



AGENT INFORMATION SOFTWARE, INC.

Quarterly Reports

Quarter Ended June 30, 2016

Trading Symbol: AIFS

AGENT INFORMATION SOFTWARE, INC.
Quarterly Report
June 30, 2016 and 2015

TABLE OF CONTENTS

	<u>Page Reference</u>
Financial Statements	
Unaudited Consolidated Balance Sheets June 30, 2016 and 2015	3
Unaudited Consolidated Statements of Operations For the Six Months Ended June 30, 2016 and 2015	4
Unaudited Consolidated Statements of Changes in Stockholders' Equity For the Six Months Ended June 30, 2016 and 2015	5
Unaudited Consolidated Statements of Cash Flows For the Six Months Ended June 30, 2016 and 2015	6

AGENT INFORMATION SOFTWARE, INC.

Quarterly Report

Unaudited Consolidated Balance Sheets

June 30, 2016 and 2015

	June 30 2016	June 30 2015
	<u> </u>	<u> </u>
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 624,609	\$ 580,219
Restricted cash	-	246,961
Accounts receivable, trade	39,956	69,425
Deferred income taxes, current	117,500	96,000
Other current assets	142,107	148,651
Total current assets	<u>924,172</u>	<u>1,141,256</u>
Capitalized software, net	2,292,567	2,076,125
Equipment, net	113,892	166,196
	<u> </u>	<u> </u>
Total assets	<u>\$ 3,330,631</u>	<u>\$ 3,383,577</u>
LIABILITIES & STOCKHOLDERS' EQUITY		
Current liabilities:		
Current maturities on long-term debt	\$ 4,977	\$ 26,926
Accounts payable, trade	52,971	57,663
Deferred revenue	968,199	911,897
Accrued payroll and related liabilities	140,330	172,580
Other accrued liabilities	121,180	129,578
Total current liabilities	<u>1,287,657</u>	<u>1,298,644</u>
Long-term debt	-	45,437
Deferred income taxes	51,000	67,000
	<u> </u>	<u> </u>
Total liabilities	1,338,657	1,411,081
Stockholders' equity:		
Common stock, \$0.001 par value, 12,000,000 shares authorized, 4,269,610 shares issued and outstanding	3,281,242	3,279,150
Accumulated other comprehensive income (loss)	(105,871)	(72,996)
Accumulated deficit	<u>(1,183,397)</u>	<u>(1,233,658)</u>
Total stockholders' equity	1,991,974	1,972,496
Total liabilities and stockholders' equity	<u>\$ 3,330,631</u>	<u>\$ 3,383,577</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, 2016 and 2015

	<u>June 30</u> <u>2016</u>	<u>June 30</u> <u>2015</u>
Sales:		
Recurring sales	\$ 2,225,342	\$ 2,313,042
Non-recurring sales	151,568	172,786
Total net sales	<u>2,376,910</u>	<u>2,485,828</u>
Cost and expenses:		
Cost of sales	806,871	848,691
Research and development	180,394	137,644
Sales, marketing and customer service	926,251	837,561
General and administrative	490,948	509,839
Total costs and expenses	<u>2,404,464</u>	<u>2,333,735</u>
Income from operations	(27,554)	152,093
Other income (expense):		
Other income (expense), net	923	(427)
Total other income (expense):	<u>923</u>	<u>(427)</u>
Income before provision for income taxes	(26,631)	151,666
Provision for income taxes	<u>(28,000)</u>	<u>9,500</u>
Net income (loss)	<u>\$ 1,369</u>	<u>\$ 142,166</u>
Earnings per share - Basic	\$ 0.00	\$ 0.03
Weighted average shares outstanding - Basic	4,269,610	4,269,610
Earnings per share - Diluted	\$ 0.00	\$ 0.03
Weighted average shares outstanding - Diluted	4,862,943	4,679,277

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, 2016 and 2015

	Common Stock		Retained Earnings/ (Accumulated Deficit)	Accumulated Other Comprehensive Income (Loss)	Total Stockholders' Equity
	Shares	Amount			
Balance, December 31, 2014	4,269,610	\$ 3,278,417	\$ (1,375,824)	\$ (52,459)	\$ 1,850,134
Net income			142,166		142,166
Foreign currency translation				(20,537)	(20,537)
Comprehensive income					121,629
Stock option expense		733			733
Balance, June 30, 2015	4,269,610	\$ 3,279,150	\$ (1,233,658)	\$ (72,996)	\$ 1,972,496
Net income			191,058		191,058
Foreign currency translation				(53,412)	(53,412)
Comprehensive income					137,646
Stock option expense		1,683			1,683
Balance, December 31, 2015	4,269,610	\$ 3,280,100	\$ (1,184,766)	\$ (105,871)	\$ 1,989,463
Net income			1,369		1,369
Foreign currency translation				-	-
Comprehensive income					1,369
Stock option expense		1,142			1,142
Balance, June 30, 2016	4,269,610	\$ 3,281,242	\$ (1,183,397)	\$ (105,871)	\$ 1,991,974

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, 2016 and 2015

	<u>June 30</u> <u>2016</u>	<u>June 30</u> <u>2015</u>
Cash flows from operating activities:		
Net income (loss)	\$ 1,369	\$ 142,166
Adjustments to reconcile net income (loss) to net cash provided by operations:		
Depreciation and amortization	261,510	342,338
Stock option expense	1,142	733
Deferred income tax benefit	(37,500)	-
Changes in operating assets and liabilities:	<u>(295,104)</u>	<u>(308,859)</u>
Net cash provided by operating activities	(68,583)	176,378
Cash flows from investing activities:		
Acquisitions of property and equipment	(28,863)	-
Capitalized software development	<u>(305,000)</u>	<u>(270,000)</u>
Net cash used in investing activities	(333,863)	(270,000)
Cash flows from financing activities:		
Payments of long-term debt	(5,972)	(13,393)
Common stock redemption	<u>-</u>	<u>-</u>
Net cash used in financing activities	(5,972)	(13,393)
Effect of exchange rate changes on cash	<u>-</u>	<u>(20,537)</u>
Net increase (decrease) in cash	(408,418)	(127,552)
Cash and cash equivalents, beginning of year	1,033,027	707,771
Cash and cash equivalents, June 30, 2016 and 2015	<u>\$ 624,609</u>	<u>\$ 580,219</u>

See accompanying notes to Unaudited Consolidated Financial Statements