

Mindpix Corporation

Unaudited Financial Statements

June 30, 2013

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D. Brooks and Associates CPA's, P.A.

Certified Public Accountants • Valuation Analyst • Advisors

ACCOUNTANT'S COMPILATION REPORT

To Management of
Mindpix Corporation
Miami, Florida

We have compiled the accompanying consolidated balance sheet of Mindpix Corporation as of June 30, 2013, and the related consolidated statements of operations, deficiency and cash flows for the six months then ended. We have not audited or reviewed the accompanying consolidated financial statements and, accordingly, do not express an opinion or provide any assurance about whether the consolidated financial statements are in accordance with accounting principles generally accepted in the United States of America.

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

Our responsibility is to conduct the compilation in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. The objective of a compilation is to assist management presenting financial information in the form of consolidated financial statements without undertaking to obtain or provide any assurance that there are no material modifications that should be made to the consolidated financial statements.

We are not independent with respect to Mindpix Corporation.



D. Brooks and Associates CPA's, P.A.

West Palm Beach, Florida

July 11, 2013

Mindpix Corporation
Consolidated Balance Sheet
June 30, 2013

Assets

Current Assets:

Cash	\$ 100,421
Prepaid expense	<u>50,000</u>
Current assets	150,421
Total assets	<u><u>\$ 150,421</u></u>

Liabilities and Deficiency

Current Liabilities:

Advances from stockholders	\$ 27,730
Due to Emax Media, Inc. and Affiliates	190,056
Due to related parties	<u>214,941</u>
Total current liabilities	<u>432,727</u>

Deficiency:

Common stock, \$0.0001 par value; 1,500,000,000 shares authorized; 1,302,049,017 shares issued and outstanding	130,205
Additional paid in capital	19,401,291
Due from Emax Media, Inc. and Affiliates (522,187,878 shares of common stock)	(3,639,488)
Accumulated deficit	<u>(16,099,304)</u>
Total Mindpix Corporation stockholders' deficiency	(207,296)
Non-controlling interest in subsidiary	<u>(75,010)</u>
Total deficiency	<u>(282,306)</u>
Total liabilities and deficiency	<u><u>\$ 150,421</u></u>

See accountant's compilation report.

Mindpix Corporation
Consolidated Statement of Operations
Six Months Ended June 30, 2013

Revenue	<u>\$ -</u>
Operating Expenses:	
Consulting and professional fees	406,872
Personnel	38,390
Travel	35,586
Other general and administrative	<u>4,163</u>
Total operating expenses	<u>485,011</u>
Net Loss Before Income Taxes	(485,011)
Income Tax Provision	<u>-</u>
Net loss	<u>\$ (485,011)</u>
Net loss attributable to non-controlling interest	<u>3,298</u>
Net Loss attributable to Mindpix Corporation Stockholders	<u>\$ (481,712)</u>
Basic and Diluted Loss Per Share	<u>\$ (0.00)</u>
Weighted Average Shares Outstanding (Basic and Diluted)	<u>1,793,800,890</u>

See accountant's compilation report.

Mindpix Corporation
Consolidated Statement of Stockholders' Deficiency
Six Months Ended June 30, 2013

	<u>Common Stock</u>		Additional	Due	Non-	Accumulated	<u>Total</u>
	<u>Shares</u>	<u>Amount</u>	<u>Paid In</u>	<u>From</u>	<u>Controlling</u>	<u>Deficit</u>	
			<u>Capital</u>	<u>Emax, Inc.</u>	<u>Interest</u>		<u>and Affiliates</u>
Balances, December 31, 2012	1,439,453,962	\$ 143,945	\$ 18,792,844	\$ (3,639,488)	\$ (71,712)	\$ (15,617,592)	\$ (392,002)
Issuance of common stock for cash	240,000,000	24,000	428,500	-	-	-	452,500
Issuance of common stock for services	21,770,000	2,177	137,922	-	-	-	140,099
Stock-based compensation	-	-	2,108	-	-	-	2,108
Return of common stock	(399,174,545)	(39,917)	39,917	-	-	-	-
Net loss	-	-	-	-	(3,298)	(481,712)	(485,011)
	<u>1,302,049,417</u>	<u>\$ 130,205</u>	<u>\$ 19,401,291</u>	<u>\$ (3,639,488)</u>	<u>\$ (75,010)</u>	<u>\$ (16,099,304)</u>	<u>\$ (282,306)</u>

See accountant's compilation report.

Mindpix Corporation
Consolidated Statement of Cash Flows
Six Months Ended June 30, 2013

Cash from Operating Activities:	
Net loss	\$ (485,011)
Adjustments to reconcile net loss to cash used in operations:	
Stock issued for services	140,099
Stock-based compensation	2,108
Increase in prepaid expenses	<u>(50,000)</u>
Net cash used in operations	<u>(392,804)</u>
Cash from Financing Activities:	
Advances from Emax Media Inc. and Affiliates	3,000
Advances from stockholders	27,730
Sale of common stock for cash	<u>452,500</u>
Net cash provided by financing activities	<u>483,230</u>
Net Increase in Cash	90,426
Cash, Beginning of Period	<u>9,995</u>
Cash, End of Period	<u><u>\$ 100,421</u></u>
Supplemental Cash Flow Information:	
Cash paid for interest	<u>\$ -</u>
Cash paid for income taxes	<u>\$ -</u>

See accountant's report.

See accountant's compilation report.

Mindpix Corporation
Notes to the Consolidated Financial Statements
June 30, 2013

Note 1. Organization, Basis of Presentation and Significant Accounting Policies

Nature of Business and Basis of Presentation

Mindpix Corporation (referred to herein as the “Company”) was originally incorporated in the State of Delaware in 1988, redomiciled in the State of Nevada in 2004, and is media company that focuses on proprietary technology, music and multi-media global content. In 2011, the Company intended to consummate a reverse merger transaction with Emax Media, Inc. Since May 31, 2011, the intended effective date of the reverse merger, management of Emax Media, Inc. and its affiliates acted as officers of the Company. The Company has determined that the reverse merger was not perfected. Accordingly, these consolidated financial statements are presented on a stand-alone basis.

Principles of Consolidation

The accompanying consolidated financial statements include the accounts of the Company and its majority-owned subsidiary, New Beginnings Concert 2012, LLC (“New Beginnings”), which was organized in the state of Florida in November 2012 for the purpose of producing a concert event in Florida in December 2012. The Company owns a 66% interest in New Beginnings. Amounts attributable to the non-controlling members in New Beginnings are presented as non-controlling interest in subsidiary on the accompanying consolidated balance sheets and net loss attributable to non-controlling interest on the accompanying consolidated statements of operations. All significant intercompany balances and transactions have been eliminated in consolidation.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, as well as the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on the Company’s knowledge of current events and actions that the Company may undertake in the future, actual results could differ from those estimates. As discussed below, the Company’s most significant estimates include those made in connection with stock based transactions, and the valuation of music licensing rights.

Cash and Cash Equivalents

For the purposes of the balance sheet and statement of cash flows, the Company considers all amounts on deposit with financial institutions and highly liquid investments with original maturities at time of purchase of three months or less to be cash equivalents.

Mindpix Corporation
Notes to the Consolidated Financial Statements
June 30, 2013

Note 1. Organization, Basis of Presentation and Significant Accounting Policies (Continued)

Due from Emax Media, Inc. and Affiliates (Contra-Equity)

The Company accounted for common stock issued in settlement of obligations of the Emax Media, Inc. and its affiliates as contra-equity included in Due from Emax Media, Inc. and Affiliates in the deficiency section of the accompanying consolidated balance sheets.

Revenue Recognition

The Company's revenues have been limited to sponsorship revenue generated from a public concert produced in 2012. These revenues were recognized during the period in which the concert was performed and all of the Company's obligations related to the sponsorships were fulfilled.

Stock-based Compensation

The Company recognizes stock-based compensation by measuring the cost of services to be rendered based on the grant-date fair value of the equity award. No equity awards were granted to non-employees for future services. The grant date fair value of the equity-awards granted was estimated based on the price of the Company's common stock as quoted on the Over-the-Counter-Bulletin Board and is recognized as expense over the vesting period, adjusted for estimated forfeitures.

Income Taxes

Deferred tax assets and liabilities are determined based on the differences between the financial reporting and tax bases of assets and liabilities using the enacted tax rates and laws that will be in effect when the differences are expected to reverse. A valuation allowance is established when necessary to reduce deferred tax assets to the amounts expected to be realized.

The Company accounts for income taxes under the provisions of Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 740, "Accounting for Income Taxes." It prescribes a recognition threshold and measurement attributes for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. As a result, the Company has applied a more-likely-than-not recognition threshold for all tax uncertainties. The guidance only allows the recognition of those tax benefits that have a greater than 50% likelihood of being sustained upon examination by the various taxing authorities. The Company's tax years since 2004 remain subject to examination by Federal and state jurisdictions.

The Company classifies penalties and interest related to unrecognized tax benefits as income tax expense in the Consolidated Statements of Operations.

Mindpix Corporation
Notes to the Consolidated Financial Statements
June 30, 2013

Note 1. Organization and Basis of Presentation (Continued)

Earnings Per Share

Basic earnings per share is calculated based on income available to common stockholders and the weighted-average number of shares outstanding during the reporting period. Diluted earnings per share is calculated based on income available to common stockholders and the weighted-average number of common and potential common shares outstanding during the reporting period. The Company's potentially dilutive securities, consisting of options to acquire 6,000,000 shares of common stock, were anti-dilutive for the six months ended June 30, 2013, and excluded from the calculation of diluted earnings per share.

Subsequent Events

The Company has evaluated subsequent events through July 11, 2013, which is also the date the financial statements were available to be issued.

Recently Issued Accounting Standards

Management has reviewed and continues to monitor the actions of the various financial and regulatory reporting agencies and is currently not aware of any proposed or pending pronouncements that could have

Note 2. Related Parties

Advances from the Related Parties for New Beginnings Concert 2012

The 33% member in New Beginnings, Emax Media, Inc. and its affiliates advanced approximately \$215,000 to the Company related to the production of the December 2012 concert event. These amounts are non-interest bearing, due on demand and presented as Due to Related Parties on the accompanying consolidated balance sheets.

Due to Emax Media, Inc. and Affiliates

During the year ended December 31, 2012, the Company received proceeds of \$187,056 from third parties for the purchase of the Company's common stock held by the Emax Media, Inc. and its affiliates. During the six months ended June 30, 2013, Emax Media, Inc. and Affiliates advanced the Company \$3,000 for working capital purposes. As of June 30, 2013, \$190,056 remains unpaid, is non-interest bearing and due on demand.

Mindpix Corporation
Notes to the Consolidated Financial Statements
June 30, 2013

Note 3. Stockholders' Deficiency

Due from Emax Media, Inc. and Affiliates

Since May 2011, the Company issued 560,222,878 and 25,000,000 shares of common stock, respectively, in settlement of obligations of Emax Media, Inc. and affiliates. The obligations were settled by the Company prior to management's determination that the intended reverse merger was not perfected. The Company recorded the grant date fair value of the common stock, estimated based on the grant date quoted trading prices of the Company's common stock, as contra- equity totaling \$3,639,488 as of June 30, 2013.

Issuance of Common Stock for Services

During the six months ended June 30, 2013, the Company issued 21,770,000 shares of common stock as consideration for professional services rendered. The Company recorded compensation expense equal to the grant date fair value of the shares, estimated based on the grant date quoted trading prices of the Company's common stock, totaling \$140,099 for the six months ended June 30, 2013.

2011 Omnibus Stock Option Plan

The Company has adopted the 2011 Omnibus Option Plan ("Plan") to provide a means by which selected Employees of and Consultants to the Company, and its affiliates, may be granted options to purchase the Company's common stock. The Plan authorizes the issuance of options to acquire 70,000,000 shares of common stock for a period of ten years. The exercises price is determined at the discretion of the board and shall not be less the fair market value.

During the six months ended June 30, 2013, options to acquire 4,000,000, with an exercise price of \$0.50, were forfeited and no options were issued or exercised. As of June 30, 2013, there were options to acquire 6,000,000 shares outstanding and exercisable for an exercise price of \$0.50 per share and a weighted average remaining term of 7.9 years.

During the six months ended June 30, 2013, the Company recognized \$2,108 of stock compensation expense related to the vesting of stock options. As of June 30, 2013, there are no remaining unvested options.

Mindpix Corporation
Notes to the Consolidated Financial Statements
June 30, 2013

Note 5. Income Taxes

The provision (benefit) for income taxes for the six months ended June 30, 2013 consists of the following:

Current		
Federal	\$	-
State		-
Deferred		
Federal	(115,432)	
State	(11,204)	
Change in valuation allowance		<u>126,636</u>
	\$	<u>-</u>

For the six months ended June 30, 2013, the Company's income tax rate computed at the statutory federal rate of 34% differs from its effective tax rate primarily due to permanent items, state taxes and the change in the deferred tax asset valuation allowance.

Income tax at statutory rate	34.00%
State income taxes, net of federal benefit	3.70
Permanent differences	(12.66)
Change in valuation allowance	<u>(25.04)</u>
Total	<u>0.00%</u>

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. In assessing the realizability of deferred tax assets, Management evaluates whether it is more likely than not that some portion or all of its deferred tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible. Management considers the scheduled reversal of deferred tax liabilities, projected future taxable income and tax planning strategies in making this assessment. Based on Management's evaluation, the net deferred tax asset was offset by a full valuation allowance in all periods presented. The Company's deferred tax asset valuation allowance will be reversed if and when the Company generates sufficient taxable income in the future to utilize the tax benefits of the related deferred tax assets.

The tax effects of temporary differences that give rise to significant portions of the deferred tax assets and tax liabilities are as follows:

Net operating loss	\$ 253,912	\$ -
Gross deferred tax assets:	253,912	-
Less: valuation allowance	<u>(253,912)</u>	<u>-</u>
Net deferred tax asset	<u>\$ -</u>	<u>\$ -</u>

Mindpix Corporation
Notes to the Consolidated Financial Statements
June 30, 2013

Note 6. Commitments and Contingencies

The Company is seeking the return, from the Emax Media, Inc. and Affiliates, of 522,127,878 shares of its common stock with an aggregate grant date fair value of \$3,639,488. The Company has not determined that the Emax Media, Inc. and Affiliates are still in possession of these shares, but plans to take any and all actions necessary to return these shares into treasury or obtain fair compensation for the issuance of these shares. The grant date fair value is presented as *contra-equity* in the deficiency section of the accompanying consolidated balance sheets.