

Mindpix Corporation

Financial Statements

December 31, 2012

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

Certified Public Accountants • Valuation Analyst • Advisors

ACCOUNTANT'S COMPILATION REPORT

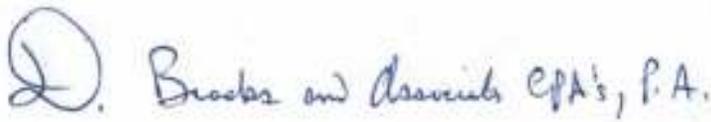
To Management of
Mindpix Corporation
Miami, Florida

We have compiled the accompanying consolidated balance sheets of Mindpix Corporation as of December 31, 2012 and 2011, and the related consolidated statements of operations, deficiency and cash flows for the years 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

June 30, 2013

Mindpix Corporation
Consolidated Balance Sheets
December 31, 2012 and 2011

	<u>2012</u>	<u>2011</u>
	(Restated)	(Restated)
Assets		
Current Assets:		
Cash	\$ 9,995	\$ -
Current assets	<u>9,995</u>	<u>-</u>
Total assets	<u>\$ 9,995</u>	<u>\$ -</u>
Liabilities and Deficiency		
Current Liabilities:		
Due to Emax Media, Inc. and Affiliates	\$ 187,056	\$ -
Notes payable	-	1,303,500
Due to related parties	<u>214,941</u>	<u>-</u>
Total current liabilities	<u>401,997</u>	<u>1,303,500</u>
Deficiency:		
Common stock, \$0.0001 par value; 1,500,000,000 shares authorized; 1,439,453,962 and 499,521,084 issued and outstanding, respectively	143,945	49,952
Additional paid in capital	18,792,844	7,830,132
Due from Emax Media, Inc. and Affiliates (560,222,878 and 25,000,000 shares of common stock, respectively)	(3,639,488)	(477,500)
Accumulated deficit	<u>(15,617,592)</u>	<u>(8,706,084)</u>
Total Mindpix Corporation stockholders' deficiency	(320,290)	(1,303,500)
Non-controlling interest in subsidiary	<u>(71,712)</u>	<u>-</u>
Total deficiency	<u>(392,002)</u>	<u>(1,303,500)</u>
Total liabilities and deficiency	<u>\$ 9,995</u>	<u>\$ -</u>

See accountant's compilation report.

Mindpix Corporation
Consolidated Statements of Operations
Years Ended December 31, 2012 and 2011

	<u>2012</u> (Restated)	<u>2011</u> (Restated)
Revenue:		
Concert sponsorship revenue	\$ 134,300	\$ -
Total revenue	<u>134,300</u>	<u>-</u>
Operating Expenses:		
Compensation	6,763,268	88,933
Concert production	<u>354,252</u>	<u>-</u>
Total operating expenses	<u>7,117,520</u>	<u>88,933</u>
Impairment of Music License Rights	<u>-</u>	<u>(1,600,000)</u>
Net Loss Before Income Taxes	(6,983,220)	(1,688,933)
Income Tax Provision	<u>-</u>	<u>-</u>
Net loss	<u>\$ (6,983,220)</u>	<u>\$ (1,688,933)</u>
Net loss attributable to non-controlling interest	<u>71,712</u>	<u>-</u>
Net loss attributable to Mindpix Corporation Stockholders	<u>\$ (6,911,508)</u>	<u>\$ (1,688,933)</u>
Basic and Diluted Loss Per Share	<u>\$ (0.01)</u>	<u>\$ (0.01)</u>
Weighted Average Shares Outstanding (Basic and Diluted)	<u>667,422,223</u>	<u>147,872,732</u>

See accountant's compilation report.

Mindpix Corporation
Consolidated Statement of Stockholders' Deficiency
Years Ended December 31, 2012 and 2011 (Restated)

	<u>Common Stock</u>		Additional	Due	Non-	Accumulated	
	<u>Shares</u>	<u>Amount</u>	<u>Capital</u>	<u>From</u>	<u>Controlling</u>	<u>Deficit</u>	<u>Total</u>
			Paid In	Emax, Inc.	Interest		
			and Affiliates				
Balances, January 1, 2011	74,521,084	\$ 7,452	\$ 5,706,199	\$ -	\$ -	\$ (7,017,151)	\$(1,303,500)
Issuance of common stock for licensing rights	400,000,000	40,000	1,560,000	-	-	-	1,600,000
Issuance of common stock for services provided to Emax Media, Inc. and Affiliates	25,000,000	2,500	475,000	(477,500)	-	-	-
Stock-based compensation	-	-	88,933	-	-	-	88,933
Net loss	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,688,933)</u>	<u>(1,688,933)</u>
Balances, December 31, 2011	499,521,084	49,952	7,830,132	(477,500)	-	(8,706,084)	(1,303,500)
Retirement of shares previously issued as consideration for services provided to Emax Media, Inc. and Affiliates	(25,000,000)	(2,500)	(475,000)	477,500	-	-	-
Issuance of common stock in settlement of obligations of Emax Media, Inc. and Affiliates	560,222,878	56,022	3,583,465	(3,639,488)	-	-	-
Issuance of common stock in settlement of notes payable	13,035,000	1,304	1,302,197	-	-	-	1,303,500
Issuance of common stock for services	371,675,000	37,168	6,511,563	-	-	-	6,548,730
Issuance of common stock to subsidiary	20,000,000	2,000	(2,000)	-	-	-	-
Stock-based compensation	-	-	39,158	-	-	-	39,158
Cash received from non-controlling member of subsidiary	-	-	3,330	-	-	-	3,330
Net loss	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(71,712)</u>	<u>(6,911,508)</u>	<u>(6,983,220)</u>
Balances, December 31, 2012	<u>1,439,453,962</u>	<u>\$ 143,945</u>	<u>\$ 18,792,844</u>	<u>\$(3,639,488)</u>	<u>\$ (71,712)</u>	<u>\$(15,617,592)</u>	<u>\$ (392,002)</u>

See accountant's compilation report.

Mindpix Corporation
Consolidated Statements of Cash Flows
Years Ended December 31, 2012 and 2011

	<u>2012</u>	<u>2011</u>
	(Restated)	(Restated)
Cash from Operating Activities:		
Net loss	\$(6,983,220)	\$(1,688,933)
Adjustments to reconcile net loss to cash used in operations:		
Impairment of music license rights	-	1,600,000
Stock issued for services	6,548,730	-
Stock-based compensation	<u>39,158</u>	<u>88,933</u>
Net cash used in operations	<u>(395,332)</u>	<u>-</u>
 Cash from Financing Activities:		
Advances from Emax Media Inc. and Affiliates	187,056	-
Investment from minority member in subsidiary	3,330	-
Advances from related parties	<u>214,941</u>	<u>-</u>
Net cash provided by financing activities	<u>405,327</u>	<u>-</u>
 Net Increase in Cash	 9,995	 -
Cash, Beginning of Year	<u>-</u>	<u>-</u>
Cash, End of Year	<u>\$ 9,995</u>	<u>\$ -</u>
 Supplemental Cash Flow Information:		
Cash paid for interest	<u>\$ -</u>	<u>\$ -</u>
Cash paid for income taxes	<u>\$ -</u>	<u>\$ -</u>
 Schedule of Non-Cash Financing Activities:		
Issuance of common stock in settlement of notes payable	<u>\$ 1,303,500</u>	<u>\$ -</u>

See accountant's compilation report.

Mindpix Corporation
Notes to the Consolidated Financial Statements
December 31, 2012 and 2011 (Restated)

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, through 2012, 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
December 31, 2012 and 2011 (Restated)

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

Licensing Rights

Intangible assets, which consisted solely of music license rights, are stated at cost less accumulated amortization. For intangible assets with finite lives, consisting of music license rights, amortization is computed using the straight-line method over the term of the related license agreement. All intangible assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of such assets may not be recoverable. An impairment loss is recognized if the carrying amount of the asset exceeds its fair value. During the year ended December 31, 2011, the Company recognized an impairment loss equal to the total purchase price of the music rights of \$1,600,000 because management determined that the underlying library had no value to the Company due to its inability to perfect its rights to the library.

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.

Mindpix Corporation
Notes to the Consolidated Financial Statements
December 31, 2012 and 2011 (Restated)

Note 1. Organization and Basis of Presentation (Continued)

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.

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 10,000,000 shares of common stock, were anti-dilutive for the years ended December 31, 2012 and 2011, and excluded from the calculation of diluted earnings per share.

Subsequent Events

The Company has evaluated subsequent events through June 30, 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.

Mindpix Corporation
Notes to the Consolidated Financial Statements
December 31, 2012 and 2011 (Restated)

Note 2. Restatement

The Company is restating its financial statements as of and for the years ended December 31, 2012 and 2011 to correct the following misstatements:

Valuation and Impairment of Music Licensing Rights

During 2011, the Company improperly estimated the fair value of 400,000,000 shares of common stock issued as consideration for the music licensing rights and recorded the rights as an intangible asset with an initial carrying value of \$40,000,000. During 2013, the Company determined that a proper estimate of the fair value of the 400,000,000 million shares of common stock issued as consideration for the music licensing rights should be based on the quoted trading price of the Company's common stock on the date of the licensing agreement, which was May 31, 2011. Accordingly, the Company estimated the fair value of the Music License Rights at \$1,600,000.

During 2011 and 2012, the Company concluded that the Music Rights were not impaired. During 2013, the Company determined that it had improperly assessed the nature of the rights provided by the licensing agreement and concluded that the rights had no value to the Company due to its inability to perfect its rights to the underlying music library. Accordingly, the Company is restating its consolidated financial statements to recognize an impairment of the music license rights and reduce their carrying value to zero.

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 the Emax Media, Inc. and its affiliates. Many of these obligations were improperly recorded on the Company's books and records 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, Emax Media, Inc. and its affiliates advanced approximately \$215,000 to 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.

Non-Controlling Interest in Majority Owned Subsidiary

The Company did not properly present amounts attributable to the non-controlling members of New Beginning. The Company has restated its financial statements to properly present these amounts.

Stock Based Compensation

The Company did not record expenses associated with stock options granted during the years ended December 31, 2012 and 2012. See Note 4.

Mindpix Corporation
Notes to the Consolidated Financial Statements
December 31, 2012 and 2011 (Restated)

Note 2. Restatement (Continued)

The following summarizes the restatements as of and for the year ended December 31, 2012.

	<u>As Reported</u>	<u>Adjustment</u>	<u>Restated</u>
Cash	\$ 9,995	\$ -	\$ 9,995
Music licensing rights	40,000,000	(40,000,000)	-
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	-	214,941	214,941
Stockholders' equity (deficit)	39,806,716	(40,198,718)	(392,002)
Non-controlling Interest	-	(71,712)	(71,712)
Total liabilities and equity (deficiency)	<u>\$40,009,995</u>	<u>\$(40,000,000)</u>	<u>\$ 9,995</u>
	<u>As Reported</u>	<u>Adjustment</u>	<u>Restated</u>
Revenues	\$ 134,300	\$ -	\$ 134,300
Operating expenses	1,182,072	(5,935,448)	7,117,520
Net loss	<u>\$(1,047,772)</u>	<u>\$(5,935,448)</u>	<u>\$(6,983,220)</u>
Net loss per share	<u>\$ (0.00)</u>	<u>\$ (0.00)</u>	<u>\$ (0.01)</u>

The following summarizes the restatements as of and for the year ended December 31, 2011.

	<u>As Reported</u>	<u>Adjustment</u>	<u>Restated</u>
Cash	\$ 6,004	\$ (6,004)	\$ -
Music licensing rights	40,000,000	(40,000,000)	-
Total assets	<u>\$40,006,004</u>	<u>\$(40,006,004)</u>	<u>\$ -</u>
Accounts payable and accrued expenses	\$ 104,481	\$ (104,481)	\$ -
Notes payable	2,755,500	(1,452,500)	1,303,500
Due to related parties	-	-	-
Stockholders' equity (deficit)	37,146,023	(35,842,523)	(1,303,500)
Total liabilities and equity (deficiency)	<u>\$40,006,004</u>	<u>\$(40,006,004)</u>	<u>\$ -</u>
	<u>As Reported</u>	<u>Adjustment</u>	<u>Restated</u>
Revenues	\$ -	\$ -	\$ -
Operating expenses	1,542,298	(1,453,365)	88,933
Impairment loss	-	(1,600,000)	(1,600,000)
Net loss	<u>\$(1,542,298)</u>	<u>\$(146,635)</u>	<u>\$(1,688,933)</u>
Net loss per share	<u>\$ (0.00)</u>	<u>\$ (0.00)</u>	<u>\$ (0.00)</u>

Mindpix Corporation
Notes to the Consolidated Financial Statements
December 31, 2012 and 2011 (Restated)

Note 3. Due to 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.

Production Expenses Paid to Non-Controlling Member in Subsidiary

During the year ended December 31, 2012, the Company paid production expenses totaling \$125,000 to the 33% member in New Beginnings.

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.

Note 4. Stockholders' Deficiency

Due from Emax Media, Inc. and Affiliates

During the years ended December 31, 2012 and 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 and \$477,500 as of December 31, 2012 and 2011, respectively.

Issuance of Common Stock for Services

During the year ended December 31, 2012, the Company issued 371,675,000 shares of common stock as consideration for 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 \$6,548,730 for the year ended December 31, 2012.

Mindpix Corporation
Notes to the Consolidated Financial Statements
December 31, 2012 and 2011 (Restated)

Note 4. Stockholders' Deficiency (Continued)

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 years ended December 31, 2012 and 2011, the Company granted, to officers and consultants, options to acquire 8,000,000 and 2,000,000 shares of common stock, respectively, for 10 year terms, with an exercise price of \$0.50. Each award provide for the immediate vesting of options to acquire 1,000,000 shares of common stock with an additional million shares vesting over a five-year period. The stock options had aggregate grant date fair values of \$46,000 and \$171,000 for the years ended December 31, 2012 and 2011, respectively, determined using the Black Scholes Option Model and the following assumptions: expected volatility – 291%, risk free rate – 2.96%, expected term – 6 – 10 years, dividend rate – 0%. The following summarizes the Company's stock option activity for the years ended December 31, 2012 and 2011:

	<u>Shares</u>	<u>Weighted- Average Exercise Price</u>	<u>Weighted- Average Remaining Contractual Term</u>	<u>Aggregate Intrinsic Value</u>
Outstanding at January 1, 2011	-	\$ -	-	\$ -
Granted	<u>8,000,000</u>	<u>0.50</u>	<u>8.55</u>	-
Outstanding at December 31, 2011	8,000,000	0.50	7.86	-
Granted	<u>2,000,000</u>	<u>0.50</u>	<u>9.20</u>	-
Outstanding at December 31, 2012	<u>10,000,000</u>	<u>\$ 0.50</u>	8.52	-
Exercisable at December 31, 2012	<u>5,800,000</u>	<u>\$ 0.50</u>	8.66	-

During the years ended December 31, 2012 and 2011, the Company recognized \$39,158 and \$88,933, respectively, of stock compensation expense related to the vesting of stock options. As of December 31, 2012, the Company expects to recognize future compensation expense related to the vesting of stock potions of \$2,108, all of which will be recognized in 2013. During 2013, options to acquire 4,000,000 shares of common stock, with an aggregate grant date fair value of \$86,800 were forfeited.

Mindpix Corporation
Notes to the Consolidated Financial Statements
December 31, 2012 and 2011 (Restated)

Note 5. Income Taxes

The provision (benefit) for income taxes consists of the following:

	<u>Year Ended</u> <u>December 31,</u>	
	<u>2012</u>	<u>2011</u>
Current		
Federal	\$ -	\$ -
State	-	-
Deferred		
Federal	(115,971)	-
State	(11,256)	-
Change in valuation allowance	<u>127,227</u>	<u>-</u>
	<u>\$ -</u>	<u>\$ -</u>

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>Year ended September 30,</u>	
	<u>2012</u>	<u>2011</u>
Income tax at statutory rate	34.00%	34.00%
State income taxes, net of federal benefit	3.70	3.70
Permanent differences	(12.66)	(37.70)
Change in valuation allowance	<u>(25.04)</u>	<u>(-)</u>
Total	<u>0.00%</u>	<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.

Mindpix Corporation
Notes to the Consolidated Financial Statements
December 31, 2012 and 2011 (Restated)

Note 5. Income Taxes (Continued)

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

	December 31,	
	<u>2012</u>	<u>2011</u>
Net operating loss	\$ 127,227	\$ _____ -
Gross deferred tax assets:	127,227	-
Less: valuation allowance	<u>(127,227)</u>	<u> -</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 \$341,000 which may be used to offset future taxable income and begins to expire in 2028.

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.

Note 7. Subsequent Events

From January 2013 through June 2013, the Company issued 660,394,540 shares of common stock, consisting of 240,000,000 shares issued for cash proceeds of \$452,500 and 21,770,000 shares issued for services.

From January 2013 through June 2013, 399,174,545 shares of common stock were returned to the Company.