



# AGENT INFORMATION SOFTWARE, INC.

## Quarterly Reports

Quarter Ended September 30, 2014

Trading Symbol: AIFS

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

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

**Unaudited Consolidated Balance Sheets**

**September 30, 2014 and 2013**

	September 30 2014	September 30 2013
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 326,527	\$ 636,912
Restricted cash	276,224	298,221
Accounts receivable, trade	129,165	146,852
Deferred income taxes, current	105,000	174,000
Other current assets	186,493	223,054
Total current assets	1,023,409	1,479,039
Capitalized software, net	1,913,644	1,830,893
Equipment, net	237,094	261,509
Total assets	\$ 3,174,147	\$ 3,571,441
<b>LIABILITIES &amp; STOCKHOLDERS' EQUITY</b>		
Current liabilities:		
Current maturities on long-term debt	\$ 26,352	\$ 11,945
Accounts payable, trade	79,152	152,842
Deferred revenue	1,074,276	1,200,773
Accrued payroll and related liabilities	239,903	207,205
Other accrued liabilities	184,242	79,526
Total current liabilities	1,603,925	1,652,291
Long-term debt	66,042	25,880
Deferred income taxes	105,000	174,000
Total liabilities	1,774,967	1,852,171
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	3,277,853	3,274,757
Accumulated other comprehensive income (loss)	(37,293)	3,479
Accumulated deficit	(1,841,380)	(1,558,966)
Total stockholders' equity	1,399,180	1,719,270
Total liabilities and stockholders' equity	\$ 3,174,147	\$ 3,571,441

See accompanying notes to Unaudited Consolidated Financial Statements

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

**Unaudited Consolidated Statements of Operations**

**For the Nine Months Ended September 30, 2014 and 2013**

	September 30 2014	September 30 2013
	<u>                    </u>	<u>                    </u>
Sales:		
Recurring sales	\$ 3,073,419	\$ 3,200,676
Non-recurring sales	118,750	315,926
Total net sales	<u>3,192,169</u>	<u>3,516,602</u>
Cost and expenses:		
Cost of sales	1,059,430	1,247,620
Research and development	399,992	359,790
Sales, marketing and customer service	1,251,823	1,105,493
General and administrative	757,617	778,881
Total costs and expenses	<u>3,468,862</u>	<u>3,491,784</u>
Income from operations	(276,693)	24,818
Other income (expense):		
Other income (expense), net	1,774	3,869
Total other income (expense):	<u>1,774</u>	<u>3,869</u>
Income before provision for income taxes	(274,919)	28,687
Provision for income taxes	<u>18,500</u>	<u>18,500</u>
Net income (loss)	<u>\$ (293,419)</u>	<u>\$ 10,187</u>
Earnings per share - Basic	\$ (0.07)	\$ 0.00
Weighted average shares outstanding - Basic	4,269,610	4,269,610
Earnings per share - Diluted	\$ (0.07)	\$ 0.00
Weighted average shares outstanding - Diluted	4,508,166	4,840,854

See accompanying notes to Unaudited Consolidated Financial Statements

**AGENT INFORMATION SOFTWARE, INC.**

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

**For the Nine Months Ended September 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			10,187		10,187
Foreign currency translation Comprehensive loss				(12,612)	(12,612)
					(2,425)
Stock option expense		1,005			1,005
Balance, September 30, 2013	4,269,610	\$ 3,274,757	\$ (1,558,966)	\$ 3,479	\$ 1,719,270
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			(293,419)		(293,419)
Foreign currency translation Comprehensive loss				(16,611)	(16,611)
					(310,030)
Stock option expense		1,691			1,691
Balance, September 30, 2014	4,269,610	\$ 3,277,853	\$ (1,841,380)	\$ (37,293)	\$ 1,399,180

See accompanying notes to Unaudited Consolidated Financial Statements

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

	September 30 2014	September 30 2013
	<u>2014</u>	<u>2013</u>
<b>Cash flows from operating activities:</b>		
Net income (loss)	\$ (293,419)	\$ 10,187
Adjustments to reconcile net income (loss) to net cash provided by operations:		
Depreciation and amortization	436,376	507,399
Stock option expense	1,691	1,005
Changes in operating assets and liabilities:	110,810	462,411
Net cash provided by operating activities	<u>255,458</u>	<u>981,002</u>
<b>Cash flows from investing activities:</b>		
Acquisitions of property and equipment	(9,639)	(131,963)
Capitalized software development	(450,000)	(485,626)
Net cash used in investing activities	<u>(459,639)</u>	<u>(617,589)</u>
<b>Cash flows from financing activities:</b>		
Payments of long-term debt	(19,678)	(8,959)
Common stock redemption	-	-
Net cash used in financing activities	<u>(19,678)</u>	<u>(8,959)</u>
Effect of exchange rate changes on cash	<u>(16,611)</u>	<u>(12,612)</u>
Net increase (decrease) in cash	(240,470)	341,842
Cash and cash equivalents, beginning of year	566,997	295,070
Cash and cash equivalents, September 30, 2014 and 2013	<u>\$ 326,527</u>	<u>\$ 636,912</u>

See accompanying notes to Unaudited Consolidated Financial Statements