



# AGENT INFORMATION SOFTWARE, INC.

**Quarterly Reports**  
Quarter Ended June 30, 2014  
Trading Symbol: AIFS

**AGENT INFORMATION SOFTWARE, INC.**  
**Quarterly Report**  
**June 30, 2014 and 2013**

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**AGENT INFORMATION SOFTWARE, INC.**

**Quarterly Report**

**Unaudited Consolidated Balance Sheets**

**June 30, 2014 and 2013**

	June 30 2014	June 30 2013
	<u>                    </u>	<u>                    </u>
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 355,915	\$ 433,881
Restricted cash	275,668	282,024
Accounts receivable, trade	50,322	231,613
Deferred income taxes, current	105,000	174,000
Other current assets	136,885	161,395
Total current assets	<u>923,790</u>	<u>1,282,913</u>
Capitalized software, net	1,930,932	1,788,147
Equipment, net	260,666	272,021
	<u>                    </u>	<u>                    </u>
Total assets	<u>\$ 3,115,388</u>	<u>\$ 3,343,081</u>
<b>LIABILITIES &amp; STOCKHOLDERS' EQUITY</b>		
Current liabilities:		
Line of credit	\$ -	\$ 35,000
Current maturities on long-term debt	\$ 26,352	\$ 11,945
Accounts payable, trade	93,196	142,702
Deferred revenue	866,762	914,297
Accrued payroll and related liabilities	205,202	198,614
Other accrued liabilities	192,588	103,518
Total current liabilities	<u>1,384,100</u>	<u>1,406,076</u>
Long-term debt	72,648	28,866
Deferred income taxes	105,000	174,000
	<u>                    </u>	<u>                    </u>
Total liabilities	1,561,748	1,608,942
Stockholders' equity:		
Common stock, \$0.001 par value, 12,000,000 shares authorized, 4,269,610 and 4,272,610 shares issued and outstanding, respectively	3,277,289	3,274,757
Accumulated other comprehensive income (loss)	(37,295)	(16,731)
Accumulated deficit	(1,686,354)	(1,523,887)
Total stockholders' equity	<u>1,553,640</u>	<u>1,734,139</u>
Total liabilities and stockholders' equity	<u>\$ 3,115,388</u>	<u>\$ 3,343,081</u>

See accompanying notes to Unaudited Consolidated Financial Statements

**AGENT INFORMATION SOFTWARE, INC.**  
**Quarterly Report**

**Unaudited Consolidated Statements of Operations**

**For the Six Months Ended June 30, 2014 and 2013**

	<u>June 30</u> <u>2014</u>	<u>June 30</u> <u>2013</u>
Sales:		
Recurring sales	\$ 2,044,485	\$ 2,162,055
Non-recurring sales	87,863	265,426
Total net sales	<u>2,132,348</u>	<u>2,427,481</u>
Cost and expenses:		
Cost of sales	701,610	773,003
Research and development	223,929	326,799
Sales, marketing and customer service	832,430	755,630
General and administrative	505,261	516,712
Total costs and expenses	<u>2,263,230</u>	<u>2,372,144</u>
Income from operations	(130,882)	55,337
Other income (expense):		
Other income (expense), net	1,989	(571)
Total other income (expense):	<u>1,989</u>	<u>(571)</u>
Income before provision for income taxes	(128,893)	54,766
Provision for income taxes	<u>9,500</u>	<u>9,500</u>
Net income (loss)	<u>\$ (138,393)</u>	<u>\$ 45,266</u>
Earnings per share - Basic	\$ (0.03)	\$ 0.01
Weighted average shares outstanding - Basic	4,269,610	4,269,610
Earnings per share - Diluted	\$ (0.03)	\$ 0.01
Weighted average shares outstanding - Diluted	4,510,943	4,724,943

See accompanying notes to Unaudited Consolidated Financial Statements

**AGENT INFORMATION SOFTWARE, INC.**

**Unaudited Consolidated Statements of Changes in Stockholders' Equity**

**For the Six Months Ended June 30, 2014 and 2013**

	Common Stock		Retained Earnings/ (Accumulated Deficit)	Accumulated Other Comprehensive Income (Loss)	Total Stockholders' Equity
	Shares	Amount			
Balance, December 31, 2012	4,269,610	\$ 3,273,752	\$ (1,569,153)	\$ 16,091	\$ 1,720,690
Net income			45,266		45,266
Foreign currency translation Comprehensive loss				(32,822)	(32,822)
					12,444
Stock option expense		1,005			1,005
Balance, June 30, 2013	4,269,610	\$ 3,274,757	\$ (1,523,887)	\$ (16,731)	\$ 1,734,139
Net income			21,192		21,192
Foreign currency translation Comprehensive loss				(36,773)	(36,773)
					(15,581)
Stock option expense		2,410			2,410
Balance, December 31, 2013	4,269,610	\$ 3,276,162	\$ (1,547,961)	\$ (20,682)	\$ 1,707,519
Net loss			(138,393)		(138,393)
Foreign currency translation Comprehensive loss				(16,613)	(16,613)
					(155,006)
Stock option expense		1,127			1,127
Balance, June 30, 2014	4,269,610	\$ 3,277,289	\$ (1,686,354)	\$ (37,295)	\$ 1,553,640

See accompanying notes to Unaudited Consolidated Financial Statements

**AGENT INFORMATION SOFTWARE, INC.****Quarterly Report****Unaudited Consolidated Statements of Cash Flows****For the Six Months Ended June 30, 2014 and 2013**

	June 30 2014	June 30 2013
<b>Cash flows from operating activities:</b>		
Net income (loss)	\$ (138,393)	\$ 45,266
Adjustments to reconcile net income (loss) to net cash provided by operations:		
Depreciation and amortization	294,186	344,270
Stock option expense	1,127	1,005
Changes in operating assets and liabilities:	19,992	174,291
Net cash provided by operating activities	<u>176,912</u>	<u>564,832</u>
<b>Cash flows from investing activities:</b>		
Acquisitions of property and equipment	(8,309)	(128,220)
Capitalized software development	(350,000)	(294,006)
Net cash used in investing activities	<u>(358,309)</u>	<u>(422,226)</u>
<b>Cash flows from financing activities:</b>		
Net increase (decrease) in lines of credit	-	35,000
Payments of long-term debt	(13,072)	(5,973)
Common stock redemption	-	-
Net cash used in financing activities	<u>(13,072)</u>	<u>29,027</u>
Effect of exchange rate changes on cash	<u>(16,613)</u>	<u>(32,822)</u>
Net increase (decrease) in cash	(211,082)	138,811
Cash and cash equivalents, beginning of year	566,997	295,070
Cash and cash equivalents, June 30, 2014 and 2013	<u>\$ 355,915</u>	<u>\$ 433,881</u>

See accompanying notes to Unaudited Consolidated Financial Statements