



# AGENT INFORMATION SOFTWARE, INC.

## **Quarterly Reports**

Quarter Ended September 30, 2016

Trading Symbol: AIFS

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

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

**Unaudited Consolidated Balance Sheets**

**September 30, 2016 and 2015**

	September 30 2016	September 30 2015
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 1,297,087	\$ 1,044,764
Restricted cash	-	247,308
Accounts receivable, trade	5,805	54,575
Deferred income taxes, current	136,250	96,000
Other current assets	161,309	199,644
Total current assets	1,600,451	1,642,291
Capitalized software, net	2,379,408	2,070,949
Equipment, net	194,654	144,439
Total assets	\$ 4,174,513	\$ 3,857,679
<b>LIABILITIES &amp; STOCKHOLDERS' EQUITY</b>		
Current liabilities:		
Current maturities on long-term debt	\$ 18,445	\$ 26,926
Accounts payable, trade	23,479	40,463
Deferred revenue	1,607,572	1,466,961
Accrued payroll and related liabilities	173,135	201,983
Other accrued liabilities	131,640	138,080
Total current liabilities	1,954,271	1,874,413
Long-term debt	32,713	38,673
Deferred income taxes	51,000	67,000
Total liabilities	2,037,984	1,980,086
Stockholders' equity:		
Common stock, \$0.001 par value, 12,000,000 shares authorized, 4,269,610 shares issued and outstanding	3,281,813	3,279,679
Accumulated other comprehensive income (loss)	(105,871)	(72,996)
Accumulated deficit	(1,039,413)	(1,329,090)
Total stockholders' equity	2,136,529	1,877,593
Total liabilities and stockholders' equity	\$ 4,174,513	\$ 3,857,679

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, 2016 and 2015**

	<u>September 30</u> 2016	<u>September 30</u> 2015
Sales:		
Recurring sales	\$ 3,352,803	\$ 3,355,353
Non-recurring sales	205,760	226,006
Total net sales	<u>3,558,563</u>	<u>3,581,359</u>
Cost and expenses:		
Cost of sales	1,182,534	1,229,739
Research and development	221,736	216,797
Sales, marketing and customer service	1,368,838	1,310,647
General and administrative	728,817	758,250
Total costs and expenses	<u>3,501,925</u>	<u>3,515,433</u>
Income from operations	56,638	65,926
Other income (expense):		
Other income (expense), net	50,965	(692)
Total other income (expense):	<u>50,965</u>	<u>(692)</u>
Income before provision for income taxes	107,603	65,234
Provision for income taxes	<u>(37,750)</u>	<u>18,500</u>
Net income (loss)	<u>\$ 145,353</u>	<u>\$ 46,734</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	4,859,166	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 Nine Months Ended September 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 loss			46,734		46,734
Foreign currency translation				(20,537)	(20,537)
Comprehensive income					26,197
Stock option expense		1,262			1,262
Balance, September 30, 2015	4,269,610	\$ 3,279,679	\$ (1,329,090)	\$ (72,996)	\$ 1,877,593
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 loss			145,353		145,353
Foreign currency translation				-	-
Comprehensive income					145,353
Stock option expense		1,713			1,713
Balance, September 30, 2016	4,269,610	\$ 3,281,813	\$ (1,039,413)	\$ (105,871)	\$ 2,136,529

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, 2016 and 2015**

	<u>September 30</u> <u>2016</u>	<u>September 30</u> <u>2015</u>
<b>Cash flows from operating activities:</b>		
Net income (loss)	\$ 145,353	\$ 46,734
Adjustments to reconcile net income (loss) to net cash provided by operations:		
Depreciation and amortization	385,396	509,271
Stock option expense	1,713	1,262
Gain on sales of assets	(47,500)	-
Deferred income tax benefit	(56,250)	-
Changes in operating assets and liabilities:	<u>372,991</u>	<u>230,420</u>
Net cash provided by operating activities	801,703	787,687
<b>Cash flows from investing activities:</b>		
Proceeds from sale of assets	47,500	-
Acquisitions of property and equipment	(122,852)	-
Capitalized software development	<u>(502,500)</u>	<u>(410,000)</u>
Net cash used in investing activities	(577,852)	(410,000)
<b>Cash flows from financing activities:</b>		
Proceeds (payments) from (of) long-term debt	40,209	(20,157)
Common stock redemption	-	-
Net cash used in financing activities	<u>40,209</u>	<u>(20,157)</u>
Effect of exchange rate changes on cash	<u>-</u>	<u>(20,537)</u>
Net increase (decrease) in cash	264,060	336,993
Cash and cash equivalents, beginning of year	<u>1,033,027</u>	<u>707,771</u>
Cash and cash equivalents, September 30, 2016 and 2015	<u><u>\$ 1,297,087</u></u>	<u><u>\$ 1,044,764</u></u>
<b>Supplemental disclosure on non-cash transactions:</b>		
Equipment acquired with long-term debt	<u><u>\$ 93,989</u></u>	<u><u>\$ -</u></u>

See accompanying notes to Unaudited Consolidated Financial Statements