

FORM 10-K

Commission File Number 0-49638

(Name of Registrant as Specified in Its Charter)

76-0621102
(I.R.S. Employer
Identification No.)

(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 [X]

Indicate by checkmark if registrant is not required to file reports pursuant to Section 13 or 15(d) of the Exchange Act.

Yes [] No [X]

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 [X] 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 [X] 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. ☒ [X]

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	<input type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input checked="" type="checkbox"/>

(Do not check if a 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 [X]

The aggregate market value of the voting common stock held by non-affiliates on June 30, 2015 (the last business day of our most recently completed second fiscal quarter) was \$9,326,764 using the closing price of \$0.57 on June 30, 2015.

As of March 21, 2016, the registrant had issued and outstanding 28,202,739 shares of common stock.

Documents Incorporated by Reference: None.

ICTV BRANDS INC.

Index to
Annual Report on Form 10- K
For the Year Ended December 31, 2015

	Page
Part I	
Item 1. Description of Business	3
Item 1A. Risk Factors	9
Item 1B. Unresolved Staff Comments	11
Item 2. Properties	11
Item 3. Legal Proceedings	11
Item 4. Mine Safety Disclosures	11
Part II	
Item 5. Market for Common Equity, Related Stockholder Matters and Issuer’s Purchases of Equity Securities	12
Item 6. Selected Financial Data	13
Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operation	13
Item 7A. Market Risk Disclosures	17
Item 8. Financial Statements	17
Item 9. Changes in and Disagreements with Accountants on Auditing and Financial Disclosure	17
Item 9A. Controls and Procedures	17
Item 9B. Other Information	18
Part III	
Item 10. Directors, Executive Officers and Corporate Governance	18
Item 11. Executive Compensation	20
Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters	21
Item 13. Certain Relationships and Related Transactions and Director Independence	22
Item 14. Principal Accountant Fees and Services	22
Part IV	
Item 15. Exhibits and Financial Statement Schedules	23

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., (the “Company” or “ICTV”), formerly known as International Commercial Television, Inc., was organized under the laws of the State of Nevada on September 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., which was approved by the holders of a majority of the Company’s outstanding stock and became effective on August 20, 2014.

The Company together with its wholly-owned subsidiary, Better Blocks International Limited (“BBI”), sells various health, wellness and beauty products as well as miscellaneous consumer products through a number of sales channels throughout the United States and internationally. Although our companies are incorporated in Nevada and New Zealand, our operations are currently run from the Wayne, Pennsylvania office.

The Company develops, markets and sells products through a multi-channel distribution strategy, including direct response television, digital marketing campaigns, live home shopping, traditional retail and e-commerce market places, and our international third party distributor network. We offer primarily health, beauty and wellness products as well as various consumer products, including DermaWand™, a skin care device that reduces the appearance of fine lines and wrinkles, and helps improve skin tone and texture, DermaVital®, a professional quality skin care line that effects superior hydration, the CoralActives® brand of acne treatment and skin cleansing products, Derma Brilliance®, a skin care resurfacing device that helps reduce visible signs of aging, Jidue™, a facial massager device which helps alleviate stress, and Good Planet Super Solution™, a multi-use cleaning agent. We acquire the rights to our products that we market primarily via licensing agreements, acquisition and in-house development and sell both domestically and internationally. The Company is presently exploring other devices and consumable product lines currently under licensing agreements.

The goal of our strategy is to use the brand awareness we create in our marketing campaigns so that we can sell the products, along with related families of products, under distinct brand names through multiple sales channels including direct response television (“DRTV”), digital marketing channels, live home shopping, traditional retail and e-commerce marketplaces, and our third party international distributor network.

The ICTV Brands Strategy

Our goal is to create several brands of products and to introduce our brands of products to the market through multiple sales channels including direct response television, digital marketing campaigns, live home shopping, traditional retail and e-commerce market places, and our international thirds party distributor network. Our objective is to have our brands of proprietary products sold through these channels to develop long lasting brands.

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 through our distribution network. Our success depends, in part, on our ability to market products that appeal to consumers and that can be easily associated with a particular brand. In order to succeed, we need to identify new products to supplement and possibly replace our existing product lines as they mature through product life cycles.

We put forth extensive effort to research and develop new products that are unique and that will be suitable for direct response marketing. 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 sufficient media cost per order allowable while still representing good perceived value to the consumer;
- Must have a unique “hook” to be able to catch the attention of the viewer - the bigger the problem solved by the product, the greater the sales potential;
- Easily and effectively promoted through sustained television and digital branding;
- Supports a margin sufficiently high enough to maintain profitability to us when sold through conventional retailers;
- Has high volume sales potential, to ensure live home shopping and retailer/e-commerce interest;
- Exhibits potential for “back-end” sales either through live home shopping, traditional retail or continuity programs; and
- Should have the capability to be marketed internationally through wholesale distributor network.

Our primary product categories are in the health, wellness and household space. These categories have performed well in Direct Response Television (“DRTV”) campaigns and they move smoothly to multiple sales channels.

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 Wellness Products

The Health and Wellness category is a strong and proven DRTV category as products in this category demonstrate well on television with before and after clinical trials, possess high profit margins, and are aimed at highly motivated markets.

DermaWand™

We own the worldwide exclusive rights to sell the DermaWand™, an at home skin care device 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-\$150. The DermaWand™ is sold and marketed with DermaVital™ skin care products which are offered with various continuity programs. During the year ended December 31, 2015, the Company sold approximately 97,000 and 216,000 units to DRTV consumers and international third party distributors, compared to 129,000 and 315,000, respectively during the year ended December 31, 2014. Sales to third party distributors are made at a wholesale price.

During 2015 and 2014, the DermaWand™ infomercial aired on both national cable stations and throughout a variety of broadcast markets in the United States. The Company recognized approximately \$16,271,000 and \$22,764,000 of revenue related to the DermaWand™ infomercial, including DermaVital™ sales, during 2015 and 2014, respectively. The Company plans to continue to actively run the DermaWand™ show in 2016, develop an updated DermaWand™ model, as well as continue to update our overall DRTV and digital marketing campaigns. In addition, the Company sells the DermaWand™ to third party international distributors in over 60 countries. The Company recognized approximately \$5,317,000 and \$7,192,000 of international third party distributor revenue during 2015 and 2014, 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 approximately \$2,720,000 and \$3,769,000 of DermaVital® revenue during 2015 and 2014, 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. 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 approximately \$51,000 and \$45,000 during 2015 and 2014, respectively. The Company incurred clinical trial costs of approximately \$0 and \$14,000 and production costs of approximately \$41,000 and \$26,000 in the years ended December 31, 2015 and 2014, respectively. Future plans include further development and build-out of a continuity program and expansion of distribution channels, including retail in 2016.

Derma Brilliance™

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 anti-aging and re-surfacing scientific skincare system, Derma Brilliance™, a patented anti-aging, resurfacing and skin polishing system. The Company completed a long form infomercial and incurred production costs of approximately \$265,000 in the year ended December 31, 2014. The Company had sales of approximately \$237,000 and \$10,000 in the years ended December 31, 2015 and 2014, respectively. The Company expects to continue to market the product digitally and to its DermaWand customers within North America, as well as through its third party international distributor network.

Jidue™

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. Jidue™ 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 consisted 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 minimum annual requirements. The Company had sales of approximately \$201,000 and \$95,000 for the year December 31, 2015 and 2014, respectively. The Company incurred production and clinical trial costs of approximately \$32,000 and \$21,000 in the year ended December 31, 2015 and 2014, respectively. The Company is currently creating a new long form infomercial to test in 2016 both domestically and through our international distributor network.

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. The Company had sales of approximately \$117,000 and \$72,000 in the years ended December 31, 2015 and 2014, respectively. The Company incurred production costs of approximately \$4,000 and \$60,000 in the years ended December 31, 2015 and 2014, respectively. The Company plans to market this product in 2016 through fulfilling continuity orders and on its digital marketing platform.

Other Categories

Good Planet Super Solution™

In 2014, the Company developed an infomercial for a multiple use cleaning agent named Good Planet Super Solution™. 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. The Company had sales of approximately \$234,000 for the year ended December 31, 2015, primarily from an international distributor located in Australia. We incurred production expenses of approximately \$5,000 and \$241,000 in the years ended December 31, 2015 and 2014, respectively. We expect to continue marketing this product primarily to our international distributor network as well as traditional retail throughout 2016.

Other Products

The Company continues to see new products and has plans to market a number of additional products within its distribution network in 2016, including an at-home pedicure device, the Ultimate Pedi by Dermawand, the Point Perfect Sprinkler, and an exercise device, Spin Force.

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. In addition, we can measure the impact to our web and digital marketing efforts. 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 utilize 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, Fosdick Corporation Inc. in Berlin, CT 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

We produce our infomercials with internal management resources as well as independent production companies. 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) have input and direct 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. In addition, we will create a website and digital marketing strategy including search engine marketing and optimization, paid social and banner campaigns. The success of our media test depends on our ability to attract online consumers to our websites and convert them into customers in a cost-effective manner, and as such, we measure total web visits per media dollar and the overall conversion rates. 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 profitability analyses 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 Third Party Distributors

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 devote significant attention and launch certain products primarily to the international market and 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.

Retail / E-Commerce 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. Additionally, we sell our brands on numerous retailers’ online market places and utilize this strategy to develop the framework to bring the product to the brick and mortar environment.

Other Direct Response Sales Methods

Once we have rolled out a product, we prepare to distribute the product via other direct response methods, primarily through digital marketing efforts consisting of search engine marketing and optimization, paid social media, and banner ad campaigns. Additionally, we will present our products to live home shopping networks such as QVC, the Home Shopping Network (“HSN”) and The Shopping Channel Canada (“TSC”). Live home shopping is a significant part of our strategy due to the demonstrable nature of our product offerings. These channels have very large customer bases which are in our target demographic. Additionally, we use other direct response methods such as direct mail, inserts, and print media. We believe that these additional means further allow us to use the brand awareness we create in our infomercials to reach consumers who might not be presented our infomercials. 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. 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®, Jidue™, Good Planet Super Solution™, 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 own the worldwide patent and all related trademarks 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.

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 were obligated to pay them a royalty at a fixed rate per unit sold. Under a Purchase Agreement entered into on January 22, 2016 with Omega 5 Technologies, Inc., we acquired the Dermawand patent and all related trademarks for the sum of \$1,200,000 paid out as follows: \$300,000 per year for calendar years 2016 through 2019, payable in uniform quarterly installments on or before the last day of each calendar quarter. There shall be no interest charged, and ICTV may, in its sole discretion, at any time without permission or penalty pre-pay some or all of the purchase price. As a result, effective January 1, 2016, we are no longer obligated to make royalty payments on sales of DermaWand™.

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

As of December 31, 2015, we employed a total of eleven employees. 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.

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.

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.

A significant portion of the Company's product sales depend on search engines and other online sources to attract visitors to our websites, and if the Company is unable to attract these visitors and convert them into customers in a cost-effective manner, our business and financial results may be harmed.

With a significant portion of the Company's DermaWand™ sales being derived from e-commerce sites, our sales depend on our ability to attract online consumers to our websites and convert them into customers in a cost-effective manner, which depends, in part, on website design, search engines and other online sources for its website traffic. If our television media does not drive a sufficient amount of visits, if one or more of the Company's competitors outbids the Company for specific search terms or utilizes search terms which are similar to those purchased by the Company, or if one or more of the website development companies or other online sources on which it relies for purchased listings, modifies or terminates its relationship with the Company, our expenses could rise, we could lose customers, traffic to our websites could decrease and our web sales and financial results could be negatively impacted.

We generate a significant portion of our DRTV revenue through long form infomercials, and the reduction in availability of such advertising or loss of advertising outlets could seriously harm our business.

We generate a significant portion of DermaWand™ sales through the use of running long form 30-minute infomercials. If we cannot purchase an adequate amount of advertising time, deliver our advertising in an appropriate and effective manner, and/or reach an acceptable rate of return on our advertising spend, we will continue to receive lower levels of sales leads and ultimately customers, and will generate less revenue, which could have a material impact on our business and our revenues.

The international third party distributor segment is exposed to business and macro-economic risks which could cause results of our operations to suffer.

Expansion into new international markets and bringing new brands to our international distributor network is a major element of the Company's growth strategy. Factors such as compliance with foreign laws regarding manufacture, importation and registration of our products, currency fluctuations including the impact of the strengthening of the U.S. dollar, competition from entrenched local companies, and product integration issues may have an adverse impact on the Company's financial condition.

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.

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, 71,972,988 shares, or 72%, remain unissued at December 31, 2015. The Company has 6,480,003 stock options to purchase common stock outstanding as of December 31, 2015. 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 41% 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 approximately \$5,000, which expires in March 2017. 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

There were no legal proceedings in the years ending December 31, 2015 and 2014.

ITEM 4. MINE SAFETY 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, 2015	0.45	0.16	December 31, 2014	0.75	0.64
September 30, 2015	0.59	0.40	September 30, 2014	0.90	0.64
June 30, 2015	0.69	0.50	June 30, 2014	0.83	0.58
March 31, 2015	0.78	0.43	March 31, 2014	1.05	0.70

HOLDERS

As of March 21, 2016, there were 28,202,739 shares of common stock outstanding. We estimate these shares are held by approximately 300 shareholders of record.

DIVIDENDS

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

SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

In June 2001, our shareholders approved our 2001 Stock Option Plan (the “Plan”). The Plan is designed for selected employees, officers and directors to the Company and its subsidiary, and is intended to advance the best interests of the Company by providing personnel who have substantial responsibility for the management and growth of the Company and its subsidiary with additional incentive by increasing their proprietary interest in the success of the Company, thereby encouraging them to remain in the employ of the Company or its subsidiary. The Plan is administered by the Board of Directors of the Company, and authorizes the issuance of stock options not to exceed a total of 3,000,000 shares. The terms of any awards under the Plan are determined by the Board of Directors, provided that no options may be granted at less than the fair market value of the stock as of the date of the grant. The Plan expired in February 2011. As of December 31, 2015, 316,667 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, 2015, 3,720,002 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, 2015.

Plan Category	(a)	(b)	(c)
	Number of securities to be issued upon exercise of outstanding options	Weighted-average exercise price of outstanding options	Number of securities remaining available for future issuance under the Plan (excluding securities reflected in column (a))
Equity compensation plans approved by security holders	4,036,669	\$ 0.21	1,963,331
Equity compensation plans not approved by security holders	2,443,334	\$ 0.32	N/A
Total	6,480,003	\$ 0.25	1,963,331

Recent Sales of Unregistered Securities

On December 28, 2015, the Company issued 300,000 incentive stock options to four employees under our 2011 Stock Option Plan. The options were issued with a fair market value exercise price of \$0.21 per share. The options vest over three years, provided the recipients are 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 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 28, 2015, the Company modified the exercise price of 1,630,000 options issued to nine employees and 500,000 options to one employee under our 2011 Stock Option Plan. The options were issued with a fair market value exercise price of \$0.21 per share for the nine employees and \$0.24 for the remaining employee. The vesting periods remained the same, provided the recipients are 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 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 28, 2015, the Company modified the exercise price of 200,000 options issued to three of its independent directors at a fair market value exercise price of \$0.21 per share, and the vesting period remained the same, provided the recipients are still directors of 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 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 January 7, 2016, the Company issued a total of 50,000 incentive stock options to one of its independent directors at a fair market value exercise price of \$0.21 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 January 15, 2016, a former employee exercised 200,000 options previously issued to him, at an exercise price of \$.08 per share. The exercise was cashless, such that the exercise price was paid in shares of our common stock, resulting in a net issuance of 128,000 shares. The shares were issued as restricted stock, with a restrictive legend placed on the share certificate. The issuance of the shares was exempt from registration under Regulation D and Section 4(2) of the Securities Act of 1933.

On March 4, 2016, a former employee exercised 150,000 options previously issued to him, at an exercise price of \$.15 per share. The exercise was cashless, such that the exercise price was paid in shares of our common stock, resulting in a net issuance of 47,727 shares. 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.

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 strategy is to use the brand awareness we create in our marketing campaigns so that we can sell the products, along with related families of products, under distinct brand names through multiple sales channels including direct response television (“DRTV”), digital marketing channels, live home shopping, traditional retail and e-commerce marketplaces, and our third party international distributor network.

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 marketing campaign 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 which are expensed at the start of a campaign 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, 2015, with the fiscal year ended December 31, 2014.

Revenues

Our net sales decreased to approximately \$24,096,000 during the year ended December 31, 2015 from approximately \$32,322,000 during the year ended December 31, 2014. Net sales relating to DermaWand™ for direct response television (DRTV), including DermaVital®, were approximately \$16,271,000 in 2015 as compared to approximately \$22,764,000 in the prior year. The primary driver of the decline in sales was generated by our decrease in media related expenditures as we reduced the amount of airings of the DermaWand™ infomercial as we allocated additional resources to other products in our pipeline. We reduced its total media spend from approximately \$10,629,000 during the year ended December 31, 2014 to approximately \$7,907,000 during the year ended December 31, 2015. Further, as a result of the reduced media spend, sales related to the DermaVital® skin care line were approximately \$2,720,000 and \$3,769,000 of DermaVital® revenue during 2015 and 2014, respectively.

During the year ended December 31, 2015, international third party distributor sales revenue for the DermaWand™ decreased from approximately \$7,192,000 to approximately \$5,317,000. The decrease is primarily due to a decline in sales from our third party distributor customer located in Mexico, Inova. Sales to Inova were approximately \$1,019,000 for the year ended December 31, 2015 compared to approximately \$4,934,000 for the year ended December 31, 2014. Offsetting the decrease in sales from Inova were the addition of new distributors in France and South America. The Latino Media Services (LMS) group comprised of distributors from Chile, Argentina, Peru, Colombia, El Salvador, and Ecuador accounted for approximately \$1,298,000 in sales in 2015 compared to approximately \$358,000 in the prior year. Our French distributor Novellia’s revenue grew from approximately \$46,000 in the prior year to approximately \$1,488,000 for the year ended December 31, 2015. Our international third party distributor revenue is impacted by timing of shipments at period end, currency fluctuations as well as seasonality.

We resumed airings on live televised home shopping during 2015 which resulted in increased revenue of \$393,000 for the year ended December 31, 2015 compared to no generated sales from live televised home shopping in the prior year.

Gross Margin

Gross margin percentage was 68% in 2015, compared to 70% in 2014. In 2015, we generated approximately \$16,421,000 in gross profit, compared to approximately \$22,507,000 in 2014. The gross margin percentage for domestic DRTV consumer revenue was approximately 74% and 77% compared to approximately 48% and 45% for international third party distributor sales in 2015 and 2014, respectively. The decreases in gross margin percentage can be attributed to additional live home shopping sales at a lower gross margin as well as changes in product mix as we bring additional products to market both domestically and internationally.

Operating Expenses

Total operating expenses decreased to approximately \$17,809,000 during the year ended December 31, 2015, compared to approximately \$24,805,000 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 \$7,907,000 and \$10,731,000 in the years ended December 31, 2015 and 2014, respectively. Partially offsetting the decrease in media expenditures was an increase in internet marketing expense as we shifted to more digital marketing efforts through search engine marketing and optimization, paid social media and banner ad campaigns. Internet marketing expenditures were approximately \$906,000 and \$601,000 during the years ended December 31, 2015 and 2014, respectively.

As a result of the decrease in media expenses, there were additional volume related decreases. Answering service expenses were approximately \$1,060,000 and \$1,526,000 during the years ended December 31, 2015 and 2014, respectively. Customer service expenses were approximately \$850,000 and \$1,156,000 during the years ended December 31, 2015 and 2014, respectively. Merchant fees decreased to approximately \$470,000 in the year ended December 31, 2015, compared to approximately \$723,000 during the year ended December 31, 2014. Total bad debt expenses decreased to approximately \$1,372,000 during the year ended December 31, 2015 from approximately \$1,780,000 in the prior year, which is consistent with the decrease in sales.

In addition to the volume related decreases, the Company reduced its operating expenditures in a number of other areas. Production expenses were approximately \$323,000 and \$832,000 during the years ended December 31, 2015 and 2014, respectively as a result of the timing of campaign launches. In 2015, we brought in-house a number of responsibilities previously outsourced to third party consultants, resulting in consulting fees decreasing to \$392,000 from \$1,139,000 during the years ended December 31, 2015 and 2014, respectively. Furthermore, as we completed a number of clinical trials and production initiatives in the prior year, our research and development and travel expenditures decreased to approximately \$115,000 and \$253,000 during the year ended December 31, 2015, from approximately \$527,000 and \$525,000 in the prior year, respectively. Additionally, as all non-employee awards vested in the prior year, our total share based compensation expenses decreased to approximately \$612,000 during the year ended December 31, 2015, from approximately \$1,270,000 during the year ended December 31, 2014.

Net Loss

We generated a net loss of approximately \$1,388,000 for the year ended December 31, 2015, compared with a net loss of \$2,284,000 for the year ended December 31, 2014. The decrease can be attributed to the decrease in net sales, more than offset by the overall decreases in operating expenses discussed above.

Liquidity and Capital Resources

At December 31, 2015, we had approximately \$1,334,000 in cash and cash equivalents compared to approximately \$1,645,000 at December 31, 2014. Cash flow used by operations was approximately \$1,515,000 during the year ended December 31, 2015 compared to cash flow provided of approximately \$161,000 for the same period in 2014. The fluctuation is primarily a result of a pay-down of accounts payable and accrued liabilities of \$1,068,000 and an increase in inventory of approximately \$228,000. Net cash provided by financing activities was \$1,704,000 during the year ended December 31, 2015 compared to net cash used of \$428,000 for the same period in 2014. The increase was due to the release of cash held as collateral on the Company’s former line of credit of \$500,000, the exercise of options and warrants for proceeds of approximately \$204,000 and the issuance of 3,333,334 shares of common stock for proceeds of \$1,000,000.

We had no debt obligations as of December 31, 2015 and 2014. We had working capital of approximately \$2,253,000 at December 31, 2015, compared to \$1,919,000 at December 31, 2014. Based on our 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 at least the second quarter of 2017.

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 \$119,000 and \$317,000 as of December 31, 2015 and 2014, respectively. The majority of the Company's receivables are from its direct to consumer DRTV customers. Accounts receivable are reduced by an allowance for amounts that may become uncollectible in the future. From time to time, our customers dispute the amounts due to us, and, in other cases, our customers experience financial difficulties and cannot pay on a timely basis. In certain instances, these factors ultimately result in uncollectible accounts. The determination of the appropriate reserve needed for uncollectible accounts involves significant judgment. Such factors include changes in the financial condition of our customers as a result of industry, economic or customer-specific factors. A change in the factors used to evaluate collectability could result in a significant change in the allowance needed. The Company calculates its allowances based on historical customer returns and bad debt activity. The Company completes a validation process on its reserve estimates by performing a retrospective review on an ongoing basis.

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 \$80,000 and \$221,000 as of December 31, 2015 and 2014, 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. Reserves for slow-moving, excess and obsolete inventories, reduce the historical carrying value of our inventories, and are provided based on historical experience and product demand. Management evaluates the adequacy of these reserves periodically based on forecasted sales and market trends. Included in inventory at December 31, 2015 and 2014 is approximately \$42,000 and \$115,000 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-20.

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, 2015, 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 the appropriate authorizations; 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, 2015. In making this assessment, management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission in Internal Control – Integrated Framework 2013.

Based on our assessment, management believes that, as of December 31, 2015, 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

There were no significant changes in internal controls over financial reporting during the quarter ended December 31, 2015.

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	66	Chief Executive Officer, Secretary and Chairman
Richard Ransom	37	President
Ryan LeBon	33	Chief Financial Officer
Stephen Jarvis	62	Director, Audit Committee Member
William Kinnear	71	Director, Audit Committee Chair
Donald McDonald, Jr.	63	Director, Audit Committee Member
Diana Pessin	43	Director, Audit Committee Member

Kelvin Claney – Chief Executive Officer, Secretary, Chairman

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 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 served in roles 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. McDonald is currently with Great Valley Capital Advisors, assisting companies with corporate development and strategy.

Diana Pessin – Director

Diana Pessin became a director of the Company in January 2016. Ms. Pessin has more than fifteen years of senior-level business management experience in product and direct to consumer marketing. Ms. Pessin is currently Vice President of User Acquisition & Programmatic Buying with HBO, where she leads the customer acquisition strategy for HBO’s streaming service and oversees a multi-million dollar media budget to drive subscriptions across search, display, video, paid social and programmatic buying efforts. She has extensive experience in developing coordinated marketing and promotional campaigns, partnership negotiations, and analysis of sales and finances. Additionally, Ms. Pessin has served in consumer marketing roles at Sportscapsule, Inc. and Colgate-Palmolive Company. Ms. Pessin holds an MBA with a Concentration in Marketing and Media Management from Columbia University, a Bachelors of Science with Distinction in Applied Economics and Business Management from Cornell University.

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

Our Audit Committee consists of our four independent members, William Kinnear, Stephen Jarvis, Donald McDonald, and Diana Pessin. Mr. Kinnear is Chairman of the Audit Committee and is considered the Audit Committee financial expert. We have not yet adopted a code of ethics applicable to our senior management, or persons performing those functions, because of the small number of persons involved in management of the Company.

ITEM 11. EXECUTIVE COMPENSATION

Compensation of Named Executive Officers

The following table sets forth all compensation paid or earned for services rendered to ICTV in all capacities during the years ended December 31, 2015 and 2014, 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)	2015	290,000	-	-	-
	2014	275,000	10,000	25,000	216,900
Richard Ransom (President)	2015	200,000	-	-	-
	2014	185,000	10,000	25,000	144,600
Ryan LeBon (Chief Financial Officer)	2015	140,000	-	-	9,400
	2014	125,000	10,000	25,000	255,030

⁽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 2015, Stephen Jarvis, William Kinnear and Donald McDonald, Jr. each received \$9,000 as compensation for their service as directors. During 2014, Stephen Jarvis, William Kinnear and Donald McDonald, Jr. each received \$6,000 as compensation for their service as directors. In 2015 and 2014, Stephen Jarvis was paid \$3,617 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 an exercise price of \$0.70. In December 2014, Stephen Jarvis, William Kinnear and Donald McDonald, Jr. were also each issued options to purchase 25,000 shares of the Company’s common stock at an exercise price of \$0.72. As part of her appointment as director on January 7, 2016, Diana Pessin was awarded 50,000 options at a price of \$0.2057. For the year ended December 31, 2016, each director will receive an annual stipend of \$9,000.

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 21, 2016 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 21, 2016, we had 28,202,739 shares of common stock issued and outstanding.

Name	Number of Shares Owned	Percentage of Shares Owned(13)
Kelvin Claney, Chairman and Chief Executive Officer, Member of the Board of Directors ⁽¹⁾⁽⁷⁾⁽¹⁴⁾	7,794,936	27.7%
The Better Blocks Trust, declared January 1, 1994 ⁽²⁾	6,668,660	23.7%
Richard Ransom, President ⁽¹⁾⁽⁸⁾	1,756,666	6.2%
Ryan LeBon, Chief Financial Officer ⁽¹⁾⁽⁹⁾	226,667	0.8%
Stephen Jarvis, Member of the Board of Directors ⁽³⁾⁽¹⁰⁾	538,666	1.9%
William Kinnear, Member of the Board of Directors ⁽⁴⁾⁽¹¹⁾	108,333	0.4%
Donald McDonald, Jr., Member of the Board of Directors ⁽⁵⁾⁽¹²⁾	75,000	0.3%
Diana Pessin, Member of the Board of Directors ⁽⁶⁾⁽¹⁵⁾	1,164,498	4.1%
Norman Pessin ⁽¹⁶⁾	2,216,674	7.9%
Sandra Pessin ⁽¹⁶⁾	2,166,667	7.7%
John J. Grimley, Jr. ⁽¹⁷⁾	1,623,800	5.8%
ALL DIRECTORS AND EXECUTIVE OFFICERS AS A GROUP (7 PERSONS)	11,664,766	41.4%

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 1326 Heyward Street, Chesterbrook, PA 19087.
- (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) Ms. Pessin’s business address is 310 E 75th Street, Apt 2a, New York, NY 10021
- (7) Includes 533,333 shares as to which Mr. Claney holds exercisable options within 60 days.
- (8) Includes 1,075,000 shares as to which Mr. Ransom holds exercisable options within 60 days.
- (9) Includes 166,667 shares as to which Mr. LeBon holds exercisable options within 60 days.
- (10) Includes 175,000 shares as to which Mr. Jarvis holds exercisable options within 60 days.
- (11) Includes 108,333 shares as to which Mr. Kinnear holds exercisable options within 60 days.
- (12) Includes 75,000 shares as to which Mr. McDonald holds exercisable options within 60 days.
- (13) Currently exercisable options have been included as outstanding shares for purposes of this calculation.
- (14) 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.
- (15) Includes 1,107,298 shares owned indirectly by spouse, Brian Pessin
- (16) Mr. and Mrs. Pessin’s business address is 366 Madison Avenue, 14th Floor, New York, NY 10017
- (17) 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, McDonald and Pessin.

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 \$0 and \$7,000 were paid during 2015 and 2014, 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 \$0 and \$119,000 were made during the years ended December 31, 2015 and 2014, 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, 2015 and 2014, the balance outstanding was \$0.

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 \$125,000 in 2015 and \$141,000 in 2014.

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 \$11,000 in 2015 and \$29,000 in 2014.

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

Report of Independent Registered Public Accounting Firm	F-2
Consolidated Financial Statements:	
Consolidated Balance Sheets	F-3
Consolidated Statements of Operations	F-4
Consolidated Statements of Shareholders' Equity	F-5
Consolidated Statements of Cash Flows	F-6
Notes to Consolidated Financial Statements	F-7

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****	Purchase Agreement for DermaWand patent and trademark(s) dated January 22, 2016
10.3***	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 23, 2016

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

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 Date: March 23, 2016
Name: Kelvin Claney
Title: Chief Executive Officer and Chairman

By: /s/ Richard Ransom Date: March 23, 2016
Name: Name: Richard Ransom
Title: Title: President

By: /s/ Ryan LeBon Date: March 23, 2016
Name: Name: Ryan LeBon
Title: Title: Chief Financial Officer

By: /s/ Stephen Jarvis Date: March 23, 2016
Name: Name: Stephen Jarvis
Title: Title: Director

By: /s/ William Kinnear Date: March 23, 2016
Name: William Kinnear
Title: Title: Director

By: /s/ Donald McDonald, Jr. Date: March 23, 2016
Name: Donald McDonald, Jr.
Title: Title: Director

By: /s/ Diana Pessin Date: March 23, 2016
Name: Diana Pessin
Title: Title: Director

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

ICTV Brands Inc. and Subsidiary

Report of Independent Registered Public Accounting Firm	F-2
Consolidated Balance Sheets as of December 31, 2015 and 2014	F-3
Consolidated Statements of Operations for the years ended December 31, 2015 and 2014	F-4
Consolidated Statements of Shareholders' Equity for the years ended December 31, 2015 and 2014	F-5
Consolidated Statements of Cash Flows for the years ended December 31, 2015 and 2014	F-6
Notes to the Consolidated Financial Statements	F-7

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, 2015 and 2014, and the related consolidated statements of operations, shareholders’ equity, and cash flows for each of the years then ended. 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, 2015 and 2014, and the consolidated results of their operations and their cash flows for each of the years then ended, in conformity with accounting principles generally accepted in the United States of America.

/s/ EisnerAmper LLP

Philadelphia, Pennsylvania
March 23, 2016

ICTV BRANDS INC. AND SUBSIDIARY

CONSOLIDATED BALANCE SHEETS
AS OF DECEMBER 31, 2015 and 2014

	2015	2014
<u>ASSETS</u>		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 1,334,302	\$ 1,097,008
Cash held in escrow	-	547,975
Accounts receivable, net of \$118,563 and \$316,643, respectively	301,726	948,014
Inventories, net	2,205,726	1,978,001
Prepaid expenses and other current assets	417,057	631,814
Total current assets	4,258,811	5,202,812
Furniture and equipment	72,008	72,008
Less accumulated depreciation	(50,492)	(42,186)
Furniture and equipment, net	21,516	29,822
Total assets	\$ 4,280,327	\$ 5,232,634
<u>LIABILITIES AND SHAREHOLDERS' EQUITY</u>		
CURRENT LIABILITIES:		
Accounts payable and accrued liabilities	\$ 1,516,250	\$ 2,582,936
Severance payable – short-term	45,995	40,800
Deferred revenue – short-term	444,066	660,564
Total current liabilities	2,006,311	3,284,300
Severance payable – long-term	-	6,200
Deferred revenue – long-term	405,746	480,693
Total long-term liabilities	405,746	486,893
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, 28,027,012 and 23,569,399 shares issued and outstanding as of December 31, 2015 and 2014, respectively	17,816	13,359
Additional paid-in-capital	11,130,588	9,340,645
Accumulated deficit	(9,280,134)	(7,892,563)
Total shareholders' equity	1,868,270	1,461,441
Total liabilities and shareholders' equity	\$ 4,280,327	\$ 5,232,634

See accompanying notes to consolidated financial statements.

ICTV BRANDS INC. AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF OPERATIONS
FOR THE YEARS ENDED DECEMBER 31, 2015 and 2014

	2015	2014
NET SALES	\$ 24,096,169	\$ 32,322,312
COST OF SALES	<u>7,675,264</u>	<u>9,815,588</u>
GROSS PROFIT	<u>16,420,905</u>	<u>22,506,724</u>
OPERATING EXPENSES:		
General and administrative	5,380,819	7,718,492
Selling and marketing	<u>12,428,314</u>	<u>17,086,125</u>
Total operating expenses	<u>17,809,133</u>	<u>24,804,617</u>
OPERATING LOSS	(1,388,228)	(2,297,893)
INTEREST (EXPENSE) INCOME, NET	<u>657</u>	<u>(7,103)</u>
LOSS BEFORE PROVISION FOR INCOME TAX	(1,387,571)	(2,304,996)
PROVISION (BENEFIT) FOR INCOME TAX	<u>-</u>	<u>(20,753)</u>
NET LOSS	<u>\$ (1,387,571)</u>	<u>\$ (2,284,243)</u>
BASIC NET LOSS PER SHARE	<u>\$ (0.06)</u>	<u>\$ (0.10)</u>
DILUTED NET LOSS PER SHARE	<u>\$ (0.06)</u>	<u>\$ (0.10)</u>
WEIGHTED AVERAGE NUMBER OF COMMON SHARES		
BASIC	<u>24,979,067</u>	<u>23,087,106</u>
DILUTED	<u>24,979,067</u>	<u>23,087,106</u>

See accompanying notes to consolidated financial statements.

ICTV BRANDS INC. AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2015 and 2014

	Common Stock \$0.001 par value		Additional Paid-In Capital	Accumulated Deficit	Totals
	Shares	Amount			
Balance at January 1, 2014	21,826,650	\$ 11,616	\$ 7,676,177	\$ (5,608,320)	\$ 2,079,473
Net income	-	-	-	(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	<u>464,416</u>	<u>465</u>	<u>45,815</u>	<u>-</u>	<u>46,280</u>
Balance at December 31, 2014	23,569,399	13,359	9,340,645	(7,892,563)	1,461,441
Net loss	-	-	-	(1,387,571)	(1,387,571)
Issuance of common stock	3,333,334	3,333	996,667	-	1,000,000
Share based compensation	-	-	590,260	-	590,260
Exercise of warrants	425,000	425	112,075	-	112,500
Exercise of options	<u>699,279</u>	<u>699</u>	<u>90,941</u>	<u>-</u>	<u>91,640</u>
Balance at December 31, 2015	<u>28,027,012</u>	<u>\$ 17,816</u>	<u>\$ 11,130,588</u>	<u>\$ (9,280,134)</u>	<u>\$ 1,868,270</u>

See accompanying notes to consolidated financial statements.

ICTV BRANDS INC. AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2015 and 2014

	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss	\$ (1,387,571)	\$ (2,284,243)
Adjustments to reconcile net loss to net cash and cash equivalents (used in) provided by operating activities:		
Depreciation	8,306	6,400
Bad debt expense	1,371,797	1,780,112
Stock based compensation	611,557	1,269,503
Reduction in tax penalties payable	-	(85,933)
Change in assets and liabilities:		
Accounts receivable	(725,509)	(1,936,834)
Inventories	(227,725)	(199,928)
Prepaid expenses and other current assets	193,460	53,756
Accounts payable and accrued liabilities	(1,066,686)	1,191,594
Severance payable	(1,005)	(40,800)
Tax penalties payable	-	(104,067)
Deferred revenue	(291,445)	511,609
Net cash (used in) provided by operating activities	<u>(1,514,821)</u>	<u>161,169</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of furniture and equipment	-	(21,428)
Net cash used in investing activities	<u>-</u>	<u>(21,428)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from exercise of options	91,640	46,280
Proceeds from exercise of warrants	112,500	144,583
Proceeds from issuance of common stock	1,000,000	-
Release of (proceeds held as) collateral on line of credit	500,000	(500,000)
Payments on convertible note payable to shareholder	-	(118,723)
Net cash provided by (used in) financing activities	<u>1,704,140</u>	<u>(427,860)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	189,319	(288,119)
CASH AND CASH EQUIVALENTS, beginning of the year	<u>1,144,983</u>	<u>1,433,102</u>
CASH AND CASH EQUIVALENTS, end of the year	<u>\$ 1,334,302</u>	<u>\$ 1,144,983</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Taxes paid	\$ 50	\$ 6,585
Tax penalties and interest paid	-	104,067
Interest paid	-	8,485
Write off of fully depreciated furniture and equipment	-	30,928
Conversion of shareholder note payable	-	275,000

See accompanying notes to consolidated financial statements.

ICTV BRANDS INC. AND SUBSIDIARY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2015 and 2014

Note 1 - Organization and Business of the Company

Organization and Nature of Operations

ICTV Brands Inc., (the “Company” or “ICTV”), formerly known as International Commercial Television, Inc., was organized under the laws of the State of Nevada on September 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., which was approved by the holders of a majority of the Company’s outstanding stock and became effective on August 20, 2014.

The Company together with its wholly-owned subsidiary, Better Blocks International Limited (“BBI”), sells various health, wellness and beauty products as well as miscellaneous consumer products through a number of sales channels throughout the United States and internationally. Although our companies are incorporated in Nevada and New Zealand, our operations are currently run from the Wayne, Pennsylvania office.

The Company develops, markets and sells products through a multi-channel distribution strategy, including direct response television, digital marketing campaigns, live home shopping, traditional retail and e-commerce market places, and our international third party distributor network. We offer primarily health, beauty and wellness products as well as various consumer products, including DermaWand™, a skin care device that reduces the appearance of fine lines and wrinkles, and helps improve skin tone and texture, DermaVital®, a professional quality skin care line that effects superior hydration, the CoralActives® brand of acne treatment and skin cleansing products, Derma Brilliance®, a skin care resurfacing device that helps reduce visible signs of aging, Jidue™, a facial massager device which helps alleviate stress, and Good Planet Super Solution™, a multi-use cleaning agent. We acquire the rights to our products that we market primarily via licensing agreements, acquisition and in-house development and sell both domestically and internationally. The Company is presently exploring other devices and consumable product lines currently under licensing agreements.

The goal of our strategy is to use the brand awareness we create in our marketing campaigns so that we can sell the products, along with related families of products, under distinct brand names through multiple sales channels including direct response television (“DRTV”), digital marketing channels, live home shopping, traditional retail and e-commerce marketplaces, and our third party international distributor network.

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 February 2016, the Financial Accounting Standards Board (“FASB”) issued ASU 2016-02 “Leases (Topic 842).” This standard requires entities that lease assets to recognize on the balance sheet the assets and liabilities for the rights and obligations created by those leases. The standard is effective for fiscal years and the interim periods within those fiscal years beginning after December 15, 2018. The guidance is required to be applied by the modified retrospective transition approach. Early adoption is permitted. The Company is currently evaluating the impact of the new guidance to the consolidated financial statements.

ICTV BRANDS INC. AND SUBSIDIARY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2015 and 2014

Note 2 - Summary of significant accounting policies (continued)

In July 2015, the FASB issued Accounting Standard Update (“ASU”) No. 2015-11- Inventory (Topic 330) - Simplifying the Measurement of Inventory (“ASU 2015-11”), which provides that an entity should measure inventory within the scope of this update at the lower of cost and net realizable value. Net realizable value is the estimated selling prices in the ordinary course of business, less reasonably predictable costs of completion, disposal, and transportation. Subsequent measurement is unchanged for inventory measured using LIFO or the retail inventory method. The amendments in this update are effective for the annual periods beginning after December 15, 2016, and for interim periods within those fiscal years. The Company does not expect the adoption of this standard to have a material impact on the consolidated financial statements.

In May 2014, FASB issued new accounting guidance, Accounting Standards Update No. 2014-09, Revenue from Contracts with Customers, on revenue recognition. The new standard provides for a single five-step model to be applied to all revenue contracts with customers as well as requires additional financial statement disclosures 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. Accounting Standards Update No. 2014-09 is effective for annual reporting periods beginning after December 15, 2017, including interim periods within that reporting period. Early adoption is permitted, but not before the original effective date of the standard. The Company is currently evaluating the impact of the new guidance on our consolidated financial statements.

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 of the new guidance to the consolidated financial statements.

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, 2015, 82% 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 as well as 6% was due from e-commerce accounts and the remaining amount from miscellaneous accounts. Major customers are considered to be those who accounted for more than 10% of net sales. For the year ended December 31, 2015, there was no major customers. For the year ended December 31, 2014, 15% of net sales were made to our international third party distributor Inova, located in Mexico.

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.

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.

ICTV BRANDS INC. AND SUBSIDIARY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2015 and 2014

Note 2 - Summary of significant accounting policies (continued)

Cash held in escrow

The Company utilized Transfirst ePayment Services' Check Gateway platform for electronic check processing, which maintained 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. Effective April 28, 2015, the Company discontinued the acceptance of e-checks and no longer uses the Check Gateway platform. At December 31, 2015 and 2014, the amount of such reserves were approximately \$0 and \$48,000, respectively. The reserve was released in full on June 30, 2015. 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 February 18, 2015, the Company terminated its 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.

Accounts receivable

Accounts receivable are recorded net of allowances for returns and doubtful accounts of approximately \$119,000 and \$317,000 as of December 31, 2015 and 2014, 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 customers and had cash collections, while the customer still has the right to return the product. The amounts of these accruals included in accounts payable and accrued liabilities in our Consolidated Balance Sheets were approximately \$80,000 and \$221,000 as of December 31, 2015 and 2014, 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. The Company's reserve for obsolescence was approximately \$123,000 and \$51,000 as of December 31, 2015 and 2014, respectively. Included in inventory at December 31, 2015 and 2014 is approximately \$42,000 and \$115,000, 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 5 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 \$8,000 and \$6,000, respectively, for the years ended December 31, 2015 and 2014.

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, 2015 and 2014.

ICTV BRANDS INC. AND SUBSIDIARY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2015 and 2014

Note 2 - Summary of significant accounting policies (continued)

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 Statements 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 when 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 \$221,000 and \$471,000 as of December 31, 2015 and 2014, respectively.

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

The Company sells warranties on the DermaWand™ for one-year, three-year, four -year and lifetime terms. One-year, three-year and four-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,	
	2015	2014
Deferred extended warranty revenue:		
At beginning of period	\$ 670,075	\$ 510,630
Revenue deferred for new warranties	174,852	331,260
Revenue recognized	(215,784)	(171,815)
At end of period	<u>\$ 629,143</u>	<u>\$ 670,075</u>
Current portion	\$ 223,397	\$ 189,382
Non-current portion	405,746	480,693
	<u>\$ 629,143</u>	<u>\$ 670,075</u>

ICTV BRANDS INC. AND SUBSIDIARY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2015 and 2014

Note 2 - Summary of significant accounting policies (continued)

Shipping and handling

The amount billed to a customer for shipping and handling is included in revenue. Shipping, handling and processing revenue approximated \$3,134,000 and \$4,492,000 for the years ended December 31, 2015 and 2014, respectively. Shipping and handling costs are included in cost of sales. Shipping and handling costs approximated \$1,628,000 and \$2,348,000 for the years ended December 31, 2015 and 2014, 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 \$115,000 and \$528,000 for the years ended December 31, 2015 and 2014, 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 \$7,907,000 and \$10,731,000 in media costs for airing its infomercials, \$323,000 and \$831,000 in new production costs, and \$906,000 and \$601,000 in internet marketing costs for the years ended December 31, 2015 and 2014, respectively.

Income taxes

In preparing our consolidated financial statements, we make estimates of our current tax exposure and temporary differences resulting from timing differences for reporting items for book and tax purposes. We recognize deferred taxes by the asset and liability method of accounting for income taxes. Under the asset and liability method, deferred income taxes are recognized for differences between the financial statement and tax bases of assets and liabilities at enacted statutory tax rates in effect for the years in which the differences are expected to reverse. The effect on deferred taxes of a change in tax rates is recognized in income in the period that includes the enactment date. In addition, valuation allowances are established when necessary to reduce deferred tax assets to the amounts expected to be realized. In consideration of our accumulated losses and 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.

ICTV BRANDS INC. AND SUBSIDIARY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2015 and 2014

Note 2 - Summary of significant accounting policies (continued)

Stock options

In June 2001, our shareholders approved our 2001 Stock Option Plan (the “Plan”). The Plan is designed for selected employees, officers and directors of the Company and its subsidiary, and is intended to advance the best interests of the Company by providing personnel who have substantial responsibility for the management and growth of the Company and its subsidiary with additional incentive by increasing their proprietary interest in the success of the Company, thereby encouraging them to remain in the employ of the Company or its subsidiary. The Plan is administered by the Board of Directors of the Company, and authorizes the issuance of stock options not to exceed a total of 3,000,000 shares. The terms of any awards under the Plan are determined by the Board of Directors, provided that no options may be granted at less than the fair market value of the stock as of the date of the grant. The Plan expired in February 2011. As of December 31, 2015, 316,667 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, 2015, 3,720,002 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 to non-employees 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 until performance is complete.

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 grant date fair value of share-based payments such as stock options granted to employees over the requisite vesting period of the awards.

ICTV BRANDS INC. AND SUBSIDIARY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2015 and 2014

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, 2015 and 2014:

	Number of Shares			Weighted Average Exercise Price
	Employee	Non- Employee	Totals	
Balance, January 1, 2015	4,220,002	350,000	4,570,002	\$ 0.40
Granted during the year	300,000	-	300,000	0.21
Exercised during the year	(335,000)	(350,000)	(685,000)	0.14
Forfeited during the year	(148,333)	-	(148,333)	0.39
Balance, December 31, 2015	<u>4,036,669</u>	<u>-</u>	<u>4,036,669</u>	\$ 0.21

	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	<u>4,220,002</u>	<u>350,000</u>	<u>4,570,002</u>	\$ 0.40

Of the stock options outstanding as of December 31, 2015 under the Stock Option Plans, 2,351,668 options are currently vested and exercisable. The weighted average exercise price of these options was \$0.20. These options expire through December 2025. The aggregate intrinsic value for options outstanding and exercisable at December 31, 2015 and 2014, was approximately \$60,000 and \$774,000, respectively. The aggregate intrinsic value for stock options exercised during the year ended December 31, 2015 and 2014 was approximately \$51,000 and \$205,000, respectively.

For the years ended December 31, 2015 and 2014, the Company recorded approximately \$528,000 and \$376,000 respectively in stock compensation expense under the Stock Option Plans. At December 31, 2015, there was approximately \$705,000 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, 2015 and 2014 to value the stock options granted during the period:

2015		2014	
Risk-free interest rate	2.05%	Risk-free interest rate	1.90% - 2.30%
Expected dividend yield	0.00	Expected dividend yield	0.00
Expected life	6.00 years	Expected life	6.00 years
Expected volatility	156%	Expected volatility	181% - 340%
Forfeiture rate	5.0%	Forfeiture rate	5.0%
Weighted average grant date fair value	\$0.20	Weighted average grant date fair value	\$0.72

ICTV BRANDS INC. AND SUBSIDIARY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2015 and 2014

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, 2015 and 2014:

	Number of Shares			Weighted Average Exercise Price
	Employee	Non- Employee	Totals	
Balance, January 1, 2015	466,667	2,016,667	2,483,334	\$ 0.36
Exercised during the year	-	(40,000)	(40,000)	0.15
Balance, December 31, 2015	466,667	1,976,667	2,443,334	\$ 0.32

	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

Of the stock options currently outstanding outside of the Stock Option Plans at December 31, 2015, 2,285,000 options are currently vested and exercisable. The weighted average exercise price of these options was \$0.33. These options expire through December 2024. The aggregate intrinsic value for options outstanding and exercisable at December 31, 2015 and 2014, was approximately \$72,000 and \$817,000, respectively. The aggregate intrinsic value for stock options exercised during the year ended December 31, 2015 and 2014 was approximately \$2,000 and \$73,000, respectively.

For the years ended December 31, 2015 and 2014, the Company recorded approximately \$62,000 and \$770,000, respectively in stock compensation expense related to stock options outside of the Stock Option Plans. At December 31, 2015, there was approximately \$70,000 of total unrecognized compensation cost related to non-vested option grants that will be recognized over a remaining vesting period of 2 years.

On December 28, 2015, the Company modified the exercise price of 1,630,000 options issued to nine employees and 500,000 options to one employee under our 2011 Stock Option Plan. The options were issued with a fair market value exercise price of \$0.21 per share for the nine employees and \$0.24 for the remaining employee. Additionally, on December 28, 2015, the Company modified the exercise price of 200,000 options issued to three of its independent directors at a fair market value exercise price of \$0.21 per share. The vesting period remained the same, provided the recipients are still employees or directors of the Company at the time of vesting. The accounting impact from the modification was immaterial and the expense remained the same.

The following assumptions are used in the Black-Scholes option pricing model for the years ended December 31, 2014. There were no grants for the year ended December 31, 2015.

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

ICTV BRANDS INC. AND SUBSIDIARY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2015 and 2014

Note 2 - Summary of significant accounting policies (continued)

The following is a summary of all stock options outstanding, and nonvested for the year ended December 31, 2015:

	Number of Shares			Weighted Average Exercise Price
	Employee	Non- Employee	Totals	
Balance, January 1, 2015 – nonvested	3,262,779	100,000	3,362,779	\$ 0.51
Granted	300,000	-	300,000	0.21
Vested	(1,571,111)	(100,000)	(1,671,111)	0.26
Forfeited	(148,333)	-	(148,333)	0.39
Balance, December 31, 2015 – nonvested	<u>1,843,335</u>	<u>-</u>	<u>1,843,335</u>	\$ 0.22

Note 3 - Commitments and contingencies

Leases

As of December 31, 2015, the Company had an active lease related to the office space rented in Wayne, Pennsylvania. Rent expense incurred during 2015 and 2014 totaled approximately \$56,000 and \$54,000, respectively. During the year ended December 31, 2015, the Company amended the lease through March 2017. The schedule below details the future financial obligations under the lease.

	2016	2017	2018	2019	2020	TOTAL OBLIGATION
Wayne - Corporate HQ	<u>\$ 53,300</u>	<u>\$ 13,300</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 66,600</u>
Total Lease Obligations	<u>\$ 53,300</u>	<u>\$ 13,300</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 66,600</u>

DermaWand™

During 2007, the Company entered into an exclusive license agreement with Omega 5 Technologies, Inc. (“Omega”) 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 remained exclusive to ICTV provided ICTV paid Omega 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” would be credited towards the Company’s annual minimum for the immediately following calendar year only. If the Company failed to meet the minimum requirements as outlined in the agreement, it would be forced to assign the trademarks and patents back to Omega. After the initial term, the exclusive license granted renewed 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, 2015 and 2014. 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 \$782,000 and \$1,159,000 for the years ended December 31, 2015 and 2014, respectively.

On January 22, 2016, we entered into a Purchase Agreement with Omega to acquire the worldwide ownership of the DermaWand patent and all related trademarks for the sum of \$1,200,000 paid out as follows: \$300,000 per year for calendar years 2016 through 2019, payable in uniform quarterly installments on or before the last day of each calendar quarter. As a result, effective January 1, 2016, we are no longer obligated to make royalty payments on sales of DermaWand™. There shall be no interest charged, and ICTV may, in its sole discretion, at any time without permission or penalty pre-pay some or all of the purchase price.

ICTV BRANDS INC. AND SUBSIDIARY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2015 and 2014

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, 2016. 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 was to 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. In April 2011, the Company amended the aforementioned severance agreement to monthly payments of \$3,400 per month through March 2016.

In December 2015, we recorded an additional severance reserve of \$40,000 for expected termination benefits provided to three former employees after employment due to restructuring. These benefits include salary and medical continuation coverage and will be paid out by April 30, 2016.

The severance payable balance at December 31, 2015 and 2014 is approximately \$46,000 and \$47,000, respectively, all of which is current as of December 31, 2015.

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 were paid during 2014.

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 were made during the years ended December 31, 2014.

During 2014, the shareholder sold \$275,000 of the note to accredited investors, who converted the notes into 550,000 shares of the Company's stock at the contractual conversion price of \$.50 per share. The remainder of the note was paid in full in 2014. At December 31, 2015 and 2014, there was no balance outstanding.

ICTV BRANDS INC. AND SUBSIDIARY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2015 and 2014

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. 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 required the Company to maintain prescribed levels of liquidity and EBITDA. Effective November 7, 2014, the Credit Facility was amended to remove the EBITDA covenant and hold \$500,000 as cash collateral for the amount of the line of credit. The Company did not utilize the Credit Facility. Effective February 18, 2015, the Company terminated the Credit Facility and the \$500,000 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 received a monthly consulting fee of \$4,000, a commission of \$7.50 for each DermaWandTM sold on Amazon.com, and 125,000 warrants with an exercise price of \$0.30 that expired 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 2013. On June 3, 2015, the 125,000 warrants with an exercise price of \$0.30 were exercised. For each of the years ended December 31, 2015 and 2014, the Company recorded \$21,000 and \$36,000 of stock based compensation expense for these grants. As of December 31, 2015 and 2014, there was \$0 and \$16,000 of unrecognized compensation costs included in prepaid expenses related to these warrant grants.

On October 27, 2015, the Board authorized the issuance of up to 3,333,334 shares of common stock to be purchased at \$0.30 per share to accredited investors. A total of 3,333,334 shares were purchased through October 30, 2015 for gross proceeds of \$1,000,000. No underwriting discounts or commissions were paid. As part of the offering, we agreed to register their shares for resale. The offering will be used for funding opportunities we have for the promotion and sale of our DermaWandTM, CoralActives[®], Derma Brilliance[®], and Jidue[®] line of products. The purchasers are accredited investors, as that term is defined in Regulation D promulgated by the Securities and Exchange Commission, and the shares were issued with restrictive legends. The issuance of the shares was exempt from registration under Section 4(2) of the Securities Act of 1933, and Rule 5.06(b) of Regulation D. The Company's S-1 registration statement registering the shares was declared effective on January 21, 2016.

ICTV BRANDS INC. AND SUBSIDIARY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2015 and 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 (loss) per share is computed by dividing earnings (loss) 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, 2015, there were no warrants outstanding and exercisable and there were 6,480,003 stock options outstanding and 4,636,668 were vested and exercisable at an average exercise price of \$0.27. 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,	
	2015	2014
Options to purchase common stock	6,480,003	7,053,336
Warrants to purchase common stock	-	460,000

As the Company was in a loss position for the years ended December 31, 2015 and 2014, all shares were anti-dilutive.

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

	Loss (Numerator)	Weighted Average Shares (Denominator)	Per Share Amount
<u>For the year ended December 31, 2015:</u>			
<u>Basic and diluted loss per share</u>			
Loss to common shareholders	\$ (1,387,571)	24,979,067	\$ (0.06)
<u>For the year ended December 31, 2014:</u>			
<u>Basic and diluted loss per share</u>			
Loss to common shareholders	\$ (2,284,243)	23,087,106	\$ (0.10)

ICTV BRANDS INC. AND SUBSIDIARY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2015 and 2014

Note 9 - Income taxes

The (benefit) provision for income tax for the years ended December 31, 2015 and 2014 consist of the following:

Current	2015	2014
Federal	\$ -	\$ (2,000)
State	-	(18,753)
Total	\$ -	\$ (20,753)

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, 2015 and 2014:

	2015	2014
Net operating loss	\$ 849,000	\$ 483,000
Accrued returns and allowances	70,000	206,000
Accumulated depreciation	(6,000)	(7,000)
Stock options	342,000	329,000
Deferred revenue	295,000	438,000
Other	376,000	391,000
Total deferred tax assets	\$ 1,926,000	\$ 1,840,000
Valuation allowance	(1,926,000)	(1,840,000)
Net deferred tax assets	\$ -	\$ -

The provision (benefit) for income tax is \$0 and \$(20,753) for the years ended December 31, 2015 and 2014, respectively, or 0% and 0.90%, respectively, of pre-tax income. The effective tax rates for 2015 and 2014 reflect provisions for current federal and state income taxes. As of December 31, 2015, the Company had approximately \$2,431,000 of gross federal net operating losses and \$695,000 of gross state net operating losses available. In the prior year, the Company completed an 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 plans to update the IRC Section 382 for ownership changes which occurred during 2015. To the extent that there is a limitation, there would be a reduction in the deferred tax asset with an offsetting reduction in the valuation allowance. The Company has provided a full valuation allowance on its net deferred asset as the Company does not have sufficient history of taxable income. The Company does not believe it has any material uncertain tax positions.

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. The Company recorded zero interest and penalties for the year ended December 31, 2015 and 2014.

A reconciliation between the Company's effective tax rate and the federal statutory rate for the years ended December 31, 2015 and 2014, is as follows:

	2015	2014
Federal rate	34.00%	34.00%
State tax rate	0.68%	0.76%
Effect of permanent differences	(14.10)%	(7.07)%
Change in valuation allowance	(20.58)%	(26.79)%
Effective tax rate	0.00%	(1.25)%

ICTV BRANDS INC. AND SUBSIDIARY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2015 and 2014

Note 10 - Segment reporting

The Company operates in one industry segment and is engaged in the selling of various consumer products primarily through direct marketing infomercials and televised home shopping. The Company evaluates performance and allocates resources based on several factors, of which the primary financial measure is operating income (loss) by 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.

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

	For the year ended December 31, 2015			For the year ended December 31, 2014		
	DRTV Consumer	International Third Party Distributor	Totals	DRTV Consumer	International Third Party Distributor	Totals
NET SALES	\$18,779,285	\$ 5,316,884	\$24,096,169	\$25,130,725	\$ 7,191,587	\$32,322,312
COST OF SALES	4,902,720	2,772,544	7,675,264	5,839,570	3,976,018	9,815,588
Gross profit	13,876,565	2,544,340	16,420,905	19,291,155	3,215,569	22,506,724
Operating expenses:						
General and administrative	4,724,577	656,242	5,380,819	7,264,182	454,310	7,718,492
Selling and marketing	12,325,620	102,694	12,428,314	16,826,228	259,897	17,086,125
Total operating expenses	17,050,197	758,936	17,809,133	24,090,410	714,207	24,804,617
Operating income (loss)	<u>\$ (3,173,632)</u>	<u>\$ 1,785,404</u>	<u>\$ (1,388,228)</u>	<u>\$ (4,799,255)</u>	<u>\$ 2,501,362</u>	<u>\$ (2,297,893)</u>

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

	2015	2014
DRTV Consumer	\$ 4,242,502	\$ 5,180,013
International Third Party Distributor	37,825	52,621
Total Assets	<u>\$ 4,280,327</u>	<u>\$ 5,232,634</u>

PRODUCT PURCHASE AGREEMENT

This **Product Purchase Agreement** ("Agreement") is hereby entered into by and between Omega 5 Technologies Inc. ("Omega"), a Canadian corporation; Richard A. Zirger ("Zirger"); Christina Boves ("Boves"); and ICTV Brands, Inc. (formerly known as International Commercial Television Inc.) ("ICTV"), an American corporation, on January 22nd, 2016. Omega, Zirger and Boves are referred to herein collectively as "the Omega Parties," the Omega Parties and ICTV are referred to herein collectively as "the Parties," and each of the Parties is referred to herein individually as a "Party."

BACKGROUND

Omega and ICTV are parties to that certain Exclusive Manufacturing, Marketing, Sale and Distribution Agreement dated July 28, 2010 ("License Agreement"). Under the License Agreement, Omega grants ICTV an exclusive, irrevocable, worldwide license ("License") to the commercial rights to a product described as a "Hand-held ozone-producing apparatus," which is protected by United States Patent number 5,866,082 ("Patent"), and which is marketed under the brand name DermaWand ("Product"). Per the License Agreement, ICTV makes monetary payments to Omega based on sales of the Product in consideration of the License.

In view of the impending expiration of the Patent, which will occur on March 27, 2017 ("Expiration Date"), the Parties wish to restructure their business relationship with respect to the Product, which includes, among other things, modifying and ultimately terminating the License Agreement, and establishing their rights and obligations to each other with respect to the Product and marketing materials following termination of the License Agreement.

AGREEMENT

1. The License Agreement, as modified by this Agreement, shall remain in full force and effect until the Expiration Date, at which time it will automatically terminate.
2. ICTV shall make monetary payments to Omega as per the License Agreement for sales of the Product that occur in 2015 ("2015 Sales"). The Parties agree that as of January 1, 2016, Article II of the License Agreement was automatically revoked and was and is thereafter null and void; provided, that ICTV shall make payments to Omega based on 2015 Sales after December 31, 2015, as payment for 2015 Sales is received by ICTV.
3. The Parties agree that on January 1, 2016, ICTV acquired worldwide ownership of the Product and all the rights thereto, including without limitation the Patent (and all other patents, including, without limitation, the Canadian patent) and all trademarks, and that on and after that date ICTV was and is the sole and exclusive owner of the Product and all the rights thereto. The Omega Parties shall, at their expense, cause any and all necessary documents to be prepared, executed and registered, and take any and all actions necessary, to effectuate and evidence ICTV's acquisition and ownership of the Product and all rights thereto. This includes, without limitation, instructing the Escrow Agent under that certain Escrow Agreement between Omega, ICTV and



Handwritten signatures of Richard A. Zirger and Christina Boves.

Olsen & McFadden, Inc., P.S. dated April 5, 2007 ("Escrow Agreement") to release the Assignment Documents (as defined in the Escrow Agreement) to ICTV.

4. The Parties agree that on the Expiration Date, ICTV shall acquire worldwide ownership of all the photographs in Exhibit A to the License Agreement ("Exhibit A Photos") and all the rights thereto, and that on and after that date ICTV shall be the sole and exclusive owner of the Exhibit A Photos and all the rights thereto, including the right to use the Exhibit A Photos in perpetuity anywhere in the world for purposes of marketing the Product. The Exhibit A Photos are set forth in attached **EXHIBIT A** (which is Exhibit A to the License Agreement), which is incorporated in this Agreement by this reference. Notwithstanding the foregoing, ICTV may not use the split face photo of Boves in **EXHIBIT A** ("Split Face Photo") after December 31, 2019, unless it makes a one-time lump sum payment of \$50,000 USD (fifty thousand dollars) to Boves on or before that date. The decision as to whether to continue to use the Split Face Photo is in the sole discretion of ICTV. If it makes the \$50,000 payment, ICTV shall obtain the right to use the Split Face Photo in perpetuity anywhere in the world for purposes of marketing the Product.

The Omega Parties shall, at their expense, cause any and all necessary documents to be prepared, executed and registered, and take any and all actions necessary, to effectuate and evidence ICTV's acquisition and ownership of the Exhibit A Photos and all rights thereto. The Omega Parties warrant that they are the legal owner of or have secured the rights to the Split Face Photo, and agree to indemnify and hold ICTV harmless from and against any and all claims, legal actions, liabilities and costs, including reasonable attorney fees, of any kind arising out of or relating in any way whatsoever to breach of this warranty.

5. After the Expiration Date ICTV shall not use any photographs of Boves (with the exception of the two photographs of her in **EXHIBIT A**, subject to the provisions of Section 4 above) or the name "Christina Boves" anywhere in the world for any purpose; provided, however, that ICTV will have the right to air television commercials for the Product that exist as of the Expiration Date (and that include photographs of Boves and the name "Christina Boves"), as well as edited versions of said commercials, anywhere in the world (with the exception of Canada); provided, further, that any new television commercials or other marketing materials for the Product created by ICTV after the Expiration Date shall not include any photographs of Boves (with the exception of the two photos of her in **EXHIBIT A**, subject to the provisions of Section 4 above) or the name "Christina Boves." ICTV agrees to indemnify and hold Boves harmless from and against any and all claims, legal actions, liabilities and costs, including reasonable attorney fees, of any kind arising out of or relating in any way whatsoever to ICTV's use of commercials or other marketing materials for the Product that include photographs of Boves (other than as authorized by this Agreement) and/or the name "Christina Boves" (other than as authorized by this Agreement) and that were edited or created after the Expiration Date; provided, however, that in the case of an existing commercial that is edited after the Expiration Date, this indemnification shall apply only when the edits result in a material alteration of content directly relating to Boves, such as video footage of her, photographs of her, and statements/representations made by her.

6. The Parties agree that immediately upon execution of this Agreement, ICTV shall acquire worldwide ownership of the still photographs of Patricia McCraig, Barbara Gordon, Cheryl Lescom and Bonnie Luft taken by Brent Doerner ("Doerner Photos"), and that on and after

that date ICTV shall be the sole and exclusive owner of the Doerner Photos and all the rights thereto, including the right to use the Doerner Photos in perpetuity anywhere in the world for purposes of marketing the Product. A representative but non-exhaustive sample of the Doerner Photos is included in attached **EXHIBIT B**, which is incorporated in this Agreement by this reference. Immediately upon execution of this Agreement, the Omega Parties shall provide ICTV with all Doerner Photos not included in **EXHIBIT B**. Immediately upon execution of this Agreement, the Omega Parties shall cause Brent Doerner to execute an Assignment of Photos in the form attached hereto as **EXHIBIT C**. The Parties agree that failure to cause Brent Doerner to execute said assignment immediately upon execution of this Agreement shall constitute a material breach of this Agreement. The Omega Parties shall, at their expense, cause any and all other necessary documents to be prepared, executed and registered, and take any and all other actions necessary, to effectuate and evidence ICTV's acquisition and ownership of the Doerner Photos and all rights thereto. The Omega Parties warrant to ICTV that Brent Doerner is the legal owner of the Doerner Photos and that no other person or entity has any right, title or interest in or to the Doerner Photos, and the Omega Parties agree to take all appropriate steps to support ICTV's continued use of the Doerner Photos and support ICTV's rights in relation to the Doerner Photos by providing any appropriate documentation and testimony in the event that any of the subjects in the Doerner Photos attempt to prevent their continued use.

7. In consideration of the rights granted to it under this Agreement, ICTV shall pay Omega the sum of \$1.2 million USD (one million two hundred thousand dollars) ("Purchase Price"), as follows: \$300,000 USD (three hundred thousand dollars) per year for calendar years 2016 through 2019, payable in uniform quarterly installments on or before the last day of each calendar quarter. There shall be no interest charged, and ICTV may, in its sole discretion, at any time without permission or penalty pre-pay some or all of the Purchase Price. Omega instructs ICTV to make the quarterly payments provided for in this Section 7 as follows:

For 2016, 2017 and 2018:	\$25,000 USD to Zirger; \$50,000 USD to Boves; and
For 2019:	\$75,000 USD to Zirger; \$0 to Boves.

Payments to Zirger shall be sent directly to him at R.A. Zirger Holdings, Inc., 2180 Marine Drive, PH#3, Oakville, Ontario, Canada L6L5V2. Payments to Boves shall be sent directly to her at 107 Chandos Drive, Kitchener, Ontario, Canada N2A3Z4. If either Zirger or Boves dies before all of the above payments are made, thereafter ICTV shall make the Zirger or Boves payments, as the case may be, to his or her estate. If Omega wishes to change these instructions, it shall do by written notice, which shall include without limitation the addresses to which the payments should be sent, the name and correct spelling of the payees, the amount of payment to the payees in terms of dollars or percentages, and the duration of payment if more than a one-time payment. Omega acknowledges and agrees that any payments made to its designated payees shall be in lieu of payments to it hereunder and therefore shall be deemed for all purposes herein as equivalent to payments to it. Omega warrants that no entity or person other than it and its duly designated payees are legally entitled to the payments provided for herein, and Omega agrees to indemnify and hold ICTV harmless from and against any and all claims, legal actions, liabilities and costs, including reasonable attorney fees, of any kind arising out of or relating in any way whatsoever to breach of this warranty. Upon commencement of a legal action by a third party claiming entitlement to



payments provided for in this Agreement. ICTV shall thereafter until resolution of the legal action deposit all disputed payments into an interest-bearing escrow account.

8. During the term of this Agreement (which is defined as the time period from the date of this Agreement through December 31, 2019, whether or not ICTV pre-pays the Purchase Price) and during the five-year period thereafter (ending December 31, 2024) ("Non-Competition Period"), the Omega Parties, either collectively or individually, shall not, directly or indirectly, manufacture, market, sell or distribute the Product or any "product that is similar to the Product" anywhere in the world. A "product that is similar to the Product" means any outlet- or battery-powered device used to lift, tone, tighten, oxygenate or remove appearance of lines and wrinkles from the face or any other part of the body. Also, during the Non-Competition Period the Omega Parties shall not mention or discuss the Product (except amongst themselves and with their legal and tax professionals) or state that they, or any one of them, are the creators or inventors of the Product. The Parties agree that the restrictive covenants in this Section 8 are fair and reasonable. If any provision of this Section 8 is determined by any court of competent jurisdiction to be unenforceable by reason of its extending for too long a period of time or over too large a geographical area or by reason of its being too restrictive in any other respect, such provision shall be interpreted to extend only over the longest period of time for which it may be enforceable, and/or over the largest geographical area as to which it may be enforceable and/or to the maximum extent in all other aspects as to which it may be enforceable, all as determined by such court in such action.

9. The Omega Parties agree that the consideration provided by ICTV under this Agreement is adequate and sufficient consideration for the rights granted to ICTV under this Agreement, including without limitation the rights to the Product and the photographs, and the restrictive covenants.

GENERAL PROVISIONS

10. Each Party warrants that (i) it will act in good faith with each other, (ii) it will make best efforts to effectuate the terms and purposes of this Agreement, (iii) it will not take any action that is calculated or likely to undermine, directly or indirectly, the rights conferred by or the purposes of this Agreement, (iv) it has the legal authority to enter into and execute this Agreement and that the other Parties are permitted to rely upon its warranty in this regard and (v) its entering into this Agreement will not constitute breach of contract, violation of law, infringement of third party rights, or anything else that could give rise to civil or criminal liability. Each Party agrees to indemnify and hold the other parties harmless from and against any and all claims, demand, penalties, assessments, liabilities and expenses, including reasonable attorney fees, of any kind arising out of or relating in any way whatsoever to breach of the warranties contained in this Section 10.

11. Each party agrees that it has read this Agreement, that it understands the terms of this Agreement, that it has had ample opportunity to consult with any and all professionals of its choosing as to the meaning, import and consequences of the terms of this Agreement and of its entering into this Agreement, and that it enters into this Agreement knowingly and voluntarily.



12. The Omega Parties acknowledge and agree that any claims they may have against ICTV now or in the future arising out of or relating in any way whatsoever to this Agreement are against ICTV and not against any of ICTV's owners, directors, officers, employees, agents, or representatives, and that therefore any legal action brought by them, or any one of them, arising out of or relating in any way whatsoever to this Agreement shall be against ICTV only.

13. If any Party materially breaches this Agreement, any non-breaching Party may give all other Parties, including the breaching Party, written notice describing the breach in reasonable detail. If the breaching Party fails to remedy the breach or to take significant and ongoing action to remedy the breach within 30 (thirty) days of receipt of notice, the non-breaching Party may give all other Parties, including the breaching Party, written notice advising that the non-breaching Party may terminate this Agreement if the breach is not remedied within ten (10) days of receipt of notice. If after ten (10) days the breach has not been remedied or significant and ongoing action has not been taken to remedy the breach, the non-breaching Party shall be entitled to terminate this Agreement and may do so by giving written notice of termination and the effective date thereof to all other Parties. All disputes arising under or relating in any way whatsoever to this Section 13 shall be resolved in accordance with the procedure set forth in Section 14 below.

14. In the event of a dispute between any of the Parties arising under or relating in any way whatsoever to this Agreement, the disputing Parties shall attempt to resolve it through good faith negotiation. If the dispute is not resolved through such negotiation, then the disputing Parties shall attempt to resolve it through mediation in the State of Pennsylvania, USA, with a neutral, third-party mediator mutually agreed upon by the disputing Parties. Unless otherwise agreed by the disputing Parties, the costs of mediation shall be shared equally. If the dispute is not resolved through mediation, then upon written demand by one of the disputing Parties it shall be referred to a mutually agreeable arbitrator. The arbitration process shall be conducted in accordance with the laws of the United States of America and the State of Pennsylvania, except as modified herein. Venue for the arbitration hearing shall be the State of Pennsylvania, USA. All remedies, legal and equitable, available in court shall also be available in arbitration. The arbitrator's decision shall be final and binding, and judgment may be entered thereon in a court of competent jurisdiction.

15. This Agreement shall be interpreted and enforced in accordance with the laws of the United States of America and the State of Pennsylvania, without regard to conflict of law principles thereof. In any dispute arising out of or relating in way whatsoever to this Agreement, including arbitration, the substantially prevailing Party shall be entitled to recover its costs and attorney fees from the other disputing Parties.

16. All notices, requests and other communications required to be given under this Agreement shall be in writing, and shall be either delivered by hand to the Party representatives identified below, or mailed by registered or certified mail, postage prepaid and return receipt requested, to the Parties at the addresses below. Any such notice shall be considered to have been given when received if delivered by hand or, if mailed, five (5) business days after it was mailed, as evidenced by the postmark or, in the absence thereof, a declaration of mailing. Business days shall be Monday through Friday, but shall not include United States or Canadian federal holidays. The representatives for notice by hand delivery and the mailing addresses for notice by mail are as follows:



Omega: Richard A. Zirger / Christina Boves
~~3325 North Service Road Unit 105~~
~~Burlington, Ontario L7N 3G2~~
Canada

59 HUNTER RD
NIAGARA ON THE LAKE, ONT
L0S 1S0

ICTV: Kelvin Claney
489 Devon Park Drive, Suite 315
Wayne, PA 19087
USA

Each Party shall promptly inform the other Parties of a change in its representative or mailing address by notice as provided in this Section 16.

17. None of the Omega Parties may assign its rights under or interest in this Agreement, or any portion thereof, without the prior written consent of ICTV. Until the Purchase Price is paid in full, ICTV may not assign its rights under or interest in this Agreement, or any portion thereof, without the express written consent of the Omega Parties, which consent shall not be unreasonably conditioned or withheld. After the Purchase Price is paid in full, ICTV may freely assign its rights under or interest in this Agreement, or any portion thereof; provided, however, that all assignees must agree in writing to comply with the terms of this Agreement. This Agreement includes the entire agreement of the Parties with respect to the matters herein, and it supersedes any prior agreements, oral or written, between the Parties with respect to the matters herein. This Agreement shall not be modified except by a writing signed by all the Parties. This Agreement shall be binding upon and inure to the benefit of the Parties and their respective representatives, heirs, successors and permitted assigns. If any provision of this Agreement is ruled invalid, the remainder of this Agreement shall nevertheless continue in full force and effect to the maximum extent permitted by law. This Agreement may be executed in counterparts, and signatures transmitted electronically (including via e-mail and facsimile) shall be deemed the equivalent of original signatures for all purposes.

18. Those provisions of this Agreement that will or might apply after termination or expiration of this Agreement, including without limitation indemnification, non-competition and dispute resolution, shall survive termination or expiration of this Agreement and be fully applicable and enforceable thereafter.

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By their signatures below, the parties have executed this Agreement effective as of the date first written above.

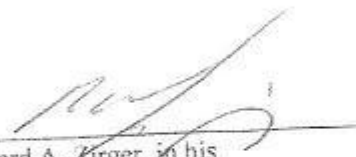
Omega 5 Technologies Inc.

ICTV Brands, Inc.

By: 
Richard A. Zirger, President

By: 
Kelvin Claney, CEO

And by: 
Christina Boves, Director


Richard A. Zirger, in his
individual capacity


Christina Boves, in her
individual capacity

OWNERSHIP ASSIGNMENT OF PHOTOS

The undersigned, Brent Doerner, hereby irrevocably assigns and transfers to ICTV Brands, Inc. ("ICTV") all of his right, title and interest (including all ownership interest) in and to all the still photographs he has taken of Patricia McCraig, Barbara Gordon, Cheryl Lescom and Bonnie Luft (collectively "Photographs"), and all of the rights thereto, including, without limitation, the right to use the Photographs in perpetuity anywhere in the world for purposes of marketing a product described as a "Hand-held ozone-producing apparatus," which is protected by United States Patent number 5,866,082, and which is marketed under the brand name DermaWand. The Photographs include, without limitation, the photographs attached hereto as **EXHIBIT A**.

As a result of this assignment and transfer, ICTV shall be the sole and exclusive owner of the Photographs and all of the rights thereto. The undersigned represents and warrants to ICTV that no other person or entity has any right, title or interest in or to the Photographs.

The undersigned certifies that he is over the age of 18 years, competent to execute this document, and is receiving adequate and sufficient consideration in exchange for executing this document.

Executed and effective this 24 day of Jan, 2016.


Brent Doerner

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 23, 2016

/s/ Kelvin Claney

Kelvin Claney, Chief Executive Officer and Chairman

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 23, 2016

/s/ Richard Ransom

Richard Ransom, President

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 23, 2016

/s/ Ryan LeBon

Ryan LeBon, Chief Financial Officer

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, 2015 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), Kelvin Claney, Chief Executive Officer and Chairman, 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 23, 2016

/s/ Kelvin Claney
Kelvin Claney, Director and Chief Executive Officer

/s/ Richard Ransom
Richard Ransom, President

/s/ Ryan LeBon
Ryan LeBon, Chief Financial Officer
