

Mindpix Corporation

Unaudited Financial Statements

September 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 sheets of Mindpix Corporation as of September 30, 2013 and December 31, 2012, and the related consolidated statements of operations, deficiency and cash flows for the three and nine months ended September 30, 2013. 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

November 14, 2013

Mindpix Corporation
Consolidated Balance Sheets
September 30, 2013 and December 31, 2012

	<u>2013</u>	<u>2012</u>
Assets		
Current Assets:		
Cash	\$ 34,520	\$ 9,995
Current assets	34,520	9,995
Property and Equipment, net	<u>7,207</u>	<u>-</u>
Total assets	<u>\$ 41,727</u>	<u>\$ 9,995</u>
Liabilities and Deficiency		
Current Liabilities:		
Accounts payable	\$ 10,396	\$ -
Advances from stockholders	27,731	-
Obligation to issue common stock	349,241	349,241
Due to Emax Media, Inc. and Affiliates	-	187,056
Due to related party	<u>69,301</u>	<u>119,301</u>
Total current liabilities	<u>456,669</u>	<u>655,598</u>
Deficiency:		
Common stock, \$0.0001 par value; 1,500,000,000 shares authorized; 1,134,316,084 and 1,439,453,962 shares issued and outstanding, respectively	113,432	143,945
Additional paid in capital	16,293,632	24,332,162
Due from Emax Media, Inc. and Affiliates (522,187,878 shares of common stock as of December 31, 2012)	-	(9,178,806)
Accumulated deficit	<u>(16,707,269)</u>	<u>(15,831,466)</u>
Total Mindpix Corporation stockholders' deficiency	(300,205)	(534,165)
Non-controlling interest in subsidiary	<u>(114,737)</u>	<u>(111,438)</u>
Total deficiency	<u>(414,941)</u>	<u>(645,603)</u>
Total liabilities and deficiency	<u>\$ 41,727</u>	<u>\$ 9,995</u>

See accountant's compilation report.

Mindpix Corporation
Consolidated Statements of Operations

	Three Months Ended September 30,		Nine Months Ended September 30,	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Revenue	\$ -	\$ -	\$ -	\$ -
Operating Expenses:				
Consulting and professional fees	179,375	132,786	586,247	744,264
Personnel	131,622	12,697	170,012	15,876
Travel	26,767	97,849	62,353	50,841
Other general and administrative	56,326	78,076	60,489	49,331
Total operating expenses	<u>394,090</u>	<u>321,408</u>	<u>879,101</u>	<u>860,312</u>
Loss Before Income Taxes	(394,090)	(321,408)	(879,101)	(860,312)
Income Tax Provision	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net loss	<u>\$ (394,090)</u>	<u>\$ (321,408)</u>	<u>\$ (879,101)</u>	<u>\$ (860,312)</u>
Net loss attributable to non-controlling interest	<u>-</u>	<u>-</u>	<u>3,298</u>	<u>-</u>
Net Loss attributable to Mindpix Corporation Stockholders	<u>\$ (394,090)</u>	<u>\$ (321,408)</u>	<u>\$ (875,803)</u>	<u>\$ (860,312)</u>
Basic and Diluted Loss Per Share	<u>\$ (0.00)</u>	<u>\$ (0.00)</u>	<u>\$ (0.00)</u>	<u>\$ (0.00)</u>
Weighted Average Shares Outstanding (Basic and Diluted)	<u>1,272,050,685</u>	<u>647,506,301</u>	<u>1,338,003,814</u>	<u>596,217,781</u>

See accountant's compilation report.

Mindpix Corporation
Consolidated Statement of Deficiency
Nine Months Ended September 30, 2013

	<u>Common Stock</u>		Additional	Due	Non-	Accumulated	
	<u>Shares</u>	<u>Amount</u>	Paid In	From	Controlling	<u>Deficit</u>	<u>Total</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	\$ 24,332,162	\$ (9,178,806)	\$ (111,439)	\$ (15,831,466)	\$ (645,603)
Issuance of common stock for cash	347,600,000	34,760	745,740	-	-	-	780,500
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	(674,507,878)	(67,451)	(8,924,299)	9,178,806	-	-	187,056
Net loss	-	-	-	-	(3,298)	(875,803)	(879,101)
	<u>1,134,316,084</u>	<u>\$ 113,432</u>	<u>\$ 16,293,633</u>	<u>\$ -</u>	<u>\$ (114,737)</u>	<u>\$ (16,707,269)</u>	<u>\$ (414,941)</u>

See accountant's compilation report.

Mindpix Corporation
Consolidated Statements of Cash Flows
Nine Months Ended September 30, 2013 and 2012
(Unaudited)

Cash from Operating Activities:	<u>2013</u>	<u>2012</u>
Net loss	\$ (879,101)	\$ (860,312)
Adjustments to reconcile net loss to cash used in operations:		
Stock issued for services	140,099	677,330
Stock-based compensation	2,108	-
Depreciation	81	-
Increase in accounts payable	<u>10,396</u>	<u>-</u>
Net cash used in operations	<u>(726,417)</u>	<u>(182,982)</u>
 Cash from Financing Activities:		
Purchase of property and equipment	<u>(7,288)</u>	<u>-</u>
Net cash provided by financing activities	<u>(7,288)</u>	<u>-</u>
 Cash from Financing Activities:		
Bank overdraft	-	4,182
Advances from Emax Media Inc. and Affiliates	-	178,800
Repayment of advances from related party	(50,000)	-
Advances from stockholders	27,731	-
Sale of common stock for cash	<u>780,500</u>	<u>-</u>
Net cash provided by financing activities	<u>758,231</u>	<u>182,982</u>
 Net Increase in Cash	24,525	-
Cash, Beginning of Period	<u>9,995</u>	<u>-</u>
Cash, End of Period	<u><u>\$ 34,520</u></u>	<u><u>\$ -</u></u>
 Supplemental Cash Flow Information:		
Cash paid for interest	<u>\$ -</u>	<u>\$ -</u>
Cash paid for income taxes	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

See accountant's compilation report.

Mindpix Corporation
Notes to the Consolidated Financial Statements
September 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 a 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. The Company’s most significant estimates include those made in connection with stock based transactions.

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.

Property and Equipment

Property and equipment are stated at cost less accumulated depreciation. Depreciation is calculated using the straight-line method over the estimated useful lives of 7 years for furniture and 3 years for computer equipment. Depreciation expense totaled \$81 for the nine months ended September 30, 2013. No depreciation expense was recognized for the nine months ended September 30, 2012 because all of the Company’s property and equipment was acquired during the nine months ended September 30, 2013.

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

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

Obligation to Issue Common Stock

The Company has received proceeds from the sale of common stock, which have not been issued as of the date the consolidated financial statements were available for issuance. Such amounts totaling \$349,241 as of September 30, 2013, and December 31, 2012, are presented as obligation to issue common stock on the accompanying consolidated balance sheet.

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.

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
September 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 nine months ended September 30, 2013, and excluded from the calculation of diluted earnings per share.

Subsequent Events

The Company has evaluated subsequent events through November 14, 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 a material impact on the Company's financial position, results of operations or cash flows.

Note 2. Restatement

The Company has restated its consolidated balance sheets as of December 31, 2012 and 2011 to correct the following misstatements:

Settlement of Obligations of Emax Media, Inc. and Affiliates

At various times since May 31, 2011, the Company has issued common stock in settlement of certain obligations of Emax Media, Inc. and its affiliates. Many of these obligations were improperly recorded on the Company's books and recorded as obligations of the Company. The Company is restating its consolidated financial statements to reflect these issuances as Due from Emax Media, Inc. and Affiliates, presented at their grant date fair values as contra-equity.

Advances from the Related Parties

During 2012, the 33% member in New Beginnings paid approximately \$119,000 directly to vendors of the Company related to the production of the December 2012 concert event. The Company has restated its financial statements to reflect these amounts as due to related parties.

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

Note 2. Restatement (Continued)

Obligation to Issue Common Stock

The Company received proceeds for the sale of common stock, which has not been issued as of the date these consolidated financial statements were available for issuance. The Company previously recorded a portion of these proceeds as revenue and the remainder as due from related parties. The Company has restated its financial statements to reflect the entire amount of the proceeds as a current liability of the Company.

The following summarizes the restatements as of December 31, 2012.

	<u>As Reported</u>	<u>Adjustment</u>	<u>Restated</u>
Cash	\$ 9,995	\$ -	\$ 9,995
Music licensing rights	<u>40,000,000</u>	<u>(40,000,000)</u>	<u>-</u>
Total assets	<u>\$40,009,995</u>	<u>\$(40,000,000)</u>	<u>\$ 9,995</u>
Due to Emax Media, Inc. and Affiliates	-	187,056	187,056
Due to related parties	-	119,301	119,301
Obligation to issue common stock	-	349,241	349,241
Stockholders' equity (deficit)	39,806,716	(40,340,881)	(534,165)
Non-controlling Interest	-	<u>(111,439)</u>	<u>(111,439)</u>
Total liabilities and equity (deficiency)	<u>\$40,009,995</u>	<u>\$(40,000,000)</u>	<u>\$ 9,995</u>

Note 3. Related Parties

Due to Emax Media, Inc. and Affiliates

During 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. In September 2013, the Company entered into a settlement agreement with Emax Media, Inc. and its affiliates resulting in the forgiveness of these amounts. Because Emax Media, Inc. and its affiliates are stockholders and the settlement agreement provided for the return of common stock in addition to forgiveness of the advanced amounts, the forgiveness of debt was recorded as an increase in additional paid in capital and no gain was recognized.

Advances from the Related Parties for New Beginnings Concert 2012

During 2012, the 33% member in New Beginnings paid approximately \$119,000 directly to vendors of the Company related to the production of the December 2012 concert event. During the nine months ended September 30, 2013, the Company repaid \$50,000. These amounts, totaling \$69,301 and \$119,301 as of September 30, 2013, and December 31, 2012, respectively, are non-interest bearing, due on demand and presented as Due to Related Parties on the accompanying consolidated balance sheets.

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

Note 3. Related Party Transactions (Continued)

Settlement with Emax Media, Inc. and Affiliates

In August 2013, the Company entered into agreements with former officers of the Company resulting in the return and cancellation of 175,000,000 shares of common stock.

In September 2013, the Company entered into an additional settlement agreement with Emax Media, Inc. and Affiliates to settle all amounts owed to and from the Company by Emax Media, Inc. and Affiliates. The agreement relieves the Company and EMax Media, Inc. of any future obligations related to amounts reflected on the accompanying balance sheet as Due to Emax Media, Inc. and Affiliates, and Due from Emax Media, Inc. and Affiliates (Contra-Equity). The agreement relieved the Company of its obligation to repay \$187,056 reflected on the accompanying consolidated balance sheet as of December 31, 2012 as Due to Emax Media, Inc. and Affiliates. The agreement provided for the return and cancellation of 100,333,333 shares of common stock, as well as the cancellation of 325,454,548 shares of common stock previously returned to the Company in exchange for preferred stock. An additional 73,719,997 shares of common stock that were previously returned to the Company in exchange for preferred stock were also cancelled.

Note 4. Stockholders' Deficiency

Issuance of Common Stock for Cash

During the nine months ended September 30, 2013, the Company sold 347,600,000 shares of common stock for net proceeds of \$780,500.

Issuance of Common Stock for Services

During the nine months ended September 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 nine months ended September 30, 2013.

Return of Common Stock

During the nine months ended September 30, 2013, members of prior management returned 674,507,878 shares of common stock as part of various settlement agreements. See Note 3.

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

Note 5. Income Taxes

The provision (benefit) for income taxes for the nine months ended September 30, 2013 and 2012 consists of the following:

	<u>2013</u>	<u>2012</u>
Current		
Federal	\$ -	\$ -
State	-	-
Deferred		
Federal	(250,544)	(62,214)
State	(27,265)	(6,770)
Change in valuation allowance	<u>277,809</u>	<u>68,984</u>
	<u>\$ -</u>	<u>\$ -</u>

For the nine months ended September 30, 2013 and 2012, 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.

	<u>2013</u>	<u>2012</u>
Income tax at statutory rate	34.0%	34.0%
State income taxes, net of federal benefit	3.1	3.1
Permanent differences	(6.0)	(29.2)
Change in valuation allowance	<u>(31.1)</u>	<u>(7.9)</u>
Total	<u>0.0%</u>	<u>0.0%</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.

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

Note 5. Income Taxes (Continued)

The tax effects of temporary differences that give rise to significant portions of the deferred tax assets as of September 30, 2013, and December 31, 2012, are as follows:

	<u>2013</u>	<u>2012</u>
Net operating loss	\$ 448,031	\$ 176,367
Gross deferred tax assets:	448,031	176,367
Less: valuation allowance	<u>(448,031)</u>	<u>(176,367)</u>
Net deferred tax asset	<u>\$ -</u>	<u>\$ -</u>

As of December 31, 2012, the Company had a net operating loss carry-forward of approximately \$1,200,000 which may be used to offset future taxable income and begins to expire in 2028.