ACME COMMUNICATIONS, Inc.

Quarterly Financial Report
(unaudited)

March 31, 2015

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ACME Communications, Inc. and Subsidiaries
Consolidated Balance Sheets
(Unaudited)
(In thousands, except share data)

	March 31, 2015	December 31, 2014
ASSETS		
Current assets:		
Cash and cash equivalents	$ 780	$ 500
Restricted cash	---	290
Prepaid expenses and other current assets	32	40
Total current assets	812	830
Property and equipment, net	3	3
Other assets	10	10
Total assets	$ 825	$ 843
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	---	---
Accrued liabilities	810	811
Income taxes payable	---	---
Total current liabilities	810	811
Other liabilities, net of current portion	---	---
Total liabilities	810	811
Commitments and contingencies		
Stockholders' equity:		
Preferred stock, $0.01 par value; 10,000,000 shares authorized, no shares issued or outstanding	---	---
Common stock, $0.01 par value; 50,000,000 shares authorized, 16,046,763 shares issued and outstanding at March 31, 2015 and at December 31, 2014, respectively	161	161
Additional paid-in capital	128,011	128,011
Accumulated deficit	(128,157)	(128,140)
Total stockholders' equity	15	32
Total liabilities and stockholders' equity	$ 825	$ 843

See the accompanying notes to the unaudited consolidated financial statements.

ACME Communications, Inc. and Subsidiaries
Consolidated Statements of Operations and Comprehensive Income
(Unaudited)
(In thousands, except per share data)

	For the Three Months Ended March 31, 2015	For the Three Months Ended March 31, 2014
Net revenues	$ ---	$ ---
Operating expenses:		
Cost of service:		
Programming, including program amortization	---	1
Corporate expenses	15	30
Operating expenses	15	31
Operating loss	(15)	(31)
Other expenses:		
Interest income, net	---	---
Loss from discontinuing operations, before income taxes	(15)	(31)
Income taxes	(2)	---
Net loss / Comprehensive loss	$ (17)	$ (31)
Net loss per share, basic and diluted (discontinued):	$ (0.00)	$ (0.00)
Weighted average basic and diluted common shares outstanding	16,047	16,047

See the accompanying notes to the unaudited consolidated financial statements.

ACME Communications, Inc. and Subsidiaries
Consolidated Statements of Stockholders' Equity
(Unaudited)
(In thousands)

	Common Stock Shares	Common Stock Amount	Additional Paid-in Capital	Accumulated Deficit	Total Stockholders' Equity
Balance at December 31, 2014	16,046	$ 161	$ 128,011	$ (128,140)	$ 32
Net loss	---	---	---	(17)	(17)
Balance at March 31, 2015	16,046	$ 161	$ 128,011	$ (128,157)	$ 15

See the accompanying notes to the unaudited consolidated financial statements.

ACME Communications, Inc. and Subsidiaries
Consolidated Statements of Cash Flows
(Unaudited)
(In thousands)

	For the Three Months Ended March 31,	
	2015	**2014**
Cash flows from operating activities:		
Net loss	$ (17)	$ (31)
Adjustments to reconcile net loss		
to net cash provided by (used in) operating activities:		
Changes in operating assets and liabilities:		
Prepaid expenses and other assets	8	60
Accounts payable	---	1
Accrued liabilities	(1)	(7)
Income taxes payable	---	(3)
Net cash provided by (used in) operating activities	(10)	20
Cash flows from financing activities:		
FCC escrow refund return	290	---
Net cash provided by financing activities	290	---
Increase in cash and cash equivalents	280	20
Cash and cash equivalents at beginning of the period	500	530
Cash and cash equivalents at end of the period	$ 780	$ 550
Net cash payments (receipts) for:		
Interest	$ ---	$ ---
Taxes	$ 2	$ 3

See the accompanying notes to the unaudited consolidated financial statements.

ACME Communications, Inc. and Subsidiaries
Notes to Consolidated Financial Statements
(Unaudited)

1. NATURE OF BUSINESS

The Company commenced operations in 1997 and ACME Communications, Inc. was formed as the Companyôs holding company on July 23, 1999, in preparation for and in conjunction with an initial public offering of its stock.

ACME Communications, Inc. (together with its subsidiaries, hereinafter, individually and collectively, ñACMEò or the ñCompanyò) is a holding company with no independent operations other than through its indirect wholly-owned subsidiary, ACME Television, LLC (ñACME Televisionò).

Effective November 4, 2008, the Companyôs common stock was delisted from the Nasdaq Global Market and on that same day the Company filed a Form 15 with the U.S. Securities & Exchange Commission (ñSECò) to deregister its common stock under Section 12 of the Securities Exchange Act of 1934. Upon the filing of the Form 15, the Companyôs obligation to file certain reports with the SEC, including Forms 10-K, 10-Q, and 8-K, was immediately suspended. The deregistration of the Companyôs common stock became effective February 1, 2009. The Companyôs common stock is currently quoted on the Pink Sheets®, a centralized electronic quotation service for over-the counter securities.

On March 29, 2013, the Company completed the sale of its remaining operating asset, *The Daily Buzz* morning news show for $1.5 million in cash to Mojo Brands Media, LLC.

Plan of Liquidation

The Company sold all of its television stations prior to 2014. As noted above, the Company sold its final operating asset, *The Daily Buzz,* on March 29, 2014.

In October 2012, the Companyôs shareholders approved a plan of liquidation and since that date, the Company has been winding down its business and financial affairs. In January 2015, the Companyôs deposit with the Federal Communications Commission (ñFCCò) made in December 2013 in connection with the sale of its last FCC-licensed television stations, was returned. The Company expects that it will be dissolved and all remaining cash will be distributed to its shareholders in late 2015 or early 2016.

2. BASIS OF PRESENTATION

Basis of Consolidation

The accompanying consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries. All significant intercompany accounts and transactions have been eliminated for all periods presented. Segment information is not presented since all of the Companyôs revenues are attributed to a single reportable segment.

Presentation of Interim Financial Statements

The accompanying consolidated financial statements for the three months ended March 31, 2015 and 2014 are unaudited and have been prepared in accordance with accounting principles generally accepted in the United States of America. As of and for the three months ended March 31, 2015 all operations are considered *"Discontinued Operations"*. In the opinion of management, such consolidated financial statements include all adjustments (consisting of normal recurring accruals) considered necessary for the fair presentation of the financial position and the results of operations, and cash flows for these periods. These consolidated financial statements do not include all disclosures and footnotes normally included with annual consolidated financial statements, and accordingly, should be read in conjunction with the consolidated financial statements, and the notes thereto, included in the Companyôs 2014 Annual Report, which can be found on the Companyôs website at *www.acmecommunications.com*.

The accompanying consolidated balance sheet as of December 31, 2014 is derived from the consolidated financial statements included in the Companyôs 2014 Annual Report.

In accordance with the Financial Accounting Standards Board (the ñFASBò) *Accounting Standards CodificationTM* (ñASCò) Topic 855, *Subsequent Events,* or ASC 855, the Company evaluated all events or transactions that occurred after

March 31, 2015 through September 18, 2015, which represents the date the consolidated financial statements were available to be issued.

Recent Adopted or Issued Accounting Pronouncements

The Company has implemented all new accounting pronouncements that are in effect and that may impact its consolidated financial statements and does not believe that there are any other new accounting pronouncements that have been issued that might have a material impact on its financial position or results of operations.

Critical Accounting Policies and Estimates

The preparation of Consolidated Financial Statements in conformity with accounting principles generally accepted in the United States 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 Consolidated Financial Statements and the reported amounts of revenues and expenses during the reporting period. On an on-going basis, management evaluates its estimates, including those related to bad debts, income taxes, and contingencies and litigation reserves. The Company bases its estimates on historical experience and on various other assumptions that they believe to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may materially differ from these estimates under different assumptions or conditions. The Companyǿs critical accounting policies are fully disclosed in the Companyǿs 2014 Annual Report. There have been no material changes to these policies during the quarter ended March 31, 2015.

3. LONG-LIVED ASSETS, INCLUDING INTANGIBLES SUBJECT TO AMORTIZATION

Long-lived assets consist of property and equipment.

Property & Equipment

Depreciation and amortization of our long-lived assets is provided using the straight-line method over their estimated useful lives. Changes in circumstances, such as the passage of new laws or changes in regulations, technological advances, changes to our business model or changes in our capital strategy could result in the actual useful lives differing from initial estimates. In those cases where we determine that the useful life of a long-lived asset should be revised, we will depreciate the net book value in excess of the estimated residual value over its revised remaining useful life. Factors such as changes in the planned use of equipment, customer attrition, contractual amendments or mandated regulatory requirements could result in shortened useful lives.

Long-lived assets and asset groups are evaluated for impairment whenever events or changes in circumstances indicate that their carrying value may not be recoverable. There were no impairment charges recorded during the three-month periods ended March 31, 2015 and 2014.

4. STOCK-BASED COMPENSATION

FASB ASC Topic 718 *Compensation — Stock Compensation,* or ASC 718**,** requires companies to estimate the fair value of share-based payment awards on the date of grant using an option-pricing model. There were no stock options granted or any other type of share-based issuances during the three-month periods ended March 31, 2015 and 2014.

There was no stock-based compensation expense for the three-month periods ended March 31, 2015 and 2014 and as of March 31, 2015, there is no unrecognized compensation cost related to unvested stock options.

5. INCOME TAXES

The Company accounts for income taxes in accordance with FASB ASC Topic 740, *Income Taxes,* or ASC 740**.** Income taxes are provided based on current taxable income and the future tax consequences of temporary differences between the basis of assets and liabilities for financial and tax reporting. The deferred income tax assets and liabilities represent the future state and federal tax return consequences of those differences, which will either be taxable or deductible when the assets and liabilities are recovered or settled. Deferred income taxes are also recognized for operating losses that are available to offset future taxable income and tax credits that are available to offset future income taxes. At each reporting period, management assesses the realizable value of deferred tax assets based on, among other things, estimates of future taxable income, and adjusts the related valuation allowance as necessary. Management makes a number of assumptions and estimates in determining the appropriate amount of expense to record for income taxes. These assumptions and estimates consider the taxing jurisdiction in which the Company operates as well as current tax regulations. Accruals are established for estimates of tax effects for certain transactions and future projected profitability of the Companyҳ businesses based on managementҳ interpretation of existing facts and circumstances.

FASB Topic ASC 740, *Income Taxes*, or ASC 740, defines the threshold for recognizing the benefits of tax return positions in the financial statements as ѭore-likely-than-notҠto be sustained by the taxing authority. A tax position that meets the ѭore-likely-than-notҠcriterion shall be measured at the largest amount of benefit that is more than 50% likely of being realized upon ultimate settlement. The Company has reviewed its tax positions and determined that an adjustment to the tax provision is not considered necessary nor is a reserve for income taxes required.

6. INCOME PER SHARE

Basic income per common share is computed by dividing net income to common stockholders by the weighted average number of common shares outstanding for the period. Diluted income per share includes the effect of our outstanding stock options, warrants and shares issuable pursuant to convertible debt, convertible preferred stock and certain stock incentive plans under the treasury stock method, if including such instruments is dilutive.

During the period ended March 31, 2015, no stock options expired or were forfeited. Our stock options outstanding at March 31, 2015 and 2014 were 678,000 and 678,000 shares, respectively.

7. ACCUMULATED OTHER COMPREHENSIVE INCOME

Accumulated other comprehensive income is the combination of accumulated net unrealized gains or losses on investments available-for-sale - also see Note 4 ñ*Investments Available-for-sale”*.

As of March 31, 2015 the Company had no component of accumulated other comprehensive income.

8. DEPARTURE FROM GENERALLY ACCEPTED ACCOUNTING PRINCIPLES

Subsequent to the sale of *The Daily* Buzz as discussed above, the Company's only activities have involved winding up the Company's affairs. In accordance with the Company's Plan of Liquidation, approved in October of 2012, the Company commenced liquidation activities and management will attempt to implement a final distribution to shareholders subject to the following conditions being met, including the approval of the Company's Board of Directors. These conditions are: (1) resolution of certain liabilities and (2) any other matters required to be accomplished.

Generally accepted accounting principles require, in accordance with ASU No. 2014-07 *Presentation of Financial Statements (Topic 205): Liquidation Basis of Accounting*, issued by the FASB in April 2014 and effective January 1, 2015, for an entity to present financial statements on the liquidation basis of accounting when, among other things, liquidation of a company is probable and the net realizable values of assets are reasonably determinable. Under this basis of accounting, an entity measures and presents assets and liabilities in its financial statements at the amount of cash or other consideration that it expects to collect, or the amount of cash or other consideration that it expects to pay, during the course of liquidation. It also requires an entity to accrue and separately present costs that it expects to incur, and the income it expects to earn, during the expected duration of the liquidation. The conversion from the going concern to liquid basis of accounting requires management to make significant estimates and judgments to record assets at estimated net realizable value and liabilities at estimated settlement amounts. These estimates are subject to change based upon the timing of potential sales and further deterioration of the market.

The Company has not adopted the liquidation basis of accounting but believes the effects of this departure from generally accepted accounting principles are not material.

9. SUBSEQUENT EVENTS

The Company has completed an evaluation of all subsequent events through the date the consolidated financial statements were issued and concluded no subsequent events occurred that required recognition or disclosure.

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Management's Discussion and Analysis ("MD&A") of Financial Condition and Results of Operations

Forward Looking Statements

This Quarterly Report includes forward-looking statements. We have based these forward-looking statements on our current expectations and projections about future events. In some cases, you can identify forward-looking statements by terminology such as "may," "will," "could," "expect," "believe," " should" or "might" or the negative of such terms or other comparable terminology. Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause our and the television broadcast industry's actual results, levels of activity, performance, achievements and prospects to be materially different from those expressed or implied by such forward-looking statements. Actual results in the future could differ materially and adversely from those described in the forward-looking statements.

These forward-looking statements speak only as of the date of this Quarterly Report. We undertake no duty to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, after the date of this Quarterly Report. In light of these risks, uncertainties and assumptions, the forward-looking events discussed in this Quarterly Report might not occur.

Presentation of Financial Information in this MD&A

The financial information and discussion contained in this MD&A for the three-month periods ended March 31, 2015 and 2014 is unaudited. In the opinion of management, such financial information, however, includes all adjustments (consisting of normal recurring accruals) considered necessary for the fair presentation of the financial position and the results of operations, and cash flows for the periods presented. The information contained in the MD&A should be read in conjunction with our Consolidated Financial statements, and notes thereto, as of and for the years ended December 31, 2014 and 2013, included in the Companyʼs 2014 Annual Report, which can be found on the Companyʼs website at *www.acmecommunications.com*.

Overview

In as much as we are in the process of liquidating the Company, substantially all of our operating expenses consist of corporate general and administrative expenses. Accordingly, our MD&A is abbreviated to reflect the current status of our Company and minimal operating activity. This MD&A is provided as a supplement to our Consolidated Financial Statements and notes thereto, as discussed above, in order to enhance your understanding of our results of operations and financial condition. Our MD&A is organized as follows:

- *Critical Accounting Policies and Estimates.* This section discusses those accounting policies that are considered important to the evaluation and reporting of our financial condition and results of operations, and whose application requires us to exercise subjective or complex judgments in making estimates and assumptions. In addition, all of our significant accounting policies, including our critical accounting policies, are summarized in Note 2 to our Consolidated Financial Statements, which are, as mentioned above, posted separately on our Companyʼs website at *www.acmecommunications.com*.

- *Results of Operations*. This section provides our analysis and outlook for the significant line items on our Consolidated Statements of Operations, as well as other information that we deem meaningful to understand our results of operations, all presented on a discontinuing operations basis.

- *Liquidity and Capital Resources*. This section provides an analysis of our liquidity and cash flows as well as our outlook on our available liquidity as of March 31, 2015.

- *Recent Accounting Pronouncements.* This section provides a summary of the most recent authoritative accounting standards and guidance that have either been recently adopted by our Company or may be adopted in the future.

Critical Accounting Policies and Estimates

Our discussion and analysis of our financial condition and results of operations are based upon our Consolidated Financial Statements, which have been prepared in accordance with accounting principles generally accepted in the United States, except as disclosed in Note 9 to the Consolidated Financial Statements. The preparation of these Consolidated Financial Statements requires us to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses, and related disclosure of contingent assets and liabilities. On an on-going basis, we evaluate our estimates, including those related to bad debts, income taxes, contingencies and litigation reserves. We base our estimates on historical experience and on various other assumptions that we believe to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may materially differ from these estimates under different assumptions or conditions.

Results of Operations

Three Months Ended March 31, 2015 Compared to March 31, 2014

Corporate expenses for the first quarter of 2015 were $15,000, a decrease of 50%, or $15,000, compared to $30,000 for the first quarter of 2014. The decrease is principally the result of continued reductions in corporate management costs and lower professional fees when compared to the first quarter of 2014. Corporate expenses for future quarters will continue to be reduced in light of the winding down of our Company and consist primarily of minimal general office expense and management sales bonuses when and if future distributions to shareholders are made.

There was $2,000 in income tax expense for the first quarter of 2015 related to minimum state taxes. There was no income tax expense for the first quarter of 2014.

Our net loss for the first quarter of 2015 was 17,000 compared to a net loss of $31,000 for the first quarter of 2014.

Liquidity and Capital Resources

Net cash used in operating activities was $10,000 for the first three months ended March 31, 2015 reflecting the funding of our net loss, compared to net cash provided by operations of $20,000 for the first three months of 2014.

There were no investing activities during the first three months of 2015 or 2014.

There was $290,000 of net cash provided by financing activities during the three months of 2015 related to the release of our FCC deposit in January 2015. There were no financing activities during the first three months of 2014.

As of March 31, 2015, we had unrestricted cash and cash equivalents of $780,000 compared to cash and cash equivalents of $500,000 as of December 31, 2014.

We believe existing unrestricted cash and cash equivalents at March 31, 2015 will be sufficient to meet our operating cash requirements for at least the next twelve months.

In accordance with our plan of liquidation and depending on how our accrued liabilities are settled, it is likely that we will make further distributions to our shareholders, either later in 2015 or early 2016.

Recent Accounting Pronouncements

Refer to Note 2, ñ*Recent Accounting Pronouncements",* in ñNotes to Consolidated Financial Statementsò, for a discussion of new accounting standards.

Other Information

On October 15, 2008, we notified the Nasdaq Stock Market of our intent to voluntarily delist our common stock from the Nasdaq Global Market, and to voluntarily deregister our common stock under the Securities Exchange Act of 1934 by filing with the Securities & Exchange Commission (ñSECò) a Form 25 relating to the delisting of our common stock on or about October 24, 2008, with the delisting of our common stock to be effective ten days thereafter.

Our last day of trading of our common stock on the Nasdaq Global Market was on Monday, November 3, 2008.

On November 4, 2008 we filed a Form 15 with the SEC to deregister our common stock under Section 12 of the Securities Exchange Act of 1934. Upon the filing of the Form 15, our obligation to file certain reports with the SEC, including Forms 10-K, 10-Q, and 8K, was immediately suspended. The deregistration of our common stock became effective February 1, 2009.

Our common stock is currently quoted on the Pink Sheets®, a centralized electronic quotation service for over-the-counter securities.