ICTV BRANDS INC.

FORM 10-K
(Annual Report)

Filed 03/19/15 for the Period Ending 12/31/14

Address	489 DEVON PARK DRIVE SUITE 315 WAYNE, PA 19087
Telephone	484-598-2300
CIK	0001076522
Symbol	ICTV
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, 2014

Commission File Number 0-49638

ICTV BRANDS 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.)**

489 Devon Park Dr. Ste 315 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 smaller reporting company. See definition of "large accelerated filer", "accelerated filer", and "smaller reporting company" in Rule 12B-2 of the Exchange Act.

Large accelerated filer	☐	Accelerated filer	☐
Non-accelerated filer	☐ (Do not check if a smaller reporting company)	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 30, 2014 (the last business day of our most recently completed second fiscal quarter) was $8,542,461 using the closing price of $0.58 on June 30, 2014.

As of March 19, 2015, the registrant had issued and outstanding 24,144,399 shares of common stock.

Documents Incorporated by Reference: None.

ICTV BRANDS INC.

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For the Year Ended December 31, 2014

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 ICTV Brands 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

ICTV Brands 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, 2014 and 2013, 78% and 89%, respectively, of our product sales were generated from products sold through our direct response television consumer division.

Our international third party distributor division represented 22% and 11% of our sales volume for the years ended December 31, 2014 and 2013, 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 489 Devon Park Drive, Suite 315, Wayne, PA 19087.

The ICTV Brands Strategy

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 through multiple channels, including 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 efforts are 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 $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 444,000 and 407,000 DermaWand ™ units worldwide during 2014 and 2013, respectively. During the year ended December 31, 2014, the Company sold approximately 129,000 and 315,000 units to DRTV consumers and international third party distributors, compared to 206,000 and 201,000, respectively during the year ended December 31, 2013. Sales to third party distributors are made at a wholesale price.

During 2014 and 2013, the 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 $22,764,000 and $33,512,000 of revenue related to the DermaWand ™ infomercial, including DermaVital ™ sales, during 2014 and 2013, respectively. The Company plans to continue to run the current show in 2015, as well as create new short-form infomercials. In addition, the Company sells the DermaWand ™ to third party international distributors in over 40 countries. The Company recognized approximately $7,192,000 and $4,703,000 of international third party distributor revenue during 2014 and 2013, respectively.

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. 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. Customers are enrolled month to month and can cancel at any time. The Company recognized $3,769,000 and $4,236,000 of DermaVital ® revenue during 2014 and 2013, respectively. The Company 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.

CoralActives ®

In March 2014, the Company entered into a licensing agreement with Ermis Labs, LLC, in which ICTV obtained the exclusive worldwide rights to manufacture and distribute their line of CoralActives ® acne treatment and skin cleansing products. As part of the agreement, the Company purchased approximately $150,000 in inventory. The Coral Actives product line consists of a cleanser & serum 2-step acne treatment, retinol exfoliating cleanser, penetrating acne serum gel, moisturizer and cleansing bar. The Company had sales of $45,000 in the year ended December 31, 2014. The Company incurred clinical trial costs of approximately $14,000 and production costs of approximately $26,000 in the year ended December 31, 2014. ICTV launched a radio campaign with former Olympic Gold Medalist Shawn Johnson in January 2015. Additionally, ICTV plans include further development and build-out of a continuity program, production of a new direct response television marketing infomercial and expansion of distribution channels, including retail in 2015.

Derma Brilliance TM

In April 2013, the Company entered into a licensing agreement with DermaNew, Inc., in which the Company obtained the exclusive worldwide rights to manufacture and distribute their latest patented anti-aging and re-surfacing scientific skincare system, Derma Brilliance TM , a patented anti-aging, resurfacing and skin polishing system. As part of the agreement, the Company paid a non-refundable advance royalty of $25,000 in April 2013 to DermaNew and agreed to share in the cost of a new clinical trial. The Company incurred Derma Brilliance TM clinical trial costs of approximately $34,000 in the year ended December 31, 2014. In addition, the Company completed a new long form infomercial and incurred production costs of approximately $265,000 in the year ended December 31, 2014. The Company performed a limited media test in December 2014 which generated sales of approximately $10,000. Derma Brilliance TM is scheduled for a live home shopping airing date on the Home Shopping Network (“HSN”) in April 2015 and the Company expects to continue to market the product through both its long form infomercial and live home shopping throughout 2015.

Elastin-rp ®

In July 2013, ICTV acquired the exclusive worldwide rights to Elastin-rp ® via a licensing agreement with BioActive Skin Technologies. Elastin-rp ® is a branded system of cosmetic formulations designed to help improve the elasticity of the skin, thereby diminishing the appearance of fine lines and wrinkles. Elastin-rp ® addresses the anti-aging market and is delivered using a unique body heat-activated system which enables the BioLastin Complex to penetrate quickly to help stimulate your skin’s natural ability to replenish elastin and collagen. ICTV spent several months re-editing an infomercial it acquired the rights to in the licensing agreement before running media in January 2014. The Company incurred production costs of approximately $60,000 in the year ended December 31, 2014. The Company ran media until April 2014 and experienced delays in inventory production, and as such, did not air further media in 2014. The Company had sales of approximately $72,000 in the year ended December 31, 2014. The Company plans to continue to market the product and resume the campaign throughout 2015.

Jidue TM

In July 2014, the Company entered into an exclusive marketing agreement with Audy Global Enterprises Inc., in which the Company obtained the exclusive worldwide license to market and distribute the Jidue TM Facial Massager Mask and associated products, provided that the license does not include the right to manufacture the product. Jidue TM is a facial massager that works through 18 uniquely positioned pulsating nodes, which stimulates the 4 key pressure points around the eye to increase facial blood circulation & lymph flow. The agreement consists of an initial 8-month test period and subsequent 12-month terms. As part of the agreement, the Company will pay a royalty calculated as a percentage of sales with a minimum annual payment of approximately $100,000 after the initial test period. The Company incurred additional clinical trial costs of approximately $16,000 in the year ended December 31, 2014. The Company ran a media test beginning in September 2014 and generated sales of approximately $95,000 for the year ended December 31, 2014. The Company expects to re-edit the current infomercial and create a new infomercial to test in 2015.

Juvion ^{TM}

In November 2013, the Company entered into a licensing agreement with Menovi, Inc. for two devices, the Juvion Face Wand and Eye Pen. Both devices use technology that combine the use of polarity ions, micro-current, electro-muscle stimulation, galvanic wave energy, and micro-vibration massage. These devices help improve the circulation of blood vessels to increase the composition of collagen and elastin. The Juvion Face Wand is designed for at home use, while the Juvion Eye Pen can be carried in a bag or purse and used throughout the day. The devices are designed to be used with a polarized ionic serum, which will allow us to build a continuity program around these devices. We are in the developmental phase with both products and incurred clinical trial costs of approximately $61,000 in the year ended December 31, 2014. The Company expects to enter into the marketing development phase of the products in the latter half of 2015 and early 2016.

Other Categories

Good Planet Super Solution ^{TM}

In 2014, the Company developed an infomercial for a multiple use cleaning agent named Good Planet Super Solution ^{TM} . Good Planet Super Solution is used for washing and waxing cars, cleaning and polishing stainless steel appliances, as well as multiple household uses. The Company developed and completed an infomercial and ran a limited media test in December 2014. We incurred production expenses of approximately $241,000 in the year ended December 31, 2014 and expect to market this product primarily on an international basis in 2015.

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 two outside third party contracted fulfillment centers - a2b Fulfillment in Greensboro, GA and Northland Fulfilment in Toronto, Ontario.

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 outsource 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 $7,500 – $10,000 per week for media time for a long-form infomercial and a minimum of $5,000 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 twelve to eighteen 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 eighteen to thirty-six months, and at its peak, will sustain $400,000 – $500,000 in media spending per week.

International Sales

One of the goals of our international third party distributor 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. 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 Telebrands Corp., Thane International Inc. and Guthy-Renker Corp., have substantially greater financial, marketing and other resources than do we.

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 DermaWand ™ , DermaVital ® , and Derma Brilliance ™ , throughout the world. In addition, under our current licensing agreements for all products, all related trademarks are assigned to us.

Patents

We have the exclusive right to the use of the worldwide patent for DermaWand ™ , as is necessary to manufacture, market and distribute DermaWand ™ . In addition, under our current licensing agreements for all products, all related patents are assigned to us.

Copyrights

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

Registered Designs

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 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.

In April 2013, the Company entered into a licensing agreement with DermaNew, Inc., in which the Company obtained the exclusive worldwide rights to manufacture and distribute their latest patented anti-aging and re-surfacing scientific skincare system, Derma Brilliance ™, a patented anti-aging, resurfacing and skin polishing system. The agreement contains royalties based on a percentage of net sales.

In July 2013, ICTV acquired the exclusive worldwide rights to Elastin-rp ® via a licensing agreement with BioActive Skin Technologies. Elastin-rp ® is a branded system of cosmetic formulations designed to help improve the elasticity of the skin, thereby diminishing the appearance of fine lines and wrinkles. The agreement contains royalties based on a percentage of net sales.

In March 2014, the Company entered into a licensing agreement with Ermis Labs, LLC, in which ICTV obtained the exclusive worldwide rights to manufacture and distribute their line of CoralActives ® acne treatment and skin cleansing products. The agreement contains royalties based on a percentage of net sales.

In July 2014, the Company entered into an exclusive marketing agreement with Audy Global Enterprises Inc., in which the Company obtained the exclusive worldwide license to market and distribute the Jidue ™ Facial Massager Mask and associated products, provided that the license does not include the right to manufacture the product. The agreement contains royalties based on a percentage of net sales.

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, Health Canada, the Canadian Standards Association and the Food and Drug Administration 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 2014 we employed a total of 15 employees, 14 full-time employees and 1 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 $35,000-$50,000 to produce, while production costs for a long-form infomercial are generally around $150,000-$200,000. 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, and Richard Ransom, our President. Both Mr. Claney and Mr. Ransom have extensive experience in the direct response industry, and their 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 their services. The loss of either Mr. Claney or Mr. Ransom 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, 76,430,601 shares, or 76%, remain unissued at December 31, 2014. The Company has 7,053,336 stock options and 460,000 warrants to purchase common stock outstanding as of December 31, 2014. 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 42% 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.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

ITEM 2. DESCRIPTION OF PROPERTY

PROPERTIES

Our executive offices are located in Wayne, Pennsylvania where we lease 2,726 square feet with a monthly lease payment of $4,336, which expires in March 2016. 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, 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 ™ 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 consulted with counsel and presented to the California law firm the substantiation for our advertising and marketing claims. While they acknowledged a good portion of our substantiation, the law firm continued to press for a settlement under threat of litigation. In May 2013, the Company reached a settlement agreement with the plaintiff and their law firm for $150,000.

There were no additional legal proceedings in the years ending December 31, 2014 and 2013.

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 "OTCQX," and the Canadian Securities Exchange ("CSE"), which do 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 Yahoo Finance 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, 2014	0.75	0.64	December 31, 2013	0.90	0.22
September 30, 2014	0.90	0.64	September 30, 2013	0.58	0.39
June 30, 2014	0.83	0.58	June 30, 2013	0.78	0.15
March 31, 2014	1.05	0.70	March 31, 2013	0.60	0.08

HOLDERS

As of March 19, 2015, there were 24,144,399 shares of common stock outstanding. We estimate these shares are held by approximately 275 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, 2014, 666,667 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 employment 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. On April 21, 2014, the Company's Board of Directors adopted a resolution to increase the number of common shares which may be granted to 6,000,000 shares. On June 19, 2014, the increase in the number of shares that may be granted under the 2011 Plan was approved by a majority of the Company's shareholders. 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, 2014, 3,903,335 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, 2014.

Plan Category	(a) Number of securities to be issued upon exercise of outstanding options		(b) Weighted-average exercise price of outstanding options	(c) Number of securities remaining available for future issuance under the Plan (excluding securities reflected in column (a))
Equity compensation plans approved by security holders	4,570,002	$	0.40	1,555,000
Equity compensation plans not approved by security holders	2,483,334	$	0.36	N/A
Total	7,053,336	$	0.38	1,555,000

Recent Sales of Unregistered Securities

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

On December 5, 2014, the Company issued 25,000 incentive stock options to one employee under our 2011 Stock Option Plan. The options were issued with a fair market value exercise price of $0.72 per share. The options vest over three years, provided the recipient is still employed by the Company at the time of vesting. The options may be exercised, once vested, at any time prior to 10 years from the date of grant. The recipient of the options is a key employee of the Company, and the issuance of the options was exempt from registration under Section 4(2) of the Securities Act of 1933.

On December 5, 2014, the Company issued options to purchase 50,000 shares at a price of $0.62 per share in connection with an agreement with a production company to produce a new short-form infomercial for DermaWand TM . The options vested immediately from the execution of the agreement and are exercisable at any time prior to five years from the date of grant. The issuance of the option was exempt from registration under Regulation D and Section 4(2) of the Securities Act of 1933.

On December 8, 2014, the Company issued 200,000 incentive stock options to one employee under our 2011 Stock Option Plan. The options were issued with a fair market value exercise price of $0.72 per share. The options vest over three years, provided the recipient is still employed by the Company at the time of vesting. The options may be exercised, once vested, at any time prior to 10 years from the date of grant. The recipient of the options is a key employee of the Company, and the issuance of the options was exempt from registration under Section 4(2) of the Securities Act of 1933.

On December 15, 2014, the Company issued a total of 820,000 incentive stock options under our 2011 Stock Option Plan. The options were issued with a fair market value exercise price of $0.72 per share. The options vest one third each year over the next three years, provided the recipient is still employed by the Company. The options may be exercised, once vested, at any time prior to 10 years from the date of grant. The recipients of the options are key employees of the Company, and the issuance of the options was exempt from registration under Section 4(2) of the Securities Act of 1933.

On December 15, 2014, the Company issued a total of 75,000 incentive stock options to three of its independent directors at a fair market value exercise price of $0.72 per share. The options vest one third each year over the next three years, provided the recipient is still a director of the Company. The options may be exercised, once vested, at any time prior to 10 years from the date of grant. The issuance of the options was exempt from registration under Section 4(2) of the Securities Act of 1933.

On December 19, 2014, The Better Blocks Trust sold $75,000 of its note to the Company to two accredited investors, who then converted the $75,000 note into 150,000 shares of the Company's stock at the contractual conversion price of $0.50 per share. The Shares were issued as restricted stock, with a restrictive legend placed on the share certificate. The issuance of the shares was exempt from registration under Regulation D and Section 4(2) of the Securities Act of 1933.

On December 29, 2014, the Company issued 25,000 incentive stock options to one employee under our 2011 Stock Option Plan. The options were issued with a fair market value exercise price of $0.71 per share. The options vest over three years, provided the recipient is still employed by the Company at the time of vesting. The options may be exercised, once vested, at any time prior to 10 years from the date of grant. The recipient of the options is a key employee of the Company, and the issuance of the options was exempt from registration under Section 4(2) of the Securities Act of 1933.

On January 15, 2015, three of our key employees exercised 275,000 options previously issued to them. One of our key employees exercised 125,000 options previously issued to him at an exercise price of $0.0828 per share. The second key employee exercised 66,667 options previously issued to him at an exercise price of $0.165 per share, and 33,333 options previously issued to him at an exercise price of $0.251 per share. The third key employee exercised 16,667 options previously issued to him at an exercise price of $0.555 per share, and 33,333 options previously issued to him at an exercise price of $0.295 per share. The Shares were issued as restricted stock, with a restrictive legend placed on the share certificate. The issuance of the shares was exempt from registration under Regulation D and Section 4(2) of the Securities Act of 1933.

On January 23, 2015, a shareholder exercised 80,000 warrants previously issued in connection with a private offering, at an exercise price of $0.25 per share. The Shares were issued as restricted stock, with restrictive legends placed on the share certificates. The issuance of the shares was exempt from registration under Regulation D and Section 4(2) of the Securities Act of 1933.

On March 3, 2015, a shareholder exercised 80,000 warrants previously issued in connection with a private offering, at an exercise price of $0.25 per share. The Shares were issued as restricted stock, with restrictive legends placed on the share certificates. The issuance of the shares was exempt from registration under Regulation D and Section 4(2) of the Securities Act of 1933.

On March 11, 2015, a shareholder exercised 140,000 warrants previously issued in connection with a private offering, at an exercise price of $0.25 per share. The Shares were issued as restricted stock, with restrictive legends placed on the share certificates. The issuance of the shares was exempt from registration under Regulation D and Section 4(2) of the Securities Act of 1933.

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

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 several outlets including 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 international sales to third party distributors, 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, 2014, with the fiscal year ended December 31, 2013.

Revenues

Our net sales decreased to approximately $32,322,000 during the year ended December 31, 2014 from approximately $40,964,000 during the year ended December 31, 2013. Net sales relating to DermaWand ™ for direct response television (DRTV), including DermaVital ® , were approximately $22,764,000 in 2014 as compared to approximately $33,512,000 in the prior year. The primary driver of the decrease in revenue was a decline in sales generated by the Company's Spanish language version of the DermaWand ™ infomercial from approximately $12,259,000 for the year ended December 31, 2013 to approximately $5,310,000 for the year ended December 31, 2014. Another reason for the decrease in total sales is a decrease in the Company's live televised home shopping sales. The Company did not generate any sales from live televised home shopping during the year ended December 31, 2014, compared to approximately $589,000 during the year ended December 31, 2013. The Company expects to resume airings on live televised home shopping in 2015. Additionally, as the Company continues to develop and allocate additional resources to new products, the Company reduced its total media spend from approximately $12,737,000 during the year ended December 31, 2013 to approximately $10,629,000 during the year ended December 31, 2014. Further, as a result of the reduced media spend, sales related to the DermaVital ™ skin care line were approximately $3,769,000 and $4,236,000 of DermaVital ® revenue during 2014 and 2013, respectively.

During the year ended December 31, 2014, international third party distributor sales revenue for the DermaWand ™ increased to approximately $7,192,000 from approximately $4,703,000 in the prior year, an increase of $2,489,000. The increase in sales internationally is primarily due to the Company's third party distributor customer located in Mexico, Inova. Sales to Inova were approximately $4,934,000 for the year ended December 31, 2014 compared to approximately $892,000 for the year ended December 31, 2013.

Gross Margin

Gross margin percentage was 70% in 2014, compared to 72% in 2013. In 2014, we generated approximately $22,507,000 in gross profit, compared to approximately $29,455,000 in 2013. The decrease in gross margin percentage is a result of a higher percentage of international third party distributor sales compared to DRTV consumer sales, due to international third party distributor sales having a lower gross margin. The gross margin percentage for domestic DRTV consumer revenue was approximately 77% and 75% compared to approximately 45% and 47% for international third party distributor sales in 2014 and 2013, respectively. International third party distributor sales as a percentage of total sales was approximately 22% in 2014 compared to 11% in 2013.

Operating Expenses

Total operating expenses decreased to approximately $24,805,000 during the year ended December 31, 2014, compared to approximately $27,732,000 in the prior year. This decrease in operating expenses is due to a few key factors. The largest factor is a decrease in media expenditures. Media expenditures were approximately $10,629,000 and $12,737,000 in the years ended December 31, 2014 and 2013, respectively.

As a result of the decrease in media expenses, there were additional volume related decreases. Answering service expenses were approximately $1,526,000 and $2,736,000 during the years ended December 31, 2014 and 2013, respectively. Customer service expenses were approximately $1,156,000 and $1,661,000 during the years ended December 31, 2014 and 2013, respectively. Merchant fees decreased to approximately $723,000 in the year ended December 31, 2014, compared to approximately $1,040,000 during the year ended December 31, 2013. Total bad debt expenses decreased to approximately $1,780,000 during the year ended December 31, 2014 from approximately $3,195,000 in the prior year, which is consistent with the decrease in sales. Bad debt as a percentage of DRTV consumer sales decreased to 8% from 9% in the prior year due to additional security measures with our merchant service provider. On average, 50% of our customers elect to take the free trial followed by three monthly installments of $39.95, which due to the nature of the installments, results in the majority of our bad debt expense.

Offsetting the decreases above were additional expenses due to an overall expansion of the Company's product development and offerings. In 2014, the Company invested in a number of different products and projects in which the benefit is anticipated to come in future periods. This includes such areas as an increase in payroll and employee benefit related expenses to approximately $1,507,000 during the year ended December 31, 2014, from approximately $929,000 during the year ended December 31, 2013; an increase in travel related expenses, which was centered around new product expansion, to approximately $525,000 during the year ended December 31, 2014, from $283,000 during the year ended December 31 2013; an increase in production costs to approximately $831,000 during the year ended December 31, 2014, compared to approximately $213,000 during the year ended December 31, 2013, and lastly an increase in product development and clinical trial costs to approximately $528,000 during the year ended December 31, 2014, compared to approximately $196,000 during the year ended December 31, 2013. In addition, total share based compensation expenses increased to approximately $1,270,000 during the year ended December 31, 2014, from approximately $724,000 during the year ended December 31, 2013.

Net Income (Loss)

The Company generated a net loss of approximately $2,284,000 for the year ended December 31, 2014, compared with net income of $1,646,000 for the year ended December 31, 2013. In addition to the decrease in sales, the other key drivers of the decrease are the Company's investment in future product development and testing as discussed above. Clinical trial and product development costs for Derma Brilliance ™ , CoralActives ® , Juvion ™ , and Jidue ™ amounted to $132,000 during the year ended December 31, 2014. Furthermore, the Company incurred approximately $176,000 in clinical trial costs for a double blind placebo test in Europe on the DermaWand ™ , which was successfully completed and is expected to help open up new markets such as the UK and Japan in 2015. Additionally, as the Company continues to build the infrastructure to bring its products into traditional retail stores, the Company incurred retail advertising expenditures, consisting of promotional advertisements and numerous product packaging initiative of approximately $162,000 during the year ended December 31, 2014, compared with $0 in the prior year.

In addition to the incremental investment costs described above, the Company's incurred a number of production related expenses in 2014 for campaigns that are still in a test or product rollout phase. Production expenditures for Derma Brilliance, Good Planet Super Solution ™ , elastin-rp ® , and CoralActives ® were approximately $265,000, $241,000, $60,000, and $26,000, respectively, as compared to $0 in the prior year. Additionally, other production expenses included a new Spanish infomercial for the DermaWand ™ campaign and high-definition enhancements to the DermaWand ™ long-form infomercial which amounted to approximately $195,000 during the year ended December 31, 2014.

Further contributing to the net loss, the Company incurred share based compensation expense of approximately $1,270,000 during the year ended December 31, 2014 compared to approximately $724,000 during the year ended December 31, 2013.

Liquidity and Capital Resources

At December 31, 2014, we had approximately $1,645,000 in cash and cash equivalents and cash held in escrow, compared to approximately $1,433,000 at December 31, 2013.

We generated positive cash flows from operations of approximately $161,000 during the year ended December 31, 2014 compared to positive cash flows of approximately $648,000 for the same period in 2013. The positive cash flow from operations during the current period was a result of net loss of approximately $2,284,000, an increase in net accounts receivable of approximately $157,000, an increase in inventory of approximately $200,000, a decrease in tax penalties accrued of approximately $104,000, which was more than offset by non-cash share based compensation expense of approximately $1,270,000, an increase in deferred revenue of approximately $512,000, a decrease of prepaid expenses of approximately $54,000, and an increase in accounts payable and accrued liabilities of approximately $1,192,000.

The Company had a convertible note payable to The Better Blocks Trust ("BB Trust"), a shareholder, originally in the amount of $591,000. For the years ended December 31, 2014 and 2013, principal payments of approximately $119,000 and $197,000 were made on the note. The remainder of the note was sold by the shareholder to accredited investors and converted to shares of the Company's stock in 2014, as described further in Note 5. At December 31, 2014 and 2013, the balance outstanding was $0 and $394,000, respectively. The Company has no other debt obligations as of December 31, 2014.

On July 2, 2014, the Company entered into a $500,000, one-year Credit Facility with JPMorgan Chase Bank, N.A with an expiration date of July 2, 2015. Interest on the Credit Facility was calculated using the Adjusted One Month LIBOR Rate plus 2.50%. The facility was collateralized by a lien on the Company's assets and requires the Company to maintain prescribed levels of liquidity and EBITDA. An event of default, such as non-payment of amounts when due under the loan agreement or a breach of covenants, may accelerate the maturity date of the facility. The Company did not meet a required level of EBITDA for the trailing twelve months ended September 30, 2014, and obtained a waiver for such period. Effective November 7, 2014, the Credit Facility was amended to remove the EBITDA covenant and place a cash restriction on the Company's cash for the amount of the line of credit. The Company has not used the Credit Facility and the balance at December 31, 2014 was $0. The effective rate at December 31, 2014 based on the formula above was 2.6635%. Effective February 18, 2015, the Company terminated the Credit Facility and the $500,000 collateral held in escrow was released.

The Company had working capital of approximately $1,918,000 at December 31, 2014, compared to $2,871,000 at December 31, 2013. During 2014, 653,333 warrants and 508,332 options were exercised for proceeds of approximately $145,000 and $46,000, respectively. An additional 300,000 warrants were exercised in January 2015 for proceeds of approximately $75,000.

Based on the Company's current rate of cash outflows and cash on hand, management believes that its current cash will be sufficient to meet the anticipated cash needs for working capital into the second quarter of 2016.

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.

Accounts receivable

Accounts receivable are recorded net of allowances for returns and doubtful accounts of approximately $317,000 and $446,000 as of December 31, 2014 and 2013, 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 for the returns of 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 $221,000 and $239,000 as of December 31, 2014 and 2013, 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. Included in inventory at December 31, 2014 and 2013 is approximately $115,000 and $139,000 of consigned product, 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 direct response television consumer 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 third party distributor 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 limited 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 sustain profitability 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 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. 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-23.

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, President and Chief Financial Officer, to allow timely decisions regarding required disclosure.

We carried out an evaluation as of December 31, 2014, under the supervision and with the participation of our management, including our Chief Executive Officer, President and Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures pursuant to Exchange Act Rules 13a-15(b) and 15d-15(b). Based upon that evaluation, our Chief Executive Officer, President and Chief Financial Officer concluded that our disclosure controls and procedures were effective.

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, 2014. In making this assessment, management used the criteria set forth in Internal Control – Integrated Framework issued in 1992 by the Committee of Sponsoring Organizations of the Treadway Commission.

Based on our assessment, management believes that, as of December 31, 2014, our internal control over financing reporting was effective.

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

During the year ended December 31, 2014, the Board of Directors established an Audit Committee, consisting of William Kinnear, Stephen Jarvis, and Donald McDonald. Mr. Kinnear is Chairman of the Audit Committee. There were no other significant changes in internal controls over financial reporting.

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	65	Chief Executive Officer, Secretary and Chairman
Richard Ransom	36	President
Ryan LeBon	32	Chief Financial Officer
Stephen Jarvis	61	Director, Audit Committee Member
William Kinnear	70	Director
Donald McDonald, Jr.	62	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 SmartStacks ™ 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 ™ , which was then owned by The Better Blocks Trust.

Richard Ransom – President

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. Mr. Ransom resigned his position as Chief Financial Officer effective January 1, 2014. Mr. Ryan LeBon was appointed Chief Financial Officer effective January 1, 2014.

Ryan LeBon – Chief Financial Officer

Ryan LeBon joined the Company in June of 2013 as the Company's Director of Financial Reporting. Effective January 1, 2014, our Board of Directors appointed Ryan LeBon as Chief Financial Officer of the Company. Prior to joining the Company, Mr. LeBon had over nine years of experience with Deloitte & Touche LLP, as an Audit Manager primarily serving SEC registrants, and as a Controller with General Electric. Mr. LeBon is a graduate of Villanova University with a degree in accounting and is a Certified Public Accountant in Pennsylvania.

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 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 Professional 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.

Donald McDonald, Jr. – Director

Donald McDonald Jr. became a director of the Company in April 2014. Mr. McDonald's 40-year career spans several organizations from financing to direct response advertising to technology and media. His responsibilities as a founder and executive over the past 30 years include strategy vision, management, operational and sales. In particular, Mr. McDonald led National Media Corporation, a direct response marketing company, to $320 million in annual sales and a NYSE listing as a public company. Mr. Mc Donald is currently with Great Valley Capital Advisors, assisting companies with corporate development and strategy.

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, 2014.

Audit Committee and Code of Ethics

Effective April 28, 2014, the Board of Directors established an Audit Committee, consisting of our three independent members, William Kinnear, Stephen Jarvis, and Donald McDonald. Mr. Kinnear is Chairman of the Audit Committee and is considered the Audit Committee financial expert.

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, 2014 and 2013, by our executive officers (the "Named Officers").

Summary Compensation Table

Name And Principal Position	Year	Salary ($)	Bonus ($) (1)	Stock ($) (1)	Option Awards Granted ($) (2)
Kelvin Claney (Chief Executive Officer)	2014	275,000	10,000	25,000	216,900
	2013	240,000	25,000	-	25,100
Richard Ransom (President)	2014	185,000	10,000	25,000	144,600
	2013	160,000	25,000	-	136,800
Ryan LeBon (Chief Financial Officer)	2014	125,000	10,000	25,000	255,030
	2013	110,000	7,500	-	85,000

(1) Stock awarded as exercise of options on January 15, 2015 including applicable taxes. Stock and cash bonus amounts were paid on January 15, 2015 and accrued for as of December 31, 2014.
(2) Option awards measured in accordance with FASB ASC Topic 718 and such awards vest over three years. See Note 2 for further information.

Compensation of Directors

During 2014, Stephen Jarvis, William Kinnear and Donald McDonald, Jr. each received $6,000 as compensation for their service as directors. During 2013, our directors each received $4,000 as compensation for their service as directors. In 2014 and 2013, Stephen Jarvis was paid $2,640 and $2,640, respectively, for commissions above and beyond his duties as a director. In April 2014, Donald McDonald, Jr. was awarded 100,000 common stock options at a price of $0.70. In December 2014, Stephen Jarvis, William Kinnear and Donald McDonald, Jr. were also issued options each to purchase 25,000 shares of the Company's common stock at an exercise price of $0.72.

Employment Contracts

We entered into an Employment Agreement with Kelvin Claney, our Chief Executive Officer, effective March 1, 2011. Under the terms of this agreement, the Company will pay an annual salary that is subject to review and, if appropriate, adjustment on an annual basis by the Company's Board of Directors. Effective January 1, 2015, this annual salary was increased to $290,000 from $275,000 and approved by the Board of Directors. The CEO is also entitled to annual performance bonuses as determined appropriate by the Board of Directors, and is entitled to receive stock options and other employee benefits such as health insurance reimbursement; automobile allowance and other reimbursable expenses. The initial term of this employment agreement is five years and automatically renews for successive one year periods unless either party provides not less than 60 days prior written notice of their intent not to renew the agreement. If the employment agreement is terminated by the Company without cause, the employee will be entitled to a severance 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. Under the terms of this agreement, the Company will pay an annual salary that is subject to review and, if appropriate, adjustment on an annual basis by the Company's Board of Directors. Effective January, 1, 2015, this annual salary was increased to $200,000 from $185,000 and approved by the Board of Directors. The President is also entitled to annual performance bonuses as determined appropriate by the Board of Directors, and is entitled to receive stock options and other employee benefits such as health insurance reimbursement, automobile allowance and other reimbursable expenses. The employment agreement will continue until terminated by either party in accordance with the terms of the agreement. If the employment agreement is terminated by the Company without cause, the employee will be entitled to a severance payment equal to one year's salary and benefits.

On June 26, 2014, the Company entered into an employment agreement with Ryan LeBon, Chief Financial Officer. Under the terms of this agreement, the Company will pay an annual salary that is subject to review and, if appropriate, adjustment on an annual basis by the Company's Board of Directors. Effective January, 1, 2015, this annual salary was increased to $140,000 from $125,000 and approved by the Board of Directors. The Chief Financial Officer 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 19, 2015 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 19, 2015, we had 24,144,399 shares of common stock issued and outstanding.

Name	Number of Shares Owned	Percentage of Shares Owned (12)
Kelvin Claney, Chairman and Chief Executive Officer, Member of the Board of Directors (1)(6)(13)	7,594,936	31.5%
The Better Blocks Trust, declared January 1, 1994 (2)	6,668,660	27.6%
Richard Ransom, President (1)(7)	914,166	3.8%
Ryan LeBon, Chief Financial Officer (1)(8)	66,666	0.3%
Stephen Jarvis, Member of the Board of Directors (3)(9)	497,000	2.1%
William Kinnear, Member of the Board of Directors (4)(10)	91,667	0.4%
Donald McDonald, Jr., Member of the Board of Directors (5)(11)	33,333	0.1%
John J. Grimley, Jr.	1,453,600	6.0%
ALL AS A GROUP	10,651,368	44.1%

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

(1) The business address for these persons is 489 Devon Park Drive, Suite 315, Wayne, PA 19087.
(2) The address for The Better Blocks Trust is 230 N 21 st Street, Unit 302, Philadelphia, PA 19103.
(3) Mr. Jarvis's business address is 320 J P Razal Street, Unit 301, 3rd Floor Aralco Bldg., Poblacion, Makati City 1210, Philippines.
(4) Mr. Kinnear's business address is 2120 - 130 Adelaide Street West, Toronto, Ontario M5H 3P5, Canada.
(5) Mr. McDonald's business address is 431 Drummers Lane, Wayne PA 19087
(6) Includes 233,333 shares as to which Mr. Claney holds exercisable options within 60 days.
(7) Includes 275,000 shares as to which Mr. Ransom holds exercisable options within 60 days.
(8) Includes 16,666 shares as to which Mr. LeBon holds exercisable options within 60 days.
(9) Includes 133,334 shares as to which Mr. Jarvis holds exercisable options within 60 days.
(10) Includes 91,667 shares as to which Mr. Kinnear holds exercisable options within 60 days.
(11) Includes 33,333 shares as to which Mr. McDonald holds exercisable options within 60 days.
(12) Currently exercisable options have been included as outstanding shares for purposes of this calculation.
(13) Includes 6,668,660 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.
(14) Mr. Grimley's business address is 308 West Lancaster Avenue, Wayne PA 19087.

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

A majority of our directors are independent, as determined in accordance with the definition of independence in the NYSE Listed Company Manual. Our independent directors are Messrs. Jarvis, Kinnear and McDonald.

The Company had 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 payments of $7,000 and $23,000 were paid during 2014 and 2013, respectively.

On April 1, 2012, when the note was modified, a conversion option was added that all or any part of this note may be converted into shares of common stock of the Company at any time, and from time to time, prior to payment, at a conversion price of $0.50 per share. Conversion is at the option of lender. Any amount not converted will continue to be payable in accordance with the terms of the note. The Company considered this a modification of debt that was not substantive, thus no gain or loss was recorded upon modification. The principal balance of this note was due and payable in three equal payments on each of April 1, 2015, April 1, 2016, and April 1, 2017. This note was able to be prepaid in whole or in part at any time without penalty, and any prepayment shall be applied against the next principal payment due. Principal payments of $119,000 and $197,000 were made during the years ended December 31, 2014 and 2013, respectively.

On February 5, 2014, the shareholder sold $50,000 of the note to an accredited investor, who then converted the $50,000 note into 100,000 shares of the Company's stock at the contractual conversion price of $.50 per share. Additionally, on March 18, 2014, the shareholder sold $75,000 of the note to an accredited investor, who then converted the $75,000 note into 150,000 shares of the Company's stock at the contractual conversion price of $.50 per share. On October 2, 2014, the shareholder sold an additional $75,000 of the note to an accredited investor, who then converted the $75,000 note into 150,000 shares of the Company's stock at the contractual conversion price of $.50 per share. On December 19, 2014, the shareholder sold an additional $75,000 of the note to two accredited investors, who then converted the $75,000 note into 150,000 shares of the Company's stock at the contractual conversion price of $.50 per share.

At December 31, 2014 and 2013, the balance outstanding was $0 and $394,000, respectively.

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 $141,225 in 2014 and $134,575 in 2013.

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

The aggregate fees billed to the Company for professional services rendered for tax compliance, tax advice, and tax planning were $29,000 in 2014 and $50,100 in 2013.

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 Board of Directors.

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 ICTV Brands Inc.
10.4 **	Second Extension of Promissory Note dated March 25, 2002, by and between the Trustees of the Better Blocks Trust and International Commercial Television Inc.
10.5 ***	Assignment of Trademark by Dimensional Marketing Concepts, Inc.
31.1****	Rule 13a-14(a)/15d-14(a) Certification – Chief Executive Officer
31.2****	Rule 13a-14(a)/15d-14(a) Certification – President
31.3****	Rule 13a-14(a)/15d-14(a) Certification – Chief Financial Officer
32****	Section 1350 Certifications

* Incorporated by reference from Form SB-2 filed with the Securities and Exchange Commission on October 3, 2001.
** Incorporated by reference from Post-Effective Amendment No. 1 to Form SB-2 filed with the Securities and Exchange Commission on April 12, 2002.
*** Incorporated by reference from Amendment No. 1 to Form SB-2 filed with the Securities and Exchange Commission on December 24, 2001.
**** Filed herewith

SIGNATURES

In accordance with 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.

ICTV BRANDS INC.

Date: March 19, 2015

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 19, 2015
By: */s/ Richard Ransom* Name: Richard Ransom Title: President	Date: March 19, 2015
By: */s/ Ryan LeBon* Name: Ryan LeBon Title: Chief Financial Officer	Date March 19, 2015
By: */s/ Stephen Jarvis* Name: Stephen Jarvis Title: Director	Date March 19, 2015
By: */s/ William Kinnear* Name: William Kinnear Title: Director	Date March 19, 2015
By: */s/ Donald McDonald, Jr.* Name: Donald McDonald, Jr. Title: Director	Date March 19, 2015

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

ICTV Brands Inc. and Subsidiary

Report of Independent Registered Public Accounting Firm

To the Board of Directors and Stockholders of
ICTV Brands Inc.

We have audited the accompanying consolidated balance sheets of ICTV Brands Inc. and Subsidiary (collectively, the "Company") as of December 31, 2014 and 2013, and the related consolidated statements of operations, shareholders' equity, and cash flows for each of the years in the two-year period ended December 31, 2014. 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 ICTV Brands, Inc. and Subsidiary as of December 31, 2014 and 2013, and the consolidated results of their operations and their cash flows for each of the years in the two-year period ended December 31, 2014, in conformity with accounting principles generally accepted in the United States of America.

/s/EisnerAmper, LLP

Jenkintown, Pennsylvania
March 19, 2015

ICTV BRANDS INC. AND SUBSIDIARY

CONSOLIDATED BALANCE SHEETS
AS OF DECEMBER 31, 2014 and 2013

	2014	2013
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$ 1,097,008	$ 1,370,178
Cash held in escrow	547,975	62,924
Accounts receivable, net of doubtful account reserves of $316,643 and $446,307, respectively	948,014	791,292
Inventories, net	1,978,001	1,778,073
Prepaid expenses and other current assets	631,814	733,427
Total current assets	5,202,812	4,735,894
Furniture and equipment	72,008	81,507
Less accumulated depreciation	(42,186)	(66,712)
Furniture and equipment, net	29,822	14,795
Other assets	-	21,297
Total assets	$ 5,232,634	$ 4,771,986
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Accounts payable and accrued liabilities	$ 2,582,936	$ 1,391,342
Severance payable – short-term	40,800	40,800
Deferred revenue – short-term	660,564	242,827
Tax penalties payable	-	190,000
Total current liabilities	3,284,300	1,864,969
Severance payable – long-term	6,200	47,000
Deferred revenue – long-term	480,693	386,821
Convertible note payable to shareholder– long-term	-	393,723
Total long-term liabilities	486,893	827,544
COMMITMENTS AND CONTINGENCIES		
SHAREHOLDERS' EQUITY:		
Preferred stock 20,000,000 shares authorized, no shares issued and outstanding	-	-
Common stock, $0.001 par value, 100,000,000 shares authorized, 23,569,399 and 21,826,650 shares issued and outstanding as of December 31, 2014 and 2013, respectively	13,359	11,616
Additional paid-in-capital	9,340,645	7,676,177
Accumulated deficit	(7,892,563)	(5,608,320)
Total shareholders' equity	1,461,441	2,079,473
Total liabilities and shareholders' equity	$ 5,232,634	$ 4,771,986

See accompanying notes to consolidated financial statements.

ICTV BRANDS INC. AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF OPERATIONS
FOR THE YEARS ENDED DECEMBER 31, 2014 and 2013

	2014	2013
NET SALES	$ 32,322,312	$ 40,964,127
COST OF SALES	9,815,588	11,508,854
GROSS PROFIT	22,506,724	29,455,273
OPERATING EXPENSES:		
General and administrative	7,718,492	7,867,497
Selling and marketing	17,086,125	19,864,436
Total operating expenses	24,804,617	27,731,933
OPERATING INCOME (LOSS)	(2,297,893)	1,723,340
INTEREST EXPENSE, NET	7,103	22,494
INCOME (LOSS) BEFORE PROVISION FOR INCOME TAX	(2,304,996)	1,700,846
PROVISION (BENEFIT) FOR INCOME TAX	(20,753)	54,968
NET INCOME (LOSS)	$ (2,284,243)	$ 1,645,878
BASIC NET INCOME (LOSS) PER SHARE	$ (0.10)	$ 0.08
DILUTED NET INCOME (LOSS) PER SHARE	$ (0.10)	$ 0.07
WEIGHTED AVERAGE NUMBER OF COMMON SHARES		
BASIC	23,087,106	21,547,775
DILUTED	23,087,106	24,726,718

See accompanying notes to consolidated financial statements.

ICTV BRANDS INC. AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2014 and 2013

	Common Stock $0.001 par value		Additional Paid-In	Accumulated	
	Shares	Amount	Capital	Deficit	Totals
Balance at January 1, 2013	20,722,756	$ 10,562	$ 6,843,267	$ (7,254,198)	$ (400,369)
Net income	-	-	-	1,645,878	1,645,878
Share based compensation	-	-	638,910	-	638,910
Exercise of warrants	45,563	46	18,179	-	18,225
Expense for previously issued common stock for consulting services	-	-	10,834	-	10,834
Issuance of restricted stock for consulting services	75,000	75	69,720	-	69,795
Exercise of options	933,331	933	95,267	-	96,200
Balance at December 31, 2013	21,826,650	$ 11,616	$ 7,676,177	$ (5,608,320)	$ 2,079,473
Net (loss)	-	-	-	(2,284,243)	(2,284,243)
Share based compensation	-	-	1,146,075	-	1,146,075
Exercise of warrants	653,333	653	143,930	-	144,583
Expense for previously issued common stock for consulting services	-	-	6,318	-	6,318
Issuance of restricted stock for consulting services	75,000	75	47,880	-	47,955
Conversion of shareholder note payable	550,000	550	274,450	-	275,000
Exercise of options	464,416	465	45,815	-	46,280
Balance at December 31, 2014	23,569,399	$ 13,359	$ 9,340,645	$ (7,892,563)	$ 1,461,441

See accompanying notes to consolidated financial statements.

ICTV BRANDS INC. AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2014 and 2013

	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income (loss)	$ (2,284,243)	$ 1,645,878
Adjustments to reconcile net income (loss) to net cash and cash equivalents provided by operating activities:		
Depreciation	6,400	9,763
Bad debt expense	1,780,112	3,195,211
Stock based compensation	1,269,503	723,694
Reduction in tax penalties payable	(85,933)	-
Change in assets and liabilities:		
Accounts receivable	(1,936,834)	(2,831,648)
Inventories	(199,928)	201,684
Prepaid expenses and other assets	53,756	(286,414)
Accounts payable and accrued liabilities	1,191,594	(1,969,403)
Severance payable	(40,800)	(40,800)
Tax provision payable	-	(138,124)
Tax penalties payable	(104,067)	(80,000)
Deferred revenue	511,609	217,888
Net cash provided by operating activities	161,169	647,729
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of furniture and equipment	(21,428)	(10,249)
Net cash used in investing activities	(21,428)	(10,249)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from exercise of options	46,280	96,200
Proceeds from exercise of warrants	144,583	18,225
Payments on note payable	-	(30,169)
Proceeds held as collateral on line of credit	(500,000)	-
Payments on convertible note payable to shareholder	(118,723)	(197,000)
Net cash used in financing activities	(427,860)	(112,744)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(288,119)	524,736
CASH AND CASH EQUIVALENTS, beginning of the year	1,433,102	908,366
CASH AND CASH EQUIVALENTS, end of the year	$ 1,144,983	$ 1,433,102
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Taxes paid	$ 6,585	$ 145,530
Tax penalties and interest paid	104,067	-
Interest paid	8,485	23,048
Write off of fully depreciated furniture and equipment	30,928	-
Conversion of shareholder note payable	275,000	-

See accompanying notes to consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2014 and 2013

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. On July 3, 2014, the Board of Directors of the Company recommended to the shareholders that the Company's Articles of Incorporation be amended to change the name of the Company to ICTV Brands Inc. On July 16, 2014, the holders of a majority of the Company's outstanding stock approved the amendment which became effective on August 20, 2014.

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

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

The Company develops, markets and sells products through a multi-channel distribution strategy, including long-form infomercials which we produce, short-form advertising spots, live home shopping television, specialty outlets, online shopping, and traditional retail stores. We offer primarily health and beauty products, including DermaWand ™ , a skin care device that reduces the appearance of fine lines and wrinkles, and helps improve skin tone and texture, and DermaVital ® , a professional quality skin care line that effects superior hydration, and the CoralActives ® brand of acne treatment and skin cleansing products. 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.

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

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. All significant inter-company transactions and balances have been eliminated.

Use of estimates

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

Recently Issued Accounting Pronouncements

In May 2014, the FASB issued new accounting guidance ASU No. 2014-09 - Revenue from Contracts with Customers, on revenue recognition. The new standards provides for a single five-step model to be applied to all revenue contracts with customers as well as required additional financial statement disclosure that will enable users to understand the nature, amount, timing and uncertainty of revenue and cash flows relating to customer contracts. Companies have an option to use either a retrospective approach or cumulative effect adjustment approach to implement the standard. There is no option for early adoption. The ASU is effective for fiscal years and interim periods within those years beginning after December 15, 2016. We are currently evaluating the impact of the new guidance on our consolidated financial statements.

Note 2 - Summary of significant accounting policies (continued)

In August 2014, the FASB issued ASU 2014-15 - Disclosure of Uncertainties about an Entity's Ability to Continue as a Going Concern. The amendments in this Update provide guidance in U.S. GAAP about management's responsibility to evaluate whether there is substantial doubt about an entity's ability to continue as a going concern and to provide related footnote disclosures. The amendments in this Update are effective for the annual period ending after December 15, 2016, and for annual periods and interim periods thereafter. The Company is currently evaluating the impact to the consolidated financial statements related to this guidance.

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, 2014, 73% of the Company's accounts receivable were due from various individual customers to whom our products had been sold directly via Direct Response Television. In addition, 5% of the Company's accounts receivable was cash due from the Company's credit card processors. Furthermore, 12% was due from a retail account. Major customers are considered to be those who accounted for more than 10% of net sales. For the year ended December 31, 2014, 15% of net sales were made to our international third party distributor Inova, located in Mexico. There were no major customers for the fiscal year ended December 31, 2013.

Fair value of financial instruments

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

The Company utilizes Transfirst ePayment Services' Check Gateway platform for electronic check processing, which maintains a reserve fund within our electronic check processing account to cover fees, charges, and expenses due to them, including those estimated for possible customer charge backs. At December 31, 2014 and 2013, the amount of such reserves were approximately $48,000 and $63,000, respectively. ICTV's credit card processing vendor for VISA, Mastercard, Discover and American Express transactions in the United States, Chase Paymentech, does not require such a reserve.

Additionally, as described further in Note 6, effective November 7, 2014, the Company's credit facility with JP Morgan Chase was amended to remove the EBITDA covenant and hold the amount of the line of credit as collateral. At December 31, 2014 and 2013, such amount was $500,000, and $0, respectively. Effective February 18, 2015, the Company terminated the Credit Facility and the $500,000 collateral held in escrow was released.

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.

Note 2 - Summary of significant accounting policies (continued)

Accounts receivable

Accounts receivable are recorded net of allowances for returns and doubtful accounts of approximately $317,000 and $446,000 as of December 31, 2014 and 2013, 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 for the return of 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 $221,000 and $239,000 as of December 31, 2014 and 2013, respectively.

Inventories

Inventories consist primarily of finished products held for resale, and are valued at the lower of cost (first-in, first-out method) or market. The Company adjusts inventory for estimated obsolescence when necessary based upon demand and market conditions. Included in inventory at December 31, 2014 and 2013 is approximately $115,000 and $139,000, respectively, of consigned product that has been shipped to customers under the 30-day free trial period for which the trial period has not expired and as such the customer has not accepted the product.

Furniture and equipment

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

Depreciation expense amounted to approximately $6,000 and $10,000, respectively, for the years ended December 31, 2014 and 2013.

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, 2014 and 2013.

Revenue recognition

For our domestic direct response television consumer 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 third party distributor customers is recorded at gross amounts with a corresponding charge to cost of sales upon shipment. Included in deferred revenue – short-term are payments received prior to shipment on international sales of approximately $471,000 and $119,000 as of December 31, 2014 and 2013, respectively.

Note 2 - Summary of significant accounting policies (continued)

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

In 2012, the Company started selling warranties on the DermaWand TM for one-year, three-year and lifetime terms. 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 sheets. Changes in the Company's deferred service revenue related to the warranties is presented in the following table:

	Years ended December 31,	
	2014	2013
Deferred extended warranty revenue:		
At beginning of period	$ 510,630	$ 171,319
Revenue deferred for new warranties	331,260	436,816
Revenue recognized	(171,815)	(97,505)
At end of period	$ 670,075	$ 510,630
Current portion	$ 189,382	$ 123,809
Non-current portion	480,693	386,821
	$ 670,075	$ 510,630

Shipping and handling

The amount billed to a customer for shipping and handling is included in revenue. Shipping, handling and processing revenue approximated $4,492,000 and $5,990,000 for the years ended December 31, 2014 and 2013, respectively. Shipping and handling costs are included in cost of sales. Shipping and handling costs approximated $2,348,000 and $3,443,000 for the years ended December 31, 2014 and 2013, respectively.

Research and development

Research and development costs are expensed as incurred and are included in selling and marketing expense in the accompanying consolidated financial statements. Research and development costs primarily consist of efforts to discover and develop new products, including clinical trials, product safety testing, certifications for international regulations and standards, etc. Product testing and development costs approximated $528,000 and $168,000 for the years ended December 31, 2014 and 2013, respectively.

Media and production costs

Media and internet marketing costs are expensed as incurred and are included in selling and marketing expense in the accompanying consolidated financial statements. Production costs associated with the creation of new and updated infomercials and advertising campaigns are expensed at the commencement of a campaign. The Company incurred approximately $10,629,000 and $12,737,000 in media costs for airing its infomercials, $831,000 and $213,000 in new production costs, and $601,000 and $318,000 in internet marketing costs for the years ended December 31, 2014 and 2013, respectively.

Note 2 - Summary of significant accounting policies (continued)

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 limited 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 sustain profitability 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 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. 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 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 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, 2014, 666,667 options are outstanding under the Plan.

In December 2011, our shareholders approved our 2011 Stock Option Plan (the "2011 Plan"). The 2011 Plan is designed for selected employees, officers, and directors of the Company and its subsidiary, and is intended to advance the best interests of the Company by providing personnel who have substantial responsibility for the management and growth of the Company and its subsidiary with additional incentive by increasing their proprietary interest in the success of the Company, thereby encouraging them to remain in the employ of the Company or its subsidiary. The 2011 Plan is administered by the Board of Directors of the Company, and authorizes the issuance of stock options not to exceed a total of 3,000,000 shares. On April 21, 2014, the Company's Board of Directors adopted a resolution to increase the number of common shares which may be granted to 6,000,000 shares. On June 19, 2014, the increase in the number of shares that may be granted under the 2011 Plan was approved by a majority of the Company's shareholders. 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, 2014, 3,903,335 options are outstanding under the 2011 Plan.

The Company accounts for equity instruments issued to non-employees in accordance with the provisions of ASC Topic 505, subtopic 50, *Equity-Based Payments to Non-Employees* based upon the fair-value of the underlying instrument. The equity instruments, consisting of stock options granted to consultants, are valued using the Black-Scholes valuation model. The measurement of 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. Nonvested stock options granted to non-employees are remeasured at each reporting period.

The Company uses ASC 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.

Note 2 - Summary of significant accounting policies (continued)

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

	Number of Shares			Weighted Average Exercise Price
	Employee	Non-Employee	Totals	
Balance, January 1, 2014	3,125,002	350,000	3,475,002	$ 0.24
Granted during the year	1,670,000	-	1,670,000	0.69
Exercised during the year	(374,999)	-	(374,999)	0.15
Forfeited during the year	(200,001)	-	(200,001)	0.48
Balance, December 31, 2014	4,220,002	350,000	4,570,002	$ 0.40

Stock options

	Number of Shares			Weighted Average Exercise Price
	Employee	Non-Employee	Totals	
Balance, January 1, 2013	2,730,000	350,000	3,080,000	$ 0.18
Granted during the year	1,295,000	-	1,295,000	0.27
Exercised during the year	(899,998)	-	(899,998)	0.10
Forfeited during the year	-	-	-	-
Balance, December 31, 2013	3,125,002	350,000	3,475,002	$ 0.24

Of the stock options outstanding as of December 31, 2014 under the Stock Option Plans, 1,615,557 options are currently vested and exercisable. The weighted average exercise price of these options was $0.22. These options expire through December 2024. The aggregate intrinsic value for options outstanding and exercisable at December 31, 2014 and 2013, was approximately $774,000 and $486,000, respectively. The aggregate intrinsic value for stock options exercised during the year ended December 31, 2014 and 2013 was approximately $205,000 and $184,000, respectively.

For the years ended December 31, 2014 and 2013, the Company recorded approximately $376,000 and $262,000 respectively in stock compensation expense under the Plans. At December 31, 2014, there was approximately $1,231,000 of total unrecognized compensation cost related to non-vested option grants that will be recognized over the remaining vesting period of 3 years.

The following assumptions are used in the Black-Scholes option pricing model for the years ended December 31, 2014 and 2013 to value the stock options granted during the period:

2014	
Risk-free interest rate	1.90% - 2.30%
Expected dividend yield	0.00
Expected life	6.00 years
Expected volatility	181% - 340%
Weighted average grant date fair value	$0.72

2013	
Risk-free interest rate	1.14% - 2.13%
Expected dividend yield	0.00
Expected life	6.00 years
Expected volatility	318% - 352%
Weighted average grant date fair value	$0.30

Note 2 - Summary of significant accounting policies (continued)

The following is a summary of stock options outstanding outside of the Stock Option Plans for the years ended December 31, 2014 and 2013:

	Number of Shares			Weighted Average Exercise Price
	Employee	Non-Employee	Totals	
Balance, January 1, 2014	291,667	1,590,000	1,881,667	$ 0.23
Granted during the year	175,000	560,000	735,000	0.64
Exercised during the year	-	(133,333)	(133,333)	0.15
Balance, December 31, 2014	466,667	2,016,667	2,483,334	$ 0.36

Stock options

	Number of Shares			Weighted Average Exercise Price
	Employee	Non-Employee	Totals	
Balance, January 1, 2013	150,000	1,650,000	1,800,000	$ 0.20
Granted during the year	175,000	190,000	365,000	0.34
Exercised during the year	(33,333)	-	(33,333)	0.15
Expired during the year	-	(250,000)	(250,000)	0.18
Balance, December 31, 2013	291,667	1,590,000	1,881,667	$ 0.23

Of the stock options currently outstanding outside of the Stock Option Plans at December 31, 2014, 2,075,000 options are currently vested and exercisable. The weighted average exercise price of these options was $0.31. These options expire through December 2024. The aggregate intrinsic value for options outstanding and exercisable at December 31, 2014 and 2013, was approximately $817,000 and $537,000, respectively. The aggregate intrinsic value for stock options exercised during the year ended December 31, 2014 and 2013 was approximately $73,000 and $23,000, respectively.

For the years ended December 31, 2014 and 2013, the Company recorded approximately $770,000 and $377,000, respectively in stock compensation expense related to stock options outside of the Stock Option Plans. At December 31, 2014, there was approximately $132,000 of total unrecognized compensation cost related to non-vested option grants that will be recognized over the remaining vesting period of 3 years.

The following assumptions are used in the Black-Scholes option pricing model for the years ended December 31, 2014 and 2013 to value the stock options issued outside the Plans:

2014	
Risk-free interest rate	1.01% – 2.73%
Expected dividend yield	0.00
Expected life	2.50 – 10.00 years
Expected volatility	181% - 341%
Weighted average grant date fair value	$0.76

2013	
Risk-free interest rate	1.14% – 3.04%
Expected dividend yield	0.00
Expected life	5.00 – 10.00 years
Expected volatility	262% - 322%
Weighted average grant date fair value	$0.43

Note 3 - Commitments and contingencies

The following is a summary of all stock options outstanding, and nonvested for the year ended December 31, 2014:

	Number of Shares			Weighted Average Exercise Price
	Employee	Non-Employee	Totals	
Balance, January 1, 2014 – nonvested	2,923,334	862,500	3,785,834	$ 0.25
Granted	1,845,000	560,000	2,405,000	0.67
Vested	(1,305,554)	(1,322,500)	(2,628,054)	0.38
Forfeited	(200,001)	-	(200,001)	0.48
Balance, December 31, 2014 – nonvested	3,262,779	100,000	3,362,779	$ 0.51

Leases

As of December 31, 2014, the Company had an active lease related to the office space rented in Wayne, Pennsylvania. Total rent expense incurred during 2014 and 2013 totaled approximately $54,000 and $49,000, respectively. During the year ended December 31, 2013, the Company moved 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 lease.

	2015	2016	2017	2018	2019	TOTAL OBLIGATION
Wayne - Corporate HQ	**$ 53,100**	**$ 13,300**	**$ -**	**$ -**	**$ -**	**$ 66,400**
Total Lease Obligations	**$ 53,100**	**$ 13,300**	**$ -**	**$ -**	**$ -**	**$ 66,400**

DermaWand ™

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

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

The amount of royalty expense incurred for sales of the DermaWand ™ included in cost of sales in the accompanying Consolidated Statements of Operations were approximately $1,159,000 and $1,018,000 for the years ended December 31, 2014 and 2013, respectively.

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, which expires on April 20, 2015. The Company intends to renew this policy. 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, 2014 and 2013 is approximately $47,000 and $88,000, respectively of which $41,000 is current and $6,000 is long-term as of December 31, 2014.

Note 5 - Related party transactions

The Company had 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 payments of approximately $7,000 and $23,000 were paid during 2014 and 2013, respectively.

On April 1, 2012, when the note was modified, a conversion option was added that stated that all or any part of this note may be converted into shares of common stock of the Company at any time, and from time to time, prior to payment, at a conversion price of $0.50 per share. Conversion is at the option of lender. Any amount not converted will continue to be payable in accordance with the terms of the note. The Company considered this a modification of debt that was not substantive, thus no gain or loss was recorded upon modification. The principal balance of this note was due and payable in three equal payments on each of April 1, 2015, April 1, 2016, and April 1, 2017. This note was able to be prepaid in whole or in part at any time without penalty, and any prepayment shall be applied against the next principal payment due. Principal payments of approximately $119,000 and $197,000 were made during the years ended December 31, 2014 and 2013, respectively.

On February 5, 2014, the shareholder sold $50,000 of the note to an accredited investor, who then converted the $50,000 note into 100,000 shares of the Company's stock at the contractual conversion price of $.50 per share. Additionally, on March 18, 2014, the shareholder sold $75,000 of the note to an accredited investor, who then converted the $75,000 note into 150,000 shares of the Company's stock at the contractual conversion price of $.50 per share. On October 2, 2014, the shareholder sold an additional $75,000 of the note to an accredited investor, who then converted the $75,000 note into 150,000 shares of the Company's stock at the contractual conversion price of $.50 per share. On December 19, 2014, the shareholder sold an additional $75,000 of the note to two accredited investors, who then converted the $75,000 note into 150,000 shares of the Company's stock at the contractual conversion price of $.50 per share.

At December 31, 2014 and 2013, the balance outstanding was approximately $0 and $394,000, respectively.

Note 6 – Notes payable

On July 2, 2014, the Company entered into a $500,000, one-year Credit Facility with JPMorgan Chase Bank, N.A with an expiration date of July 2, 2015. Interest on the Credit Facility is calculated using the Adjusted One Month LIBOR Rate plus 2.50%. The facility is collateralized by a lien on the Company's assets and requires the Company to maintain prescribed levels of liquidity and EBITDA. An event of default, such as non-payment of amounts when due under the loan agreement or a breach of covenants, may accelerate the maturity date of the facility. The Company did not meet a required level of EBITDA for the trailing twelve months ended September 30, 2014, and obtained a waiver for such period. Effective November 7, 2014, the Credit Facility was amended to remove the EBITDA covenant and place a cash restriction on the Company's cash for the amount of the line of credit. The Company has not used the Credit Facility and the balance outstanding at December 31, 2014 was $0. The effective rate at December 31, 2014 based on the formula above was 2.6635%. Effective February 18, 2015, the Company terminated the Credit Facility and the collateral held in escrow was released.

Note 7 - Capital transactions

On August 15, 2012, the Company entered into a three year corporate public relations agreement with a consultant. As part of the agreement, the consultant will receive a monthly consulting fee of $4,000, a commission of $7.50 for each DermaWand ™ sold on Amazon plus 5% of the net revenue from other products sold, and 125,000 warrants with an exercise price of $0.30 that expires 36 months from the date of the agreement. In addition, the Consultant had an additional 125,000 warrants from a prior agreement with an exercise price of $0.30 which were exercised during the year ended December 31, 2013. For each of the years ended December 31, 2014 and 2013, the Company recorded $36,000 of stock based compensation expense for the 125,000 warrants issued to the consultant under the new consulting agreement. As of December 31, 2014, there was approximately $16,000 of total unrecognized compensation costs included in prepaid expenses related to these warrant grants which will be recognized over the remaining 7.5 months.

At December 31, 2014, the following warrants were outstanding and exercisable:

Holder	Warrants Outstanding	Exercise Price	Expiration Date
Shareholders in February 2012 private placement	335,000	$0.25	February – March 2015
Consultant	125,000	$0.30	August 2015
Balance at December 31, 2013	460,000	$0.25 - $0.30	

On September 1, 2013, the Company entered into a one year investor relations consulting agreement, in which 150,000 shares of restricted stock were agreed to be issued to a consultant. Restricted stock awards provide that, during the applicable vesting periods, the shares awarded may not be sold or transferred by the participant. The fair market value was $0.45 and 37,500 shares vested as of the date of executed agreement. An additional 37,500 shares vested on December 31, 2013, and the remaining 75,000 shares vested on February 28, 2014. The award contained service conditions based on the consultant's continued service for the Company which were met. For the years ended December 31, 2014 and 2013, the Company recorded approximately $80,000 and $37,000 in share based compensation, with no remaining unrecognized compensation costs as of December 31, 2014.

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 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. At December 31, 2014 there were 460,000 warrants outstanding and exercisable. The warrants are exercisable between $0.25 and $0.30 per share expiring through August 2015. At December 31, 2014 there were 7,053,336 stock options outstanding and 3,690,557 were vested and exercisable at an average exercise price of $0.24. The following securities were not included in the computation of diluted net loss per share as their effect would have been anti-dilutive:

	December 31, 2014	December 31, 2013
Options to purchase common stock	7,053,336	1,940,000
Warrants to purchase common stock	460,000	125,000
Convertible note payable from shareholder	-	-

As the Company was in a loss position for the year ended December 31, 2014, all shares were anti-dilutive.

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

	December 31, 2014	December 31, 2013
Basic weighted average shares outstanding	23,087,106	21,547,775
Dilutive effect of outstanding stock options	-	1,603,888
Dilutive effect of outstanding warrants	-	383,195
Dilutive effect of restricted stock awards	-	10,413
Dilutive effect of convertible note payable	-	1,181,447
Weighted average dilutive shares outstanding	23,087,106	24,726,718

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

For the year ended December 31, 2014:	Loss (Numerator)	Weighted Average Shares (Denominator)	Per Share Amount
Basic and diluted loss per share			
Loss to common shareholders	$ (2,284,243)	23,087,106	$ (0.10)

For the year ended December 31, 2013:	Loss (Numerator)	Weighted Average Shares (Denominator)	Per Share Amount
Basic earnings per share			
Income to common shareholders	$ 1,645,878	21,547,775	$ 0.08
Diluted earnings per share			
Income to common shareholders, including interest expense on convertible note payable of $22,769	$ 1,668,647	24,726,718	0.07

Note 9 - Income taxes

The (benefit from) provision for income tax for the years ended December 31, 2014 and 2013 consist of the following:

Current	2014	2013
Federal	$ (2,000)	$ 31,000
State	(19,000)	24,000
Total	$ (21,000)	$ 55,000

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. Significant components of the Company's deferred tax assets (liabilities) are as follows as of December 31, 2014 and 2013:

	2014	2013
Net operating loss	$ 483,000	$ 121,000
Accrued returns and allowances	206,000	263,000
Accumulated depreciation	(7,000)	(5,000)
Stock options	329,000	262,000
Deferred income	438,000	242,000
Other	391,000	242,000
Total deferred tax assets	$ 1,840,000	$ 1,125,000
Valuation allowance	(1,840,000)	(1,125,000)
Net deferred tax assets	$ -	$ -

The provision (benefit) for income tax is ($21,000) and $55,000 for the years ended December 31, 2014 and 2013, respectively, or (1.25%) and 3.25%, respectively, of pre-tax income. The effective tax rates for 2014 and 2013 reflect provisions for current federal and state income taxes. The benefit for the year ended December 31, 2014 is attributable to a provision to return adjustment made upon filing its state and federal returns. As of December 31, 2014, the Company had $1,040,000 of gross federal net operating losses and $1,214,000 of gross state net operating losses available. As of December 31, 2013, the Company completed its IRC Section 382 study and concluded that the availability of the Company's net operating loss carry forwards will not be subject to annual limitations against taxable income in future periods due to change in ownership rules. The Company has provided a full valuation allowance on the remaining net deferred asset as the Company does not have sufficient history of taxable income. During 2012, the Company filed income tax returns from inception, 1998, through 2011; therefore, the statute for all years remains open and any of these years could potentially be audited. The Company is current in all tax filings.

The Company's policy is to recognize interest and penalties related to tax matters in general and administrative expenses in the Condensed Consolidated Statements of Operations. At December 31, 2014 and December 31, 2013 the Company has $0 and $190,000, respectively, accrued for various tax penalties. The following is a summary of the activity in the penalties payable for the year ended December 31, 2014. The accrual was reduced due to a resolution reached with the Internal Revenue Service and all final tax penalties and interest were paid in the year ended December 31, 2014.

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

A reconciliation between the Company's effective tax rate and the federal statutory rate for the years ended December 31, 2014 and 2013, is as follows:

	2014	2013
Federal rate	34.00%	34.00%
State tax rate	0.76%	0.95%
Effect of permanent differences	(7.07)%	5.10%
Change in valuation allowance	(26.47)%	(39.7)%
Other	0.03%	2.9%
Effective tax rate	(1.25)%	3.25%

Note 10 - Segment reporting

The Company operates in one industry segment and is engaged in the selling of various consumer products primarily through direct marketing infomercials and televised home shopping. The Company evaluates performance and allocates resources based on several factors, of which the primary financial measure is operating income (loss) by the end customer, either direct to consumer DRTV sales or international third party distributor sales. Operating expenses are primarily prorated based on the relationship between DRTV consumer sales and international third party distributor sales. Domestic sales are DRTV sales sold directly to the consumer by the Company. Included in domestic sales is approximately $3,901,000 and $1,105,000 in DRTV sales in Canada for the years ended December 31, 2014 and 2013, respectively.

During the year ended December 31, 2014, the Company reclassified a portion of royalties included in cost of sales, product testing costs included in selling and marketing costs, and overhead expenses included in general and administrative costs from the DRTV Consumer segment to the International Third Party Distributor segment. Accordingly, the prior periods have been updated to reflect such reclassification.

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

	For the year ended December 31, 2014			For the year ended December 31, 2013		
	DRTV Consumer	International Third Party Distributor	Totals	DRTV Consumer	International Third Party Distributor	Totals
NET SALES	$ 25,130,725	$ 7,191,587	$ 32,322,312	$ 36,261,537	$ 4,702,590	$ 40,964,127
COST OF SALES	5,839,570	3,976,018	9,815,588	8,994,331	2,541,523	11,508,854
Gross profit	19,291,155	3,215,569	22,506,724	27,267,206	2,188.067	29,455,273
Operating expenses:						
General and administrative	7,264,182	454,310	7,718,492	7,642,822	224,675	7,867,497
Selling and marketing	16,826,228	259,897	17,086,125	19,785,818	78,618	19,864,436
Total operating expenses	24,090,410	714,207	24,804,617	27,426,640	303,293	27,731,933
Operating income (loss)	$ (4,799,255)	$ 2,501,362	$ (2,297,893)	$ 161,434	$ 1,884,776	$ 1,723,340

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

	2014	2013
DRTV Consumer	$ 5,180,013	$ 4,765,746
International Third Party Distributor	52,621	6,240
Total Assets	$ 5,232,634	$ 4,771,986

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 ICTV Brands 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 19, 2015

/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 ICTV Brands 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 19, 2015

/s/ Richard Ransom
Richard Ransom, President

Exhibit 31.3

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, Ryan LeBon, certify that:

(1) I have reviewed this Annual Report on Form 10-K of ICTV Brands 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 19, 2015

/s/ Ryan LeBon
Ryan LeBon, 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 ICTV Brands Inc. (the "Company") on Form 10-K for the period ended December 31, 2014 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), Kelvin Claney, Chief Executive Officer, Richard Ransom, President, and Ryan LeBon, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to the best of their knowledge and belief:

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

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

Date: March 19, 2015

/s/ Kelvin Claney
Kelvin Claney, Chief Executive Officer

/s/ Richard Ransom
Richard Ransom, President

/s/ Ryan LeBon
Ryan LeBon, Chief Financial Officer