termination, approximately $23,000 was expensed during the year ended December 31, 2012. 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 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. For the years ended December 31, 2012 and 2011, the Company recorded approximately $38,800 and $9,000, respectively related to the issuance of these shares, and the Company has remaining unrecognized expense of approximately $17,000, which will be recognized over the next 19 months.

The Company used the Black Scholes model to value the 1,500,000 warrants granted using under the consulting agreement. The weighted average grant date fair value of these warrants was $0.06.

For the years ended December 31, 2012 and 2011, the Company recorded approximately $160,000 and $9,600, respectively, of stock based compensation expense to fully expense the 500,000 warrants issued to the consultants under the consulting agreement. As of December 31, 2012, there was no unrecognized compensation costs related to these warrant grants. For years ended December 31, 2012 and 2011, the Company recorded approximately $47,000 and $12,400, respectively, of stock based compensation expense to fully expense the 1,000,000 warrants issued to the consultants under the consulting agreement. As of December 31, 2012, there was no unrecognized compensation costs related to these warrant grants.

For the year ended December 31, 2012 the Company recorded approximately $62,700 of stock 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. As of December 31, 2012, there was approximately $47,300 of total unrecognized compensation costs related to these warrant grants which will be recognized over the remaining 31.5 months. On October 24, 2012, 125,000 warrants issued to one of the consultants were exercised for total consideration of $12,500.

On August 15, 2012, the Company entered into a three year corporate public relations consulting agreement with 1 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 DermaWandTM 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 years ended December 31, 2012, the Company recorded approximately $7,700 of stock based compensation expense for the 125,000 warrants issued to the consultant under the new consulting agreement. As of December 31, 2012, there was approximately $47,300 of total unrecognized compensation costs related to these warrant grants which will be recognized over the remaining 31.5 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 and will be expensed over the consultant term. For the year ended December 31, 2012, approximately $15,000 was expensed and included in stock based compensation expense in our accompanying consolidated financial statements. Approximately $94,000 is capitalized and approximately $36,000 and $58,000 is reflected as current and non-current assets, respectively, in our accompanying consolidated balance sheet.

Note 7 - Capital transactions (continued)

At December 31, 2012, the following warrants were outstanding:

Holder	Warrants Outstanding	Exercise Price	Expiration Date
Shareholders in 2007 placement (modified 2010)	390,084	$ 0.10 - $3.00	December 2013
Shareholders in February 2012 private placement	863,333	$ 0.25	February – March 2015
Consultant	125,000	$ 0.10	August 2015
Consultant	125,000	$ 0.30	August 2015
Balance at December 31, 2012	1,503,417		

The warrants have a weighted average fair value of $0.44. The fair value of the new warrants has been estimated on the date of grant using a Black-Scholes Pricing Model with the following assumptions:

Risk-free interest rate	0.31 – 0.42%
Expected dividend yield	0
Expected life	3.00 years
Expected volatility	401%
Exercise price	$ 0.10 – $0.30

Note 8 - Basic and diluted earnings (loss) 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 December 31, 2012, there were 1,503,417 warrants outstanding and exercisable. The warrants are exercisable between $0.10 and $3.00 per share expiring through August 2015. At December 31, 2012 there were 4,880,000 stock options outstanding and 1,033,334 were vested and exercisable at an exercise price of $0.09.

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

	December 31	
	2012	2011
Options to purchase common stock	4,880,000	1,900,000
Warrants to purchase common stock	1,503,417	1,890,084
Convertible note payable from shareholder	1,332,291	-

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

For the year ended December 31, 2012:	Loss (Numerator)	Weighted Average Shares (Denominator)	Per Share Amount
Basic and diluted loss per share			
Loss to common shareholders	$ (550,448)	20,110,242	$ (0.03)

For the year ended December 31, 2011:	Loss (Numerator)	Weighted Average Shares (Denominator)	Per Share Amount
Basic and diluted loss per share			
Loss to common shareholders	$ (485,892)	17,145,925	$ (0.03)

INTERNATIONAL COMMERCIAL TELEVISION INC. AND SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2012 and 2011

Note 9 - Income taxes

The income tax expense for the years ended December 31, 2012 and 2011 consist of the following:

Current	2012	2011
Federal	$ 40,000	$ -
State	8,600	-
Total	$ 48,600	$ -

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. The Company has provided a full valuation allowance on the net deferred tax asset because of uncertainty regarding its realization. This asset primarily consists of net operating losses. For the most part, the Company has experienced operating losses since inception. Therefore the Company has accumulated approximately $2,527,000 and $420,000 of net operating loss carryforwards for federal and state purposes, respectively, which expire twenty years from the time of incurrence for federal purposes. Expiration for the state net operating carryforwards may vary based on different state rules.

Significant components of the Company's deferred tax assets (liabilities) are approximately as follows as of December 31, 2012 and 2011:

	2012	2011
Net operating loss	$ 901,000	$ 1,948,000
Accrued returns and allowances	334,000	21,000
Accumulated depreciation	(5,000)	(3,000)
Stock options	390,000	70,000
Deferred income	158,000	10,000
Other	207,000	107,000
Total deferred tax assets	$ 1,985,000	$ 2,153,000
Valuation allowance	(1,985,000)	(2,153,000)
Net deferred tax assets	$ -	$ -

A valuation allowance for all of our net deferred tax assets has been provided as we are unable to determine, at this time, that the generation of future taxable income against which the net operating loss ("NOL") and carryforwards could be used can be predicted to be more likely than not. Net change to our valuation allowance for the year ended December 31, 2012 was an decrease of $168,000.

Due to the change in ownership provisions of the Internal Revenue Code, the availability of the Company's net operating loss carry forwards may be subject to annual limitations against taxable income in future periods, which could substantially limit the eventual utilization of such carry forwards. The Company has not analyzed the historical or potential impact of its equity financings on beneficial ownership and therefore no determination has been made whether the net operating loss carry forward is subject to any Internal Revenue Code Section 382 limitation. To the extent there is a limitation, there would be a reduction in the deferred tax asset with an offsetting reduction in the valuation allowance.

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's policy is to recognize interest and penalties related to tax matters in general and administrative expenses in the Consolidated Statements of Operations. At December 31, 2012 and 2011, the Company had approximately $270,000, respectively accrued for various tax penalties.

Note 9 - Income taxes (continued)

A reconciliation between the Company's effective tax rate and the federal statutory rate for the years ended December 31, 2012 and 2011, is as follows:

	2012	2011
Federal rate	34.00%	34.00%
State tax rate	5.95%	5.95%
Effect of permanent differences	5.03%	3.30%
Change in valuation allowance	(32.18)%	(43.25)%
Effective tax rate	12.80%	0.00%

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. The Company evaluates performance and allocates resources based on several factors, of which the primary financial measure is operating income by geographic area. Operating expenses are primarily prorated based on the relationship between domestic and international sales.

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

	For the year ended December 31, 2012			For the year ended December 31, 2011		
	Domestic	International	Totals	Domestic	International	Totals
NET SALES	$ 19,152,585	$ 3,767,801	$ 22,920,386	$ 1,802,921	$ 1,299,120	$ 3,102,041
COST OF SALES	5,642,849	1,837,939	7,480,788	966,811	601,065	1,567,876
Gross profit	13,509,736	1,929,862	15,439,598	836,110	698,055	1,534,165
Operating expenses:						
General and administrative	4,160,082	186,970	4,347,052	1,207,424	124,584	1,332,008
Selling and marketing	11,521,033	47,238	11,568,271	634,586	53,223	687,809
Total operating expenses	15,681,115	234,208	15,915,323	1,842,010	177,807	2,019,817
Operating income (loss)	$ (2,171,379)	$ 1,695,654	$ (475,725)	$ (1,005,900)	$ 520,248	$ (485,652)

Selected balance sheet information by segment is presented in the following table as of December 31:

Total Assets	2012	2011
Domestic	$ 4,414,775	$ 834,965
International	25,453	29,317
Total Assets	$ 4,440,228	$ 864,282

Note 11 – Subsequent events

In January 2013, the Company received a letter from a California law firm alleging certain violations of the California Consumer Legal Remedies Act in connection with the Company's advertising and marketing of its DermaWand TM product. The law firm purported to represent a class of plaintiffs and invited us to contact them in order to amicably resolve the matter.

We have consulted with counsel and have presented to the California law firm the substantiation for our advertising and marketing claims. While they have acknowledged a good portion of our substantiation, the law firm continues to press for a settlement under threat of litigation. The plaintiff is currently asking for approximately $325,000 to settle the suit.

We believe we would prevail if the California law firm were to bring suit. However, while the cost of settling the matter would likely be material, we also believe that the cost of litigation may exceed the amount for which the matter can be settled. Therefore, while it may take substantial time, we are continuing settlement negotiations.

On February 6, 2013, the Company entered into a new lease with the landlord of the Wayne office complex of its executive office. As of April 2013 the executive office will move into a larger space within the same complex. The new lease is for three years, commencing on April 1, 2013. The new office will be 2,516 square feet, compared to the current office space which is approximately 1,700 square feet. The monthly lease payment for the first year of the new lease will be approximately $4,036.

On March 8, 2013, Stephen Jarvis exercised 166,666 stock options; Kelvin Claney exercised 399,999 stock options; Richard Ransom exercised 366,666 stock options previously issued for total gross proceeds of approximately $91,200.

On March 11, 2013, the Board of Directors appointed a new director of the Company. William N. Kinnear will serve as a director until the later of the next annual meeting of the shareholders of the Company or until his successor is duly elected. Compensation for his services as a director is an annual stipend of $4,000 per year and options to purchase 50,000 shares of the Company's common stock at an exercise price of $.025 per share.

In 2013, the Company established a 401k retirement plan for employees to contribute. Currently, the Company is not providing for matching contributions.

EXHIBIT 31.1

Certification Pursuant to Rule 13-A-14 or
15 D-14 of the Securities Exchange Act
Of 1934, As Adopted Pursuant to
Section 302 of The Sarbanes-Oxley Act of 2002

I, Kelvin Claney, certify that:

(1) I have reviewed this Annual Report on Form 10-K 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 small business issuer as of, and for, the periods presented in this report;

(4) The small business issuer'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 small business issuer 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 small business issuer, 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 small business issuer'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 small business issuer's internal control over financial reporting that occurred during the small business issuer's most recent fiscal quarter (the small business issuer's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the small business issuer's internal control over financial reporting; and

(5) The small business issuer's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the small business issuer's auditors and the audit committee of the small business issuer'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 small business issuer'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 small business issuer's internal control over financial reporting.

Date: March 28, 2013

/s/ Kelvin
Claney

Kelvin Claney, Chief Executive Officer

EXHIBIT 31.2

Certification Pursuant to Rule 13-A-14 or
15 D-14 of the Securities Exchange Act
Of 1934, As Adopted Pursuant to
Section 302 of The Sarbanes-Oxley Act of 2002

I, Richard Ransom, certify that:

(1) I have reviewed this Annual Report on Form 10-K 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 small business issuer as of, and for, the periods presented in this report;

(4) The small business issuer'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 small business issuer 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 small business issuer, 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 small business issuer'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 small business issuer's internal control over financial reporting that occurred during the small business issuer's most recent fiscal quarter (the small business issuer's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the small business issuer's internal control over financial reporting; and

(5) The small business issuer's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the small business issuer's auditors and the audit committee of the small business issuer'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 small business issuer'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 small business issuer's internal control over financial reporting.

Date: March 28, 2013

/s/ Richard Ransom

Richard Ransom, Chief Financial Officer

EXHIBIT 32

Certification Pursuant to

18. U.S.C. Section 1350, As Adopted Pursuant to Section 906 of

The Sarbanes-Oxley Act of 2002

In connection with the Annual Report of International Commercial Television, Inc. (the "Company") on Form 10-K for the period ended December 31, 2012 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), Kelvin Claney, Chief Executive Officer and Richard Ransom, 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.

Date: March 28, 2013

/s/ Kelvin
Claney

Kelvin Claney, Chief Executive Officer

/s/ Richard
Ransom

Richard Ransom, Chief Financial Officer