UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)

☑ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended **March 31, 2014**

or

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from _____________ to _____________

Commission File Number: **000-10822**

One Horizon Group, Inc.
(Exact name of registrant as specified in its charter)

Delaware	**46-3561419**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
Weststrasse 1, Baar Switzerland	**CH6340**
(Address of principal executive offices)	(Zip Code)

+41-41-7605820
(Registrant's telephone number, including area code)

____
(Former name, former address and former fiscal year, if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☑ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☑ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☐	Accelerated filer	☐
Non-accelerated filer (Do not check if smaller reporting company)	☐	Smaller reporting company	☑

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☑

Indicate the number of shares outstanding of each of the registrant's classes of common stock, as of the latest practicable date. As of May 12, 2014, 32,935,069 shares of the registrant's common stock, par value $0.0001, were outstanding.

TABLE OF CONTENTS

CAUTIONARY NOTE CONCERNING FORWARD-LOOKING STATEMENTS

The statements made in this Report, and in other materials that the Company has filed or may file with the Securities and Exchange Commission, in each case that are not historical facts, contain “forward-looking information” within the meaning of the Private Securities Litigation Reform Act of 1995, and Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934, both as amended, which can be identified by the use of forward-looking terminology such as “may,” “will,” “anticipates,” “expects,” “projects,” “estimates,” “believes,” “seeks,” “could,” “should,” or “continue,” the negative thereof, and other variations or comparable terminology as well as any statements regarding the evaluation of strategic alternatives. These forward-looking statements are based on the current plans and expectations of management, and are subject to a number of risks and uncertainties that could cause actual results to differ materially from those reflected in such forward-looking statements. Among these risks and uncertainties are the competition we face; our ability to adapt to rapid changes in the market for voice and messaging services; our ability to retain customers and attract new customers; our ability to establish and expand strategic alliances; governmental regulation and related actions and taxes in our international operations; increased market and competitive risks, including currency restrictions, in our international operations; risks related to the acquisition or integration of future businesses or joint ventures; our ability to obtain or maintain relevant intellectual property rights; intellectual property and other litigation that may be brought against us; failure to protect our trademarks and internally developed software; security breaches and other compromises of information security; our dependence on third party facilities, equipment, systems and services; system disruptions or flaws in our technology and systems; uncertainties relating to regulation of VoIP services; liability under anti-corruption laws; results of regulatory inquiries into our business practices; fraudulent use of our name or services; our ability to maintain data security; our dependence upon key personnel; our dependence on our customers' existing broadband connections; differences between our service and traditional phone services; our ability to obtain additional financing if required; our early history of net losses and our ability to maintain consistent profitability in the future. These and other matters the Company discusses in this Report, or in the documents it incorporates by reference into this Report, may cause actual results to differ from those the Company describes. The Company assumes no obligation to update or revise any forward-looking information, whether as a result of new information, future events or otherwise.

PART I – FINANCIAL INFORMATION

ONE HORIZON GROUP, INC.
Condensed Consolidated Balance Sheets
March 31, 2014 and December 31, 2013
(in thousands, except share data)
(unaudited)

	March 31, 2014	December 31, 2013
Assets		
Current assets:		
Cash	$ 789	$ 2,070
Accounts receivable	7,214	7,264
Other assets	751	139
Total current assets	8,754	9,473
Property and equipment, net	315	315
Intangible assets, net	12,671	12,760
Investment	23	23
Total assets	$ 21,763	$ 22,571
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	$ 371	$ 661
Accrued expenses	865	964
Accrued compensation	48	59
Income taxes	94	117
Amounts due to related parties	3,500	3,500
Current portion of long-term debt	66	65
Total current liabilities	4,944	5,366
Long-term liabilities		
Long term debt, net of current portion	168	184
Deferred income taxes	289	445
Mandatorily redeemable preferred shares	90	90
Total liabilities	5,491	6,085
Equity		
Preferred stock:		
$0.0001 par value, authorized 50,000,000;		
no shares issued or outstanding		
Common stock:		
$0.0001 par value, authorized 200,000,000 shares		
issued and outstanding 32,935,069 shares (December 2013 32,920,069)	3	3
Additional paid-in capital	28,463	28,269
Retained Earnings (Deficit)	(13,707)	(13,319)
Accumulated other comprehensive income	1,160	1,137
Total One Horizon Group, Inc., stockholders' equity	15,919	16,090
Non-controlling interest	353	396
Total Equity	16,272	16,486
Total liabilities and equity	$ 21,763	$ 22,571

See accompanying notes to condensed consolidated financial statements.

ONE HORIZON GROUP, INC.
Condensed Consolidated Statements of Operations
For the three months ended March 31, 2014 and 2013
(in thousands, except per share data)
(unaudited)

	2014	2013
Revenue	$ 1,185	$ 1,919
Cost of revenue:		
Hardware	12	7
Amortization of software development costs	486	446
	498	453
Gross margin	687	1,466
Expenses:		
General and administrative	1,178	1,473
Depreciation	48	36
	1,226	1,509
Loss from operations	(539)	(43)
Other income and expense:		
Interest expense	(40)	(55)
Foreign exchange	(9)	-
Interest income	1	-
	(48)	(55)
Income (Loss) before income taxes	(587)	(98)
Income taxes (recovery) - deferred	(156)	-
Net (Loss) for the period	(431)	(98)
Net (Loss) attributable to non-controlling interest	(43)	-
Net Income (Loss) for the period attributable to One Horizon Group, Inc.	$ (388)	$ (98)
Earnings (Loss) per share		
Basic and diluted net income (loss) per share	$ (0.02)	$ (0.00)
Weighted average number of shares outstanding		
Basic and diluted	32,934	31,213

See accompanying notes to condensed consolidated financial statements.

ONE HORIZON GROUP, INC.
Condensed Consolidated Statements of Comprehensive Income (Loss)
For the three months ended March 31, 2014 and 2013
(in thousands)
(unaudited)

	2014	2013
Net (loss)	$ (431)	$ (98)
Other comprehensive income:		
Foreign currency translation adjustment gain (loss)	23	(63)
	(408)	(161)
Comprehensive loss attributable to the non-controlling interest	43	
Total comprehensive income (loss)	$ (365)	$ (161)

See accompanying notes to condensed consolidated financial statements

ONE HORIZON GROUP, INC.
Consolidated Statement of Equity
For the three months ended March 31, 2014
(in thousands)
(unaudited)

	Common Stock		Additional Paid-in	Retained Earnings	Accumulated Other Comprehensive Income	Non-controlling	Total
	Number of Shares	Amount	Capital	(Deficit)	(Loss)	Interest	Equity
Balance December 31, 2013	32,921	$ 3	$ 28,269	$ (13,319)	$ 1,137	$ 396	$ 16,486
Net (loss)				(388)		(43)	(431)
Foreign currency translations					23		23
Common stock issued for services received	15		65				65
Options issued for services			129				129
Balance March 31, 2014	**32,936**	**$ 3**	**$ 28,463**	**$ (13,707)**	**$ 1,160**	**$ 353**	**$ 16,272**

See accompanying notes to consolidated financial statements.

ONE HORIZON GROUP, INC.
Condensed Consolidated Statements of Cash Flows
For the three months ended March 31, 2014 and 2013
(in thousands)
(unaudited)

	2014	2013
Cash provided by (used in) operating activities:		
Operating activities:		
Net loss for the period	$ (388)	$ (98)
Adjustment to reconcile net loss for the period to net cash provided by (used in) operating activities:		
Depreciation of property and equipment	48	36
Amortization of intangible assets	486	446
Common shares issued for services received	65	-
Options issued for services	129	-
Deferred income taxes benefit	(156)	-
Net loss attributable to non-controlling interest	(43)	-
Changes in operating assets and liabilities:		
Accounts receivable	50	(931)
Other assets	(612)	(120)
Accounts payable and accrued expenses	(400)	197
Net cash (used in) operating activities	(821)	(470)
Cash flows from investing activities:		
Acquisition of intangible assets	(350)	(245)
Acquisition of property and equipment	(48)	(12)
Net cash (used in) investing activities	(398)	(257)
Cash flows from financing activities:		
Increase (decrease) in long-term borrowing, net	(15)	(12)
Advances from related parties, net of repayment	-	500
Net cash provided by (used in) financing activities	(15)	488
Increase (decrease) in cash during the period	(1,234)	(239)
Foreign exchange effect on cash	(47)	-
Cash at beginning of the period	2,070	699
Cash at end of the period	$ 789	$ 460

See accompanying notes to condensed consolidated financial statements.

ONE HORIZON GROUP, INC.
Condensed Consolidated Statements of Cash Flows (continued)
For the three months ended March 31, 2014 and 2013
(in thousands)
(unaudited)

Supplementary Information:

	2014	**2013**
Interest paid	$ -	$ -
Income taxes paid	-	-
Non-cash transactions:		
Common stock issued for subscription receivable	-	6,000,000

See accompanying notes to condensed consolidated financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
March 31, 2014

Note 1. Description of Business, Organization and Principles of Consolidation

Description of Business

One Horizon Group, Inc., (the “Company” or “Horizon”) develops proprietary software primarily in the Voice over Internet Protocol (VoIP) and bandwidth optimization markets (“Horizon Globex”) and provides it under perpetual license arrangements (“Master License”) throughout the world. The Company sells related user licenses and software maintenance services as well.

Interim Period Financial Statements

The accompanying unaudited interim consolidated financial statements have been prepared in accordance with generally accepted accounting principles in the United States (“GAAP”) for interim financial information and with the Securities and Exchange Commission’s instructions. Accordingly, they do not include all the information and footnotes required by GAAP for complete financial statements. The results of operations reflect interim adjustments, all of which are of a normal recurring nature and, in the opinion of management, are necessary for a fair presentation of the results for such interim period. The results reported in these interim consolidated financial statements should not be regarded as necessarily indicative of results that may be expected for the entire year. Certain information and note disclosure normally included in financial statements prepared in accordance with GAAP have been condensed or omitted pursuant to the Securities and Exchange Commission’s rules and regulations. These unaudited interim consolidated financial statements should be read in conjunction with the audited consolidated financial statements included in the Company’s Annual Report on Form 10-K for the year ended December 31, 2013, as filed with the Securities and Exchange Commission on April 15, 2014.

Principles of Consolidation and Combination

The March 31, 2014 and 2013 consolidated financial statements include the accounts of One Horizon Group, Inc. and its wholly owned subsidiaries OHG, Horizon Globex GmbH, Abbey Technology GmbH, One Horizon Hong Kong Limited, Horizon Network, Horizon Globex Ireland Limited, Global Phone Credit Limited and Ishuo Network Information Co., Ltd. together with Horizon Network Technology Co. Ltd. which is a 75% owned subsidiary.

All significant intercompany balances and transactions have been eliminated.

Note 2. Summary of Significant Accounting Policies

Basis of Accounting and Presentation

These consolidated financial statements have been prepared in conformity with accounting principles generally accepted in the United States.

The reporting currency of the Company is the United States dollar. Assets and liabilities of operations other than those denominated in U.S. dollars, primarily in Switzerland, the United Kingdom and China, are translated into United States dollars at the rate of exchange at the balance sheet date. Revenues and expenses are translated at the average rate of exchange throughout the period. Gains or losses from these translations are reported as a separate component of other comprehensive income (loss) until all or a part of the investment in the subsidiaries is sold or liquidated. The translation adjustments do not recognize the effect of income tax because the Company expects to reinvest the amounts indefinitely in operations.

Transaction gains and losses that arise from exchange-rate fluctuations on transactions denominated in a currency other than the functional currency are included in general and administrative expenses.

Cash

Cash and cash equivalents include bank demand deposit accounts and highly liquid short term investments with maturities of three months or less when purchased. Cash consists of checking accounts held at financial institutions in the United Kingdom, Switzerland, Ireland, Singapore, Hong Kong and China which, at times, balances may exceed insured limits. The Company has not experienced any losses related to these balances, and management believes the credit risk to be minimal.

Accounts Receivable

Accounts receivable result primarily from sale of software and licenses to customers and are recorded at their principal amounts. Receivables are considered past due once they exceed the terms of the sales transaction. When necessary, the Company provides an allowance for doubtful accounts that is based on a review of outstanding receivables, historical collection information, and current economic conditions. There was an allowance of $212,000 and $212,000 for doubtful accounts at March 31, 2014 and December 31, 2013, respectively. Receivables are generally unsecured. Account balances are charged off against the allowance when the Company determines it is probable the receivable will not be recovered. The Company does not have off-balance sheet credit exposure related to its customers. At March 31, 2014 and December 31, 2013, three customers accounted for 22% and one customer accounted for 15%, respectively, of the accounts receivable balance.

Property and Equipment

Property and equipment is primarily comprised of leasehold property improvements, motor vehicles and equipment that are recorded at cost and depreciated or amortized using the straight-line method over their estimated useful lives as follows: motor vehicles – 5 years, equipment – between 3 and 5 years, leasehold property improvements, over the lesser of the estimated remaining useful life of the asset or the remaining term of the lease.

Repairs and maintenance are charged to expense as incurred. Expenditures that substantially increase the useful lives of existing assets are capitalized.

Fair Value Measurements

Fair value is defined as the exchange price that will be received for an asset or paid to transfer a liability (an exit price) in the principal. Valuation techniques used to measure fair value should maximize the use of observable inputs and minimize the use of unobservable inputs. To measure fair value, the Company uses the following fair value hierarchy based on three levels of inputs, of which the first two are considered to be observable and the third unobservable:

Level 1 – Quoted prices in active markets for identical assets or liabilities.

Level 2 – Inputs other than Level 1 that are observable, either directly or indirectly, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 – Unobservable inputs are supported by little or no market activity and are significant to the fair value of the assets or liabilities.

Intangible Assets

Intangible assets include software development costs and customer relationships. Customer relationships are amortized on a straight-line basis over their estimated useful lives of five years. Amortization of capitalized software development costs is computed using the greater of (a) the ratio of the product's current gross revenues to the total of current and expected gross revenues or (b) the straight-line method, computed by dividing the remaining unamortized cost by the estimated economic life of the product. The Company periodically evaluates whether changes have occurred that would require revision of the remaining estimated useful life.

The Company expenses software development costs as incurred until technological feasibility has been established, at which time those costs are capitalized until the product is available for general release to customers. Judgment is required in determining when technological feasibility of a product is established. The Company has determined that after technological feasibility for software products is reached, the Company continues to address all high-risk development issues through coding and testing prior to the release of the products to customers. The amortization of these costs is included in cost of revenue over the estimated life of the products.

During the three months ended March 31, 2014 and 2013 software development costs of $350,000 and $245,000, respectively, have been capitalized.

Impairment of Other Long-Lived Assets

The Company evaluates the recoverability of its property and equipment and other long-lived assets whenever events or changes in circumstances indicate impairment may have occurred. An impairment loss is recognized when the net book value of such assets exceeds the estimated future undiscounted cash flows attributed to the assets or the business to which the assets relate. Impairment losses, if any, are measured as the amount by which the carrying value exceeds the fair value of the assets. During the three months ended March 31, 2014 and 2013 the Company identified no impairment losses related to the Company's long-lived assets.

Revenue Recognition

The Company recognizes revenue when it is realized or realizable and earned. The Company establishes persuasive evidence of a sales arrangement for each type of revenue transaction based on a signed contract with the customer and that delivery has occurred or services have been rendered, price is fixed and determinable, and collectability is reasonably assured.

- Software and licenses – revenue from sales of perpetual licenses to top-tier telecom entities is recognized at the inception of the arrangement, presuming all other relevant revenue recognition criteria are met. Revenue from sales of perpetual licenses to other entities is recognized over the agreed collection period.
- Revenues for user licenses purchased by customers are recognized when the user license is delivered.
- Revenues for maintenance services are recognized over the period of delivery of the services.

We enter into arrangements in which a customer purchases a combination of software licenses, maintenance services and post-contract customer support ("PCS"). As a result, judgment is sometimes required to determine the appropriate accounting, including how the price should be allocated among the deliverable elements if there are multiple elements. PCS may include rights to upgrades, when and if available, support, updates and enhancements. When vendor specific objective evidence ("VSOE") of fair value exists for all elements in a multiple element arrangement, revenue is allocated to each element based on the relative fair value of each of the elements. VSOE of fair value is established by the price charged when the same element is sold separately. Accordingly, the judgments involved in assessing the fair values of various elements of an agreement can impact the recognition of revenue in each period. Changes in the allocation of the sales price between deliverables might impact the timing of revenue recognition, but would not change the total revenue recognized on the contract. When elements such as software and services are contained in a single arrangement, or in related arrangements with the same customer, we allocate revenue to each element based on its relative fair value, provided that such element meets the criteria for treatment as a separate unit of accounting. In the absence of fair value for a delivered element, revenue is first allocated to the fair value of the undelivered elements and then allocated to the residual delivered elements. In the absence of fair value for an undelivered element, the arrangement is accounted for as a single unit of accounting, resulting in a delay of revenue recognition for the delivered elements until the undelivered elements are fulfilled. No sales arrangements to date include undelivered elements for which VSOE does not exist.

For purposes of revenue recognition for perpetual licenses, the Company considers payment terms exceeding one year as a presumption that the fee in the transaction is not fixed and determinable. This presumption however, may be overcome if persuasive evidence demonstrates that the Company has a business practice of extending payment terms and has been successful in collecting under the original terms, without providing any concessions. In doing so, the Company considers if the arrangement is sufficiently similar to historical arrangements in terms of similar customers and products is assessing whether there is evidence of a history of successful collection.

In order to determine the Company's historical experience is based on sufficiently similar arrangements, the Company considers the various factor including the types of customers and products, product life cycle, elements Included in the arrangement, length of payment terms and economics of license arrangement.

If the presumption cannot be overcome due to a lack of such evidence, revenue should be recognized as payments become due, assuming all other revenue recognition criteria has been met.

Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Assets held under finance leases are recognized as assets of the Company at their fair value or, if lower, at the present value of the minimum lease payments, each determined at the inception of the lease. The corresponding liability to the lessor is included in the balance sheet as long term debt. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly against income.

Rentals payable under operating leases are charged to income on a straight-line basis over the term of the relevant lease.

Benefits received and receivable as an incentive to enter into an operating lease are also spread on a straight-line basis over the lease term.

Advertising Expenses

It is the Company's policy to expense advertising costs as incurred. No advertising costs were incurred during the three months ended March 31, 2014 and 2013.

Research and Development Expenses

Research and development expenses include all direct costs, primarily salaries for Company personnel and outside consultants, related to the development of new products, significant enhancements to existing products, and the portion of costs of development of internal-use software required to be expensed. Research and development costs are charged to operations as incurred with the exception of those software development costs that may qualify for capitalization. The Company incurred no research and development costs in the three months ended March 31, 2014 and 2013.

Income Taxes

Deferred income tax assets and liabilities are determined based on temporary differences between financial reporting and tax bases of assets and liabilities, operating loss, and tax credit carryforwards, and are measured using the enacted income tax rates and laws that will be in effect when the differences are expected to be recovered or settled. Realization of certain deferred income tax assets is dependent upon generating sufficient taxable income in the appropriate jurisdiction. The Company records a valuation allowance to reduce deferred income tax assets to amounts that are more likely than not to be realized. The initial recording and any subsequent changes to valuation allowances are based on a number of factors (positive and negative evidence). The Company considers its actual historical results to have a stronger weight than other, more subjective, indicators when considering whether to establish or reduce a valuation allowance.

The Company continually evaluates its uncertain income tax positions and may record a liability for any unrecognized tax benefits resulting from uncertain income tax positions taken or expected to be taken in an income tax return. Estimated interest and penalties are recorded as a component of interest expense and other expense, respectively.

Because tax laws are complex and subject to different interpretations, significant judgment is required. As a result, the Company makes certain estimates and assumptions in: (1) calculating its income tax expense, deferred tax assets, and deferred tax liabilities; (2) determining any valuation allowance recorded against deferred tax assets; and (3) evaluating the amount of unrecognized tax benefits, as well as the interest and penalties related to such uncertain tax positions. The Company's estimates and assumptions may differ significantly from tax benefits ultimately realized.

Net Loss per Share

Basic net loss per share is calculated by dividing the net loss attributable to common shareholders by the weighted average number of common shares outstanding in the period. Diluted loss per share takes into consideration common shares outstanding (computed under basic loss per share) and potentially dilutive securities. For the three months ended March 31, 2014 and 2013, outstanding stock options and warrants are antidilutive because of net losses, and as such, their effect has not been included in the calculation of diluted net loss per share. Common shares issuable are considered outstanding as of the original approval date for purposes of earnings per share computations.

Accumulated Other Comprehensive Income (Loss)

Other comprehensive income (loss), as defined, includes net income (loss), foreign currency translation adjustment, and all changes in equity (net assets) during a period from non-owner sources. To date, the Company has not had any significant transactions that are required to be reported in other comprehensive income (loss), except for foreign currency translation adjustments.

Use of Estimates

The preparation of consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the fiscal year. The Company makes estimates for, among other items, useful lives for depreciation and amortization, determination of future cash flows associated with impairment testing for long-lived assets, determination of the fair value of stock options and warrants, determining fair values of assets acquired and liabilities assumed in business combinations, valuation allowance for deferred tax assets, allowances for doubtful accounts, and potential income tax assessments and other contingencies. The Company bases its estimates on historical experience, current conditions, and other assumptions that it believes to be reasonable under the circumstances. Actual results could differ from those estimates and assumptions.

Financial Instruments

The Company has the following financial instruments: cash, amounts due to related parties, and long-term debt. The carrying value of these financial instruments approximates their fair value due to their liquidity or their short-term nature valued consistent with the use of level 2 inputs. The fair value of amounts due to related parties is not determinable.

Share-Based Compensation

The Company accounts for stock-based awards at fair value on date of grant and recognition of compensation over the service period for awards expected to vest. The fair value of stock options is determined using the Black-Scholes valuation model, which is consistent with the Company's valuation techniques previously utilized for options in footnote disclosures.

Note 3. China Operations

During the year ended December 31, 2013 the Company established a subsidiary in China, Horizon Network Technology Co. Ltd. ("HNT"). The establishment of HNT is part of the Company's strategic plan to expand the application of mobile software and related marketing efforts into emerging markets. The Company contributed $1.5 million for a 75% ownership interest in HNT. The remaining 25% ownership interest in HNT was acquired by non-related parties through the transfer of noncash assets with a fair value of $500,000.

The results of operations, assets, liabilities and cash flows of HNT have been consolidated in the accompanying condensed consolidated financial statements as the Company owns a controlling interest. The ownership interests in HNT held by parties other than the Company are presented separately from the Company's equity on the Consolidated Balance Sheet. The amount of consolidated net loss attributable to the Company and the non-controlling interest are both presented on the face of the Consolidated Statement of Operations.

Note 4. Property and Equipment, net

Property and equipment consist of the following: *(in thousands)*

	March 31 2014	December 31 2013
Leasehold improvements	$ 265	$ 265
Motor vehicles	120	120
Equipment	358	310
	743	695
Less accumulated depreciation	(428)	(380)
Property and equipment, net	$ 315	$ 315

Note 5. Intangible Assets

Intangible assets consist primarily of software development costs and customer and reseller relationships which are amortized over the estimated useful life, generally on a straight-line basis with the exception of customer relationships, which are generally amortized over the greater of straight-line or the related asset's pattern of economic benefit. *(in thousands)*

	March 31 2014	December 31 2013
Horizon software	$ 18,025	$ 17,599
ZTEsoft Telecom software	497	497
Contractual relationships	885	885
	19,407	18,981
Less accumulated amortization	(6,736)	(6,221)
Intangible assets, net	$ 12,671	$ 12,760

Amortization of intangible assets for each of the next five years is estimated to be $1,900,000 per year

Note 6. Long-term Debt

Long – term liabilities consist of the following *(in thousands)*

	March 31 2014	December 31 2013
Vehicle loan	$ 48	$ 51
Equipment loan	24	27
Office term loan	162	171
	234	249
Less current portion	(66)	(65)
Balance	$ 168	$ 184

Note 7. Related-Party Transactions

Amounts due to related parties include the following: *(in thousands)*

	March 31 2014	December 31 2013
Loans due to stockholders	$ 3,500	$ 3,500

Loans due to stockholders include

- Balance of loans, advanced during 2011, of $1,500,000 which are unsecured and have an interest rate of 10%. During the three months ended March 31, 2014 and 2013 interest of $37,500 and $50,000, respectively, has been accrued.

- Loans advanced by two officers and directors during 2012 totaling $1,500,000 which are unsecured and have an interest rate of 0.21%. The loans are due on or before December 31, 2014 and can be repaid in cash or shares of ordinary shares of OHG at an exchange price of $5.14 per share.

- Convertible loans advanced in January 2013 from two officers and directors in the amount of $250,000 each. These convertible loans bear an interest rate of 0.21% and are repayable on or before January 22, 2015. The Company has the option to repay the loans at any time, without penalty, at any time in cash or shares of common stock of the Company at a price of $5.14 per share. If the Company elects to repay the convertible loans in full by the issuance of shares the Company will issue 48,650 shares of common stock for each loan so repaid.

- During the year ended June 30, 2011, the Company entered into a sales contract, in the normal course of business with a customer in which the Company holds an equity interest. The customer purchased perpetual software license with total commitment of $2.0 million, of which $22,500 and $nil has been recognized in the three months ended March 31, 2014 and 2013, respectively. The Company owns a cost based investment interest of 18% of the voting capital of the customer.

Note 8. Share Capital

Preferred Stock

The Company's authorized capital includes 50,000,000 shares of preferred stock of $0.0001 par value. The designation of rights including voting powers, preferences, and restrictions shall be determined by the Board of Directors before the issuance of any shares.

On August 6, 2013 the shareholders approved the reduction of the authorized preferred stock to 50 million with the par value remaining unchanged at $0.0001 per preferred share.

No shares of preferred stock are issued and outstanding as of March 31, 2014 and December 31, 2013.

Mandatorily Redeemable Preferred Shares (Deferred Stock)

The Company's subsidiary OHG is authorized to issue 50,000 shares of deferred stock, par value of £1.These shares are non-voting, non-participating, redeemable and have been presented as a long-term liability.

Common Stock

The Company is authorized to issue 200 million shares of common stock, par value of $0.0001.

On August 6, 2013, the shareholders approved the reduction of the authorized common stock to 200 million, with the par value remaining unchanged at $0.0001 per common share, and the consolidation of the issued and outstanding common stock on the basis of one new share for each 600 shares, effective upon approval of the regulatory authorities. The Company's common stock was consolidated effective as of August 29, 2013

The application of this stock consolidation has been shown retroactively in these consolidated financial statements.

During the three months ended March 31, 2014, the Company:

- issued 15,000 shares of common stock for services received with a fair value of $64,500.

During the year ended December 31, 2013, the Company:

- issued 5,000 shares of common stock for services received with a fair value of $30,000
- issued 62,543 shares of common stock for services received with a fair value of $562,891.
- issued 806,452 shares of common stock for $6 million cash.
- issued 33,333 shares of common stock for services received with a fair value of $50,000.
- issued 1,167,600 shares of common stock upon the exercise of warrants with an exercise price of $nil

Stock Purchase Warrants

At March 31, 2014, the Company had reserved 519,986 shares of its common stock for the following outstanding warrants:

Number of Warrants	Exercise Price		Expiry
116,760	$	0.86	no expiry date
403,226		5.94	January 2018

There were no warrants issued or exercised during the three months ended March 31, 2014.

Note 9. Stock-Based Compensation

The shareholders approved a stock option plan on August 6, 2013, the 2013 Equity Incentive Plan. This stock option plan is for the issuance of stock options, stock appreciation rights, restricted stock, restricted stock units, performance awards, dividend equivalents, cash bonuses and other stock-based awards to employees, directors and consultants of the Company.

There are 3,000,000 shares of common stock available for granting awards under the plan. Each year, commencing 2014, until 2016, the number of shares of common stock available for granting awards shall be increased by the lesser of 1,000,000 shares of common stock and 5% of the total number of shares of common stock outstanding.

During the three months ended March 31, 2014 the Company issued options to purchase 500,000 shares of common stock under the 2013 Equity Incentive Plan. The options become fully vested on January 15, 2017 and are exercisable, at an exercise price of $4.54 per common share, to January 15, 2024. On January 1, 2014 the number of shares available for granting awards under the 2013 Equity Incentive Plan was increased by 1,000,000 shares.

A summary of the Company's 2013 Equity Incentive Plan as of March 31, 2014, is as follows:

	Number of Options		Weighted Average Exercise Price
Outstanding at December 31, 2013	-	$	
Options issued	500,000		4.54
Outstanding at March 31, 2014	500,000		4.54

The fair value of these options, using the Black-Scholes option-pricing model, is estimated to be $2,200,000. This expense, less an estimated forfeiture rate of 30%, will be recognized over the three year vesting period. The amount of $129,000 has been recognized during the three months ended March 31, 2014. As at March 31, 2014, there was unrecognized compensation expense of approximately $1.4 million to be recognized over a period of 2.75 years.

Prior to the 2013 Equity Incentive Plan the Company issued stock options to directors, employees, advisors, and consultants.

A summary of the Company's other stock options as of March 31, 2014, is as follows:

	Number of Options		Weighted Average Exercise Price
Outstanding at December 31, 2012	652,121		0.66
Options forfeited	67,471		1.79
Outstanding at December 31, 2013 and March 31, 2014	584,650	$	0.53

There were no options exercised during the three months ended March 31, 2014.

The following table summarizes stock options outstanding at March 31, 2014:

	Exercise Price	Number Outstanding at March 31, 2014	Average Remaining Contractual Life (Years)	Number Exercisable at March 31, 2014		Intrinsic Value at March 31, 2014
$	0.51	850	1.58	850	$	4,454
	0.53	291,900	6.25	291,900		1,523,718
	0.53	291,900	8.75	-		-
	4.54	500,000	9.75	-		-

At March 31, 2014, 4,584,650 shares of common stock were reserved for all outstanding options and future commitments under the 2013 Equity Incentive Plan.

The fair value of each option granted is estimated at the date of grant using the Black-Scholes option-pricing model. The assumptions used in calculating the fair value of the 2014 options granted were: risk-free interest rate of 1.68%, a 3 year expected life, a dividend yield of 0.0%, and a stock price volatility factor of 192%

Note 10. Commitments and Contingencies

The Company has an agreement with an employee to pay for certain services to be provided during 2014 by the issuance of options to purchase 291,900 shares of common stock of the Company.

Contractual Commitments

The Company incurred total rent expense of $42,000 and $40,000, respectively, for the three months ended March 31, 2014 and 2013.

Minimum contractual commitments, as of March 31, 2014,is as follows:

		Operating leases		Long-term Financing
2014	$	104,000	$	51,000
2015		75,000		87,000
2016		75,000		48,000
2017		75,000		45,000
2018		-		4,000

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion provides information which management believes is relevant to an assessment and understanding of our results of operations and financial condition. The discussion should be read along with our unaudited condensed consolidated financial statements for the three ended March 31, 2014 and 2013 and notes thereto contained elsewhere in this Report, and our annual report on Form 10-K for the twelve months ended December 31, 2013 and 2012 including the consolidated financial statements and notes thereto. The following discussion and analysis contains forward-looking statements, which involve risks and uncertainties. Our actual results may differ significantly from the results, expectations and plans discussed in these forward-looking statements. See "Cautionary Note Concerning Forward-Looking Statements."

Overview

Business

We develop and license software to telecommunications operators through our wholly-owned subsidiaries Horizon Globex GmbH and Abbey Technology GmbH, each incorporated under the laws of Switzerland ("Horizon Globex" and "Abbey Technology," respectively). Specifically, Horizon Globex and Abbey Technology develop software application platforms that optimize mobile voice, instant messaging and advertising communications over the internet, collectively, the "Horizon Platform." Our proprietary software techniques ("SmartPacket™") use internet bandwidth more efficiently than other techniques that are unable to provide a low-bandwidth solution. The Horizon Platform is a bandwidth-efficient Voice Over Internet Protocol ("VoIP") platform for smartphones and tablets, and also provides optimized data applications including multi-media messaging and mobile advertising. Using our SmartPacket™ platform, we have been able to significantly improve the efficiency by which voice signals are transmitted by radio over the Internet resulting in a 10X reduction in mobile spectrum required to transmit a VoIP call. We license our software solutions to telecommunications network operators and service providers in the mobile, fixed line, cable TV and satellite communications markets. We are an ISO 9001 and ISO 20000-1 certified company with assets and operations in Switzerland, Ireland, the United Kingdom, China, India, Russia, Singapore and Hong Kong.

The Horizon Platform delivers a turnkey mobile VoIP solution to telecommunications operators. We believe that the technology underlying SmartPacket™, is the world's most bandwidth-efficient VoIP technology. Our VoIP platform allows voice calls over the Internet that use as little as 4kbps of data compared to around 48kbps offered by other optimized VoIP platforms, thereby enabling voice communications over limited bandwidth and congested cellular telecom data networks including 2G, 3G and 4G. The kbps rates above include bi-directional voice communication including IP overhead.

We believe that emerging markets represent a key opportunity for Horizon Call because there are significant markets with high population density, high penetration of mobile phones, congested mobile cellular networks and high growth in the adoption of smartphones. These factors will put increased pressure on mobile operators to manage their network availability.

In this context, the Company is forming a number of joint ventures with local partners in the region to seize upon this opportunity. We expect to form joint ventures when local regulations prevent us from accessing a particular market directly. As of the date of this report, we have formed joint ventures in India, Russia and China

We plan to fund this proposed expansion through debt financing, cash from operations and potential equity financing. However, we may not be able to obtain additional financing at acceptable terms, or at all, and, as a result, our ability to continue to improve and expand our software products and to expand our business could be adversely affected.

Recent developments

During the first quarter of our 2014 fiscal year, we expanded our Irish software development team with the addition of a new senior software developer at our recently opened software research and development office at the Nexus Innovation Center on the campus of the University of Limerick. We believe that the further expansion of our Irish development team will allow the further advance our unique mobile VOIP solutions.

We also completed the development of the Horizon billing system. The completion of the Horizon Billing System software add-on package allows One Horizon to deliver an additional turn-key element to our customers that will allow our customers to invoice their customers and enterprise on a postpaid monthly basis. This adds greater flexibility and reach to the Horizon platform as offered by our customers to those subscribers that wish to utilize the service on a post paid basis.

In March 2014, we expanded our software development capabilities for China by hiring 4 new junior software developers in our Horizon Nanjing JV, known as Horizon Network Technology Co. Ltd.. We believe that the expansion of our software development team at our Chinese joint venture will support the company’s strategy of continuing to develop our products in areas with high population density, high penetration of mobile phones, congested mobile cellular networks and high growth in the adoption of smartphones while working within the constraints of local regulations.

During the three months ended March 31, 2014, Chongqing Leixin Network Technology (“Leixin”), a joint venture with Leiqiang Telecommunications Co. Ltd (“Leiqiang”) and Ishuo Network Information Co., Ltd. (a PRC entity controlled by us) that is delivering the 95131 area code to smartphones throughout China, commenced the first phase of its infrastructure rollout in five cities in China: Tianjin, Beijing, Chongqing, Changchun and Shijiazhuang. These initial five locations will connect the 95131 to the national telephone network to commence the commissioning of the Leixin VoIP service in China. As of March 2014, we have successfully installed eight servers in support of Leixin smart phone app The Leixin smart phone app will be able to provide various optimized internet value added services to its mobile subscribers including but not limited to voice and social media services including text, picture, video and geo-location messaging. These value added services are made possible through the creation of a "Virtual SIM" that utilizes the 95131 area code number range and One Horizon's proprietary communication software, an industry first. The "Virtual SIM" will be deployed via a Leixin-branded smart phone app that will also make use of the One Horizon on-line payment service to enable the purchase of call and message credits as well as the purchase and sharing of Stickers, Emojis & Emoticons. Combined with One Horizon's location aware mobile advertising services, the Leixin branded smart phone app is expected to drive multiple revenue streams from the supply of its value-added services. Leixin will seek to acquire 100 million new app subscribers for the Leixin branded smartphone app over a three-year period and expects to achieve industry average revenues per user (ARPU) for similar social media apps.

Results of Operations

Comparison of Three Months Ended March 31, 2014 and 2013

The following table sets forth key components of our results of operations for the periods indicated.

(All amounts, other than percentages, in thousands of U.S. dollars)

	Three Months Ended March 31,		Change	
	2014	2013	Increase/ (decrease)	Percentage Change
Revenue	$ 1,185	$ 1,919	$ (734)	(38.3)%
Cost of revenue	498	453	45	10.0
Gross margin	687	1,466	(779)	(53.9)
Operating expenses:				
General and administrative	1,178	1,473	(295)	(20.1)
Depreciation	48	36	12	33.3
Total operating expenses	1,226	1,509	(283)	(18.8)
Income (loss) from operations	(539)	(43)	(496)	
Other income (expense)				
Interest expense	(48)	(55)	(7)	12.7
Income (Loss) before income taxes	(587)	(98)	(489)	
Income taxes (recovery) - deferred	(156)	-	-	-
Net income (loss) for period	(431)	(98)	333	
Net income (loss) attributable to non-controlling interest	(43)		(43)	
Net income (loss) attributable to One Horizon Group, Inc.	(388)	(98)	290	

Revenue: Our revenue for the three months ended March 31, 2014 was approximately $1.19 million as compared to approximately $1.92 million for the three months ended March 31, 2013, a decrease of $0.73 million, or 38%. When compare to the same quarter in 2013, the reduction in Revenue was primarily due to revenue generated in 2013 for the maintenance of a banking software which is now no longer supported by One Horizon, and licenses for a customer booked in January 2013 were due for renewal in December 2013 and as a consequence were issued and invoiced in December 2013. The total effect of these two items was a reduction in revenue of roughly $700,000. The Company expects sales trend to reverse going forward and that sales will begin to grow as more companies sign up for the Horizon Platform.

As of March 31, 2014, the following table sets forth the value of all existing contracts as it related to master licenses and the amount of revenue recognized to date as well as the revenue recognized during the 3 months ended March 31, 2014. This table represents the contract value for the sale of the master license, excluding other revenues recognized under the terms of the contract for maintenance, user licenses, and other sales.

	Master License			
Customer Type	**Contract Value**	**Balance to be recognized**	**Revenue recognized to date**	**Revenue for 3 months ending 3/31/2014**
Tier 1	$ 13,425,000	$ 9,512,500	$ 3,912,500	$ 500,000
Tier 2	49,000,000	44,361,419	4,638,581	160,000
Total	**$ 62,425,000**	**$ 53,873,919**	**$ 8,551,081**	**$ 660,000**

In addition to the above revenue recognized from Master Licenses of approximately $660,000, the Company also recognized approximately $525,000 from the sale of user licenses, consultancy and maintenance services.

Cost of Revenue: Cost of revenue was approximately $498,000 for the three months ended March 31, 2014, or 42% of sales, compared to cost of revenue of $453,000, or 24% of sales for the three months ended March 31, 2013. Our cost of sales is primarily composed of the amortization of software development costs. In addition when a customer requires ancillary hardware there are costs relating to the provision of that hardware.

Gross Profit: Gross profit for the three months ended March 31, 2014 was approximately $0.69 million as compared to $1.47 million for the three months ended March 31, 2013, an decrease of roughly 54%. The main reason for the decrease in gross profit was the reduction in revenue as described above. Management expects this trend to reverse and gross profit to increase going forward due to the growth in business and the smartphone market globally, as well as the Company's ability to capitalize on market opportunities by entering areas with high population density, high penetration of mobile phones, congested mobile cellular networks and high growth in the adoption of smartphones.

Operating Expenses: Operating expenses, including general and administrative expenses and depreciation were approximately $1.2 million and $1.5 million in the three month periods ended March 31, 2014 and 2013. The $1.2 million in operating expenses was in excess of sales for the three months ended March 31, 2014 as compared to 79% of sales for the same period in 2013. The reduction in expenditure arose from reduced accounting and legal costs incurred from the high level incurred in 2013 following the reverse takeover by One Horizon Group of Intelligent Communications Enterprise together with reduced staff costs following a transition of certain development positions from Switzerland to Ireland and due to recognition of certain development work as being commercially viable and therefore eligible under GAAP to be capitalized.

Net Loss: Net Loss for the three months ended March 31, 2014 was approximately $388,000 as compared to net loss of approximately $98,000 for the same period in 2013. The increase in net loss reflected a reduction in revenue offset partly by a reduction in operating expenses for reasons set out above. Despite the reduction in revenue, when compared to the same quarter in 2013, the Company showed a breakeven position when adjusted for non cash items of depreciation and amortization. In addition the group had incurred other non cash expenditure of $194,060 due to the issue of 15,000 shares to Newport Coast Securities and issue of staff options. Management believe that the net loss will be reduced going forward due to future growth in the business and sales.

Going forward, management believes the Company will continue to grow the business and increase sales if we are successful in selling the Horizon Platform solution to new telecommunications company customers globally. Management also expects profitability to increase as revenue is expected to increase more than new operating costs related to public company expenses.

Non-Controlling Interest: The non-controlling interest holders in our China joint venture were attributed their 25% share of the net loss of the joint venture in the amount of $43,000 for the three months ended March 31, 2014. The remaining portion of net loss of $388,000 for the three months ended March 31, 2014 was attributable to the stockholders of the Company.

Going forward, management believes the Company will continue to grow the business and increase profitability if we are successful in selling the Horizon Platform solution to new telecommunications company customers globally.

Foreign Currency Translation Adjustment: Our reporting currency is the U.S. dollar. Our local currencies, Swiss Francs and British pounds, are our functional currencies. Results of operations and cash flow are translated at average exchange rates during the period, and assets and liabilities are translated at the unified exchange rate as quoted by http://www.oanda.com/currency/historical-rates/ at the end of the period. Translation adjustments resulting from this process are included in accumulated other comprehensive income in the statement of shareholders' equity. Transaction gains and losses that arise from exchange rate fluctuations on transactions denominated in a currency other than the functional currency are included in the results of operations as incurred.

Currency translation adjustments resulting from this process are included in accumulated other comprehensive income in the consolidated statement of shareholders' equity and amounted to approximately $23,000 for the three months ended March 31, 2014.

Liquidity and Capital Resources

Three Months Ended March 31, 2014 and March 31, 2013

The following table sets forth a summary of our approximate cash flows for the periods indicated:

	For the Three Months Ended March 31 (in thousands)	
	2014	2013
Net cash (used in) operating activities	(821)	(470)
Net cash (used in) investing activities	(398)	(257)
Net cash provided by (used in) financing activities	(15)	488

Net cash used by operating activities was approximately $821,000 for the three months ended March 31, 2014 as compared to net cash used of $470,000 for the same period in 2013. The increase in cash used by operations was primarily due to the increase in cash used for other assets and accounts payable and accrued expenses.

Net cash used in investing activities was approximately $398,000 and $257,000 for the three months ended March 31, 2014 and 2013, respectively. Net cash used in investing activities was primarily focused on acquisitions of intangible assets and property and equipment.

Net cash used in financing activities was $15,000 for the three months ended March 31, 2014 as compared to net cash provided by financing activities amounted to $488,000 for the three months ended March 31, 2013. Cash used by financing activities in 2013 was primarily due to repayment in long term bank borrowing. Cash provided by financing activities in 2013 was primarily due to the advances from related parties.

Our working capital as of March 31, 2014 was approximately $3.8 million. Our working capital, as of December 31, 2013 was approximately $4.1 million

Off-Balance Sheet Arrangements

We have no off-balance sheet arrangements that have, or are reasonably likely to have, a current or future effect on our financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources that is material to the Company.

ITEM 3.QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.

Not applicable.

ITEM 4.CONTROLS AND PROCEDURES.

(a) Evaluation of Disclosure Controls and Procedures

Our management maintains disclosure controls and procedures designed to provide reasonable assurance that material information required to be disclosed by us in the reports we file or submit under the Securities Exchange Act of 1934 is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and that the information is accumulated and communicated to our management, including our current chief executive officer and chief financial officer (our "Certifying Officers"),, as appropriate to allow timely decisions regarding required disclosure. We performed an evaluation, under the supervision and with the participation of our management, including our Certifying Officers, of the effectiveness of the design and operation of our disclosure controls and procedures as of the end of the period covered by this report. Based on this evaluation, our Certifying Officers have concluded that our disclosure controls and procedures were ineffective in ensuring that information required to be disclosed in reports filed under the Securities Exchange Act of 1934, as amended, is recorded, processed, summarized and reported within the time periods specified by the Securities and Exchange Commission, and were ineffective in providing reasonable assurance that information required to be disclosed by the Company in such reports is accumulated and communicated to the Company's management, including its Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure.

We do not expect that our disclosure controls and procedures will prevent all errors and all instances of fraud. Disclosure controls and procedures, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the disclosure controls and procedures are met. Further, the design of disclosure controls and procedures must reflect the fact that there are resource constraints, and the benefits must be considered relative to their costs. Because of the inherent limitations in all disclosure controls and procedures, no evaluation of disclosure controls and procedures can provide absolute assurance that we have detected all our control deficiencies and instances of fraud, if any. The design of disclosure controls and procedures also is based partly on certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions.

(b) Changes in Internal Control over Financial Reporting

In connection with the preparation of our financial statements for the fiscal year ended December 31, 2013, the management determined that our internal control environment is not properly designed due to the existence of certain material weaknesses and that it did not operate effectively to ensure that the Company's financial statements (and related financial statement disclosures) were prepared in accordance with US generally accepted accounting principles (US GAAP). We have established a number of remediation measures, which we believe will remediate the material weaknesses identified, if such measures are effectively implemented and maintained. As of the end of the period covered by the report, we continue the process of implementing and maintaining the remediation measures, but we cannot assure when or if we will be able to successfully implement these remedial measures. For more information regarding our controls and procedures, please refer to *Item 9A. Controls and Procedures* in our Annual Report on Form 10-K for fiscal year ended December 31, 2013, filed with the SEC on April 15, 2014)

There were no changes in our internal control over financial reporting (as such term is defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) during the fiscal quarter covered by this report that has materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II – OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

From time to time, we may become involved in various lawsuits and legal proceedings which arise in the ordinary course of business. We are currently not aware of any legal proceedings or claims that would require disclosure under Item 103 of Regulation S-K. However, litigation is subject to inherent uncertainties, and an adverse result in these or other matters may arise from time to time that may harm our business.

ITEM 1A. RISK FACTORS

Not applicable.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

None.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

ITEM 5. OTHER INFORMATION

None

ITEM 6. EXHIBITS

Exhibit Number	Description
31.1	Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350 as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350 as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1+	Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2+	Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS**	XBRL Instance Document
101.SCH **	XBRL Taxonomy Schema
101.CAL **	XBRL Taxonomy Calculation Linkbase
101.DEF **	XBRL Taxonomy Definition Linkbase
101.LAB **	XBRL Taxonomy Label Linkbase
101.PRE **	XBRL Taxonomy Presentation Linkbase

** Furnished herewith. XBRL (Extensible Business Reporting Language) information is furnished and not filed or a part of a registration statement or prospectus for purposes of Sections 11 or 12 of the Securities Act of 1933, as amended, is deemed not filed for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, and otherwise is not subject to liability under these sections.

+ In accordance with SEC Release 33-8238, Exhibits 32.1 and 32.2 are furnished and not filed.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

ONE HORIZON GROUP, INC.

Date: May 16, 2014

By: Mark White
Mark White
President and Principal Executive Officer

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

ONE HORIZON GROUP, INC.

Date: May 16, 2014

/s/ Mark White
Mark White
President, Chief Executive Officer, and Director

Date: May 16, 2014

/s/ Martin Ward
Martin Ward, Chief Financial Officer, Principal Finance and Accounting Officer and Director

Date: May 16, 2014

/s/ Brian Collins
Brian Collins, Vice President, Chief Technology Officer and Director

Exhibit 31.1

CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER
PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO SECTION 302 OF
THE SARBANES-OXLEY ACT OF 2002

I, Mark White, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of One Horizon Group, Inc.:

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. I am responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a) Designed such disclosure controls and procedures or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) Evaluated the effectiveness of the registrant's disclosure controls and procedures; and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures as of the end of the period covered by this report based on such evaluation; and

d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 16, 2014

/s/ Mark White
Mark White
Chief Executive Officer

(Principal Executive Officer)

Exhibit 31.2

CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER
PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO SECTION 302 OF
THE SARBANES-OXLEY ACT OF 2002

I, Martin Ward, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of One Horizon Group, Inc.:

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. I am responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a) Designed such disclosure controls and procedures or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) Evaluated the effectiveness of the registrant's disclosure controls and procedures; and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures as of the end of the period covered by this report based on such evaluation; and

d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 16, 2014

/s/ Martin Ward
Martin Ward
C Chief Financial Officer, Principal

Finance and Accounting Officer and Director

Exhibit 32.1

CERTIFICATION OF
PRINCIPAL EXECUTIVE OFFICER
PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of One Horizon Group, Inc. (the “Company”) on Form 10-Q for the period ended March 31, 2014 (the “Report”), I, Mark White, Chief Executive Officer of the Company, hereby certify pursuant to 18 U.S.C. Section 1350, as adopted pursuant to section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d), as applicable, of the Securities Exchange Act of 1934; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: May 16, 2014

/s/ Mark White
Mark White
Chief Executive Officer
(Principal Executive Officer)

Exhibit 32.2

**CERTIFICATION OF
PRINCIPAL FINANCIAL OFFICER
PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of One Horizon Group, Inc. (the "Company") on Form 10-Q/A2 for the period ended March 31, 2013 (the "Report"), I, Martin Ward, Chief Financial Officer of the Company, hereby certify pursuant to 18 U.S.C. Section 1350, as adopted pursuant to section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d), as applicable, of the Securities Exchange Act of 1934; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: May 16, 2014

/s/ Martin Ward
Martin Ward
Chief Financial Officer, Principal
Finance and Accounting Officer and Director