TIX CORPORATION

QUARTERLY REPORT

FOR THE THREE AND SIX MONTHS ENDED

JUNE 30, 2014

Tix Corporation and Subsidiaries

Index

Item 1: Exact name of the issuer and the address of its principal executive offices

Name of Issuer:	Tix Corporation
Principal Executive Offices:	12711 Ventura Blvd, Suite 340 Studio City, CA 91604 Telephone: (818) 761-1002 Facsimile: (818) 761-1072 Website: www.tixcorp.com
Investment Relations Officer:	Steve Handy, Chief Financial Officer 12711 Ventura Blvd, Suite 340 Studio City, CA 91604 Telephone: (818) 761-1002 Facsimile: (818) 761-1072 Website: www.tixcorp.com

Item 2: Shares outstanding

The following table sets forth information concerning the equity securities of Tix Corporation as of June 30, 2014.

Class	As of	Number of Shares Authorized	Number of Shares Outstanding	Freely Tradable Shares or Public Float (1)	Total Number of Beneficial Stockholders	Total Number of Stockholders of Record
Common Stock	June 30, 2014	100,000,000	18,179,744	3,800,000	571	164
Preferred Stock	June 30, 2014	500,000	-	-	-	-

(1) Defined as shares not held directly or indirectly by an officer, director or any person who is the beneficial owner of more than 10 percent of the total shares outstanding

Item 3: Interim financial statements

TIX CORPORATION AND SUBSIDIARY
CONDENSED CONSOLIDATED BALANCE SHEETS

	June 30, 2014 (Unaudited)	December 31, 2013
Assets		
Current assets:		
Cash	$ 6,173,000	$ 3,176,000
Accounts receivable	53,000	63,000
Prepaid expenses and other current assets	239,000	268,000
Total current assets	6,465,000	3,507,000
Property and equipment, net	1,001,000	884,000
Other assets:		
Intangible assets:		
Goodwill	3,120,000	3,120,000
Intangibles, net	310,000	498,000
Total intangible assets	3,430,000	3,618,000
Deposits and other assets	73,000	71,000
Total other assets	3,503,000	3,689,000
Total assets	$ 10,969,000	$ 8,080,000
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable – shows and events	$ 1,837,000	$ 693,000
Accounts payable and accrued expenses	645,000	939,000
Deferred revenue	61,000	29,000
Senior secured note payable – Short term	1,015,000	-
Notes payable – short term and net of discount	176,000	3,726,000
Obligation for share purchase – short term	81,000	84,000
Total current liabilities	3,815,000	5,471,000
Deferred rent obligations	108,000	133,000
Senior secured note payable – net of current portion	3,000,000	-
Notes payable – net of current portion and discount	540,000	728,000
Obligation for share purchases – net of current portion	78,000	160,000
Total liabilities	7,541,000	6,492,000
Stockholders' equity:		
Preferred stock, $.01 par value; 500,000 shares authorized; none issued	-	-
Common Stock, $.08 par value; 100,000,000 shares authorized; 18,179,744 shares net of 15,446,803 treasury shares, and 18,218,572 shares net of 15,406,803 treasury shares issued and outstanding at June 30, 2014 and December 31, 2013, respectively	2,691,000	2,691,000
Additional paid-in capital	93,543,000	93,356,000
Obligation for share purchases	(2,120,000)	(2,088,000)
Cost of shares held in treasury	(25,457,000)	(25,413,000)
Accumulated deficit	(65,229,000)	(66,958,000)
Total stockholders' equity	3,428,000	1,588,000
Total liabilities and stockholders' equity	$ 10,969,000	$ 8,080,000

See accompanying notes to the condensed consolidated financial statements.

TIX CORPORATION AND SUBSIDIARY
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME
(UNAUDITED)

	Three Months Ended June 30,	
	2014	**2013**
	(Unaudited)	**(Unaudited)**
Revenues	$ 5,726,000	$ 5,160,000
Operating expenses:		
Direct costs of revenues	2,314,000	2,132,000
Selling, general and administrative expenses	1,847,000	2,131,000
Depreciation and amortization	203,000	269,000
Total costs and expenses	4,364,000	4,532,000
Operating income	1,362,000	628,000
Other expense:		
Other income	-	5,000
Interest income	1,000	5,000
Interest expense	(74,000)	(21,000)
Other expense, net	(73,000)	(11,000)
Income before income tax expense	1,289,000	617,000
Income tax expense	51,000	38,000
Net income	1,238,000	579,000
Other comprehensive loss:		
Unrealized gain on available-for-sale securities	-	6,000
Comprehensive income	$ 1,238,000	$ 585,000
Net income per common share		
Net income per common share – basic	$ 0.07	$ 0.02
Net income per common share – diluted	$ 0.07	$ 0.02
Weighted average common shares outstanding – basic	18,204,799	23,669,831
Weighted average common shares outstanding – diluted	18,273,174	23,730,388

See accompanying notes to the condensed consolidated financial statements.

TIX CORPORATION AND SUBSIDIARY
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME
(UNAUDITED)

	Six Months Ended June 30,	
	2014	**2013**
	(Unaudited)	**(Unaudited)**
Revenues	$ 10,899,000	$ 10,443,000
Operating expenses:		
Direct costs of revenues	4,677,000	4,467,000
Selling, general and administrative expenses	3,783,000	4,524,000
Depreciation and amortization	463,000	544,000
Total costs and expenses	8,923,000	9,535,000
Operating income	1,976,000	908,000
Other expense:		
Interest income	1,000	11,000
Interest expense	(167,000)	(27,000)
Other expense, net	(166,000)	(16,000)
Income before income tax expense	1,810,000	892,000
Income tax expense	81,000	76,000
Net income	1,729,000	816,000
Other comprehensive loss:		
Unrealized gain on available-for-sale securities	-	7,000
Comprehensive income	$ 1,729,000	$ 823,000
Net income per common share		
Net income per common share – basic	$ 0.09	$ 0.03
Net income per common share – diluted	$ 0.09	$ 0.03
Weighted average common shares outstanding – basic	18,211,758	23,669,831
Weighted average common shares outstanding – diluted	18,294,632	23,726,956

See accompanying notes to the condensed consolidated financial statements.

TIX CORPORATION AND SUBSIDIARY
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
(UNAUDITED)

	Common Stock			Additional Paid In		Obligation For Share		Accumulated		Treasury		Total Stockholders'
	Shares		Amount		Capital		Purchases		Deficit		Stock		Equity

	Shares		Amount		Additional Paid In Capital		Obligation For Share Purchases		Accumulated Deficit		Treasury Stock		Total Stockholders' Equity
Balance, December 31, 2013	18,218,572	$	2,691,000	$	93,356,000	$	(2,088,000)	$	(66,958,000)	$	(25,413,000)	$	1,588,000
Fair value of options and warrants issued to employees and directors	-		-		160,000		-		-		-		160,000
Shares issued on cashless exercise of stock options	1,172		-		-								-
Purchase of treasury shares	(40,000)										(44,000)		(44,000)
Obligation for share purchases	-		-		27,000		(32,000)		-				(5,000)
Net income	-		-		-		-		1,729,000		-		1,729,000
Balance, June 30, 2014	18,179,744	$	2,691,000	$	93,543,000	$	(2,120,000)	$	(65,229,000)	$	(25,457,000)	$	3,428,000

See accompanying notes to the condensed consolidated financial statements.

TIX CORPORATION AND SUBSIDIARY
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(UNAUDITED)

	Six Months Ended June 30, 2014 (Unaudited)	Six Months Ended June 30, 2013 (Unaudited)
Cash flows from operating activities:		
Net income	$ 1,729,000	$ 816,000
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	275,000	290,000
Non-cash and accrued interest	20,000	12,000
Realized loss on available-for-sale securities arising during the period	-	15,000
Amortization of intangible assets	188,000	254,000
Fair value of options and warrants issued to employees and directors	160,000	494,000
(Increase) decrease in:		
Accounts receivable	10,000	12,000
Prepaid expenses and other assets	27,000	236,000
Increase (decrease) in:		
Accounts payable – shows and events	1,144,000	(863,000)
Accounts payable and accrued expenses	(294,000)	(212,000)
Deferred revenue	32,000	(73,000)
Deferred rent obligations	(25,000)	(3,000)
Net cash provided by operating activities	3,266,000	978,000
Cash flows from investing activities:		
Purchases of property and equipment	(392,000)	(292,000)
Purchase of short-term investments	-	(20,000)
Net cash used in investing activities	(392,000)	(312,000)
Cash flows from financing activities:		
Cash received from issuance of senior secured note payable	4,000,000	-
Repayment of notes payable	(3,743,000)	-
Purchase of treasury shares	(44,000)	-
Obligation for share purchases	(90,000)	(212,000)
Net cash provided by (used in) financing activities	123,000	(212,000)
Net increase	2,997,000	454,000
Cash, balance at beginning of period	3,176,000	6,017,000
Cash, balance at end of period	$ 6,173,000	$ 6,471,000
Supplemental disclosures of cash flow information:		
Cash paid for:		
Income taxes	$ 1,000	$ -
Interest	$ 146,000	$ -

See accompanying notes to the condensed consolidated financial statements

TIX CORPORATION AND SUBSIDIARY
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
THREE AND SIX MONTHS ENDED JUNE 30, 2014 AND 2013

1. Organization and Basis of Presentation

Tix Corporation (the "Company") was incorporated in Delaware on April 6, 1993 under the name Cinema Ride, Inc. The Company changed its name from Cinema Ride, Inc. to Tix Corporation effective March 3, 2005. The Company is an entertainment company providing discount ticketing and discount dinner reservations through our subsidiary Tix4Tonight, LLC ("Tix4Tonight") in Las Vegas.

Our wholly-owned subsidiary, Tix4Tonight, offers for sale discount show and discount dinner reservations. When selling last minute discounted tickets, Tix4Tonight sells them under short-term, exclusive and nonexclusive agreements with nearly every Las Vegas show and numerous attractions and tours running at any one time. Tix4Tonight typically does not know exactly what shows it will be able to offer tickets for until the same day of the show. There are usually many more tickets available each day than are sold, although it is not uncommon for Tix4Tonight to sell out its supply of tickets for individual shows. The shows are paid on a weekly basis only for the tickets that Tix4Tonight actually sells to customers. Tix4Tonight has no financial risk with respect to unsold tickets and revenues are recorded at net of cost, that is, we record only the commissions and service fees as revenues.

Because of the seasonal nature of tourism and convention attendance in Las Vegas, attendance patterns at Las Vegas shows may vary accordingly. The nature and degree of this seasonality varies among Las Vegas shows depending on the time of year, as well as the nature of entertainment alternatives available to audiences.

Preparation of Interim Financial Statements:

The condensed consolidated financial statements included in this report have been prepared by the Company and, in the opinion of management, include all adjustments (consisting of normal recurring accruals and adjustments necessary for adoption of new accounting standards) necessary to present fairly the results of the interim periods shown. Management believes that its disclosures are sufficiently presented to prevent this information from being misleading. Due to seasonality and other factors, the results for the interim periods are not necessarily indicative of results for a full year. The financial statements contained herein should be read in conjunction with the consolidated financial statements and notes thereto included in the Company's 2013 Annual Report.

Consolidation

The consolidated financial statements include the accounts of the Company and its wholly-owned subsidiary. Intercompany transactions and balances are eliminated in consolidation.

Accounting Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

2. Summary of Significant Accounting Policies

Revenue Recognition

The Company has several streams of revenue, each of which is required under Generally Accepted Accounting Principles ("GAAP") to be recognized in varying ways. The following is a summary of our revenue recognition policies:

The Company's Las Vegas discount show ticketing business recognizes as revenue the commissions and related transaction fees earned from the sale of Las Vegas show tickets at the time the tickets are paid for by and delivered to the customers. The Company's transaction fees are charged on a per-ticket basis. With certain exceptions, ticket sales are generally non-refundable, although same-day exchanges of previously sold tickets are permitted. Claims for ticket refunds, which are generally received and paid the day after the show date, are charged back to the respective shows and are recorded as a reduction to the Company's commissions and fees at the time that such refunds are processed. The Company does not have accounts receivable associated with its sales transactions, as payment is collected at the time of sale.

The Company's Las Vegas discounted dinners business offers reservations for discounted dinners at various restaurants surrounding the Las Vegas Strip and downtown with dining at specific times on the same day or in some cases the day after the sale.

The Company recognizes as revenue the transaction fees earned from the booking of dinner reservations at the time that the reservations are made and a subsequent nominal fee from the restaurant at the time the reservation is used. At this time, the Company has immaterial amounts of accounts receivable and does not have any accounts payable associated with the discounted dinner business, as the Company collects the transaction fee at the time that the reservation is made, and the dinner payment is collected directly by the restaurant.

Revenue Concentrations

Revenues are derived from the sale of discount show tickets and discount dinner reservations. Two hotel conglomerates, Caesars Entertainment Corporation and MGM Resorts International, own more than eighteen major hotels in the Las Vegas marketplace housing multiple theatres, restaurants and other types of venues. We generate approximately 70% of our revenues from the sale of discount show tickets and discount dinner reservations from Caesars Entertainment Corporation and MGM Resorts International. No single show, venue or theatre was greater than 10% of revenues.

Property and Equipment

Property and equipment are stated at cost or fair value at date of acquisition. Depreciation is recorded at the time property and equipment is placed in service using the straight-line method over the estimated useful lives of the related assets, which range from one to ten years. Leasehold improvements are amortized over the shorter of the expected useful lives of the related assets or the lease term.

Stock-Based Compensation

The Company periodically issues stock options and warrants to employees. The Company accounts for stock option and warrant grants issued and vesting to employees based on the authoritative guidance provided by the ASC whereas the value of the award is measured on the date of grant and recognized over the vesting period.

The fair values of the Company's Common Stock option grants are estimated using the Black-Scholes option pricing model, which uses certain assumptions related to risk-free interest rates, expected volatility, expected life of the Common Stock options, and future dividends. Compensation expense is recorded based upon the value derived from the Black-Scholes option pricing model, and based on actual experience. The assumptions used in the Black-Scholes option pricing model could materially affect compensation expense recorded in future periods.

Intangible Assets and Goodwill

The Company accounts for intangible assets and goodwill in accordance with the authoritative guidance issued by the Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC"). Intangibles are valued at their fair market value and are amortized taking into account the character of the acquired intangible asset and the expected period of benefit. The Company evaluates intangible assets and goodwill for impairment, at a minimum, on an annual basis and whenever events or changes in circumstances indicate that the carrying value may not be recoverable from its estimated undiscounted future cash flows. Recoverability of goodwill and intangible assets is measured by comparing their net book value to the related projected undiscounted cash flows from these assets, considering a number of factors, including past operating results, budgets, economic projections, market trends and product development cycles. If the net book value of the asset exceeds the related undiscounted cash flows, the asset is considered impaired, and a second test is performed to measure the amount of impairment loss.

At June 30, 2014, the Company had goodwill of $3.1 million and intangibles assets of $310,000. There were no indications of impairment based on management's assessment of these assets at June 30, 2014. Factors we consider important that could trigger an impairment review include significant underperformance relative to historical or projected future operating results, significant changes in the manner of the use of our assets or the strategy for our overall business, and significant negative industry or economic trends. If current economic conditions worsen causing decreased revenues and increased costs, we may have to record impairment to our goodwill and intangible assets.

Income Taxes

Current income tax expense is the amount of income taxes expected to be payable for the current year. A deferred income tax asset or liability is established for the expected future consequences of temporary differences in the financial reporting and tax basis of assets and liabilities. The Company considers future taxable income and ongoing, prudent and feasible tax planning strategies, in assessing the value of its deferred tax assets. If the Company determines that it is more likely than not that these assets will not be realized, the Company will reduce the value of these assets to their expected realizable value, thereby decreasing net income. Evaluating the value of these assets is necessarily based on the Company's judgment. If the Company subsequently determined that the deferred tax assets, which had been written down, would be realized in the future, the value of the deferred tax assets would be increased, thereby increasing net income in the period when that determination was made.

The Company prescribes a recognition threshold and a measurement attributable for the financial statement recognition and measurement of tax positions taken or expected to be taken in a tax return. For those benefits to be recognized, a tax position must be more likely than not to be sustained upon examination by taxing authorities. The amount recognized is measured as the largest amount of benefit that is greater than 50% likely of being realized.

Deferred Rent Obligations

Certain of the real estate operating lease agreements to which we are party contain rent escalation clauses or lease incentives, such as rent abatements or tenant improvement allowances. Rent escalation clauses and lease incentives are taken into account in determining total rent expense to be recognized during the term of the lease, which begins on the date that we take control of the leased space. Renewal options are considered when evaluating the overall term of the lease. In accordance with ASC Topic 840 – *Leases*, differences between periodic rent expense and periodic cash rental payments, caused primarily by the recognition of rent expense on a straight-line basis and tenant improvement allowances due or received from lessors, are recorded as deferred rent obligations on our consolidated balance sheets.

We record tenant improvement allowances as a deferred rent obligation on our consolidated balance sheets and as a cash inflow from operating activities in our consolidated statements of cash flows. We record capital expenditures funded by tenant improvement allowances received as a leasehold improvement on our consolidated balance sheets and as a capital expenditure within our consolidated statements of cash flows.

Fair Value Measurements

The Company uses various inputs in determining the fair value of its investments and measures these assets on a recurring basis. Financial assets recorded at fair value in the consolidated balance sheets are categorized by the level of objectivity associated with the inputs used to measure their fair value. Authoritative guidance provided by the ASC defines the following levels directly related to the amount of subjectivity associated with the inputs to fair valuation of these financial assets:

Level 1—Quoted prices in active markets for identical assets or liabilities.
Level 2—Inputs, other than the quoted prices in active markets, that is observable either directly or indirectly.
Level 3—Unobservable inputs based on the Company's assumptions.

The Company is required to use observable market data if such data is available without undue cost and effort. At June 30, 2014 and December 31, 2013, the fair values of cash and cash equivalents, accounts receivable, prepaid expenses, and accounts payable approximate their fair values.

Advertising Costs

Advertising costs are charged to operations as selling and marketing expenses at the time the costs are incurred. Advertising costs for the three and six months ended June 30, 2014 and 2013 were $145,000, $286,000 and $155,000, $304,000, respectively.

Recent Accounting Pronouncements

On May 28, 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update No. 2014-09 (ASU 2014-09), *Revenue from Contracts with Customers*. ASU 2014-09 will eliminate transaction- and industry-specific revenue recognition guidance under current U.S. GAAP and replace it with a principle based approach for determining revenue recognition. ASU 2014-09 will require that companies recognize revenue based on the value of transferred goods or services as they occur in the contract. The ASU also will require additional disclosure about the nature, amount, timing and uncertainty of revenue and cash flows arising from customer contracts, including significant judgments and changes in judgments and assets recognized from costs incurred to obtain or fulfill a contract. ASU 2014-09 is effective for reporting periods beginning after December 15, 2016, and early adoption is not permitted. Entities can transition to the standard either retrospectively or as a cumulative-effect adjustment as of the date of adoption. Management is currently assessing the impact the adoption of ASU 2014-09 and has not determined the effect of the standard on our ongoing financial reporting.

In April 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update No. 2014-08 (ASU 2014-08), *Presentation of Financial Statements (Topic 205) and Property, Plant and Equipment (Topic 360)*. ASU 2014-08 amends the requirements for reporting discontinued operations and requires additional disclosures about discontinued operations. Under the new guidance, only disposals representing a strategic shift in operations or that have a major effect on the Company's operations and financial results should be presented as discontinued operations. This new accounting guidance is effective for annual periods beginning after December 15, 2014. The Company is currently evaluating the impact of adopting ASU 2014-08 on the Company's results of operations or financial condition.

Other recent accounting pronouncements issued by the FASB, including its Emerging Issues Task Force, the American Institute of Certified Public Accountants, and the Securities and Exchange Commission did not or are not believed by management to have a material impact on the Company's present or future consolidated financial statements.

3. Property and Equipment

The table below displays our property and equipment balances as of June 30, 2014 and December 31, 2013, respectively.

		June 30, 2014		December 31, 2013
Office equipment and furniture	$	3,288,000	$	2,918,000
Leasehold improvements		287,000		265,000
Total property and equipment		3,575,000		3,183,000
Less accumulated depreciation		(2,574,000)		(2,299,000)
Total property and equipment, net	$	1,001,000	$	884,000

Depreciation expense was $124,000, $275,000 and $142,000, $290,000 for the three and six months ended June 30, 2014 and 2013, respectively.

4. Goodwill and Intangible Assets

The following table summarizes the original cost of goodwill and intangible assets, net of related accumulated amortization, as of June 30, 2014 and December 31, 2013, respectively:

		June 30, 2014		December 31, 2013
Contract commitments	$	2,242,000	$	2,242,000
Intellectual property (e.g. domain names)		130,000		130,000
Total intangible assets		2,372,000		2,372,000
Less accumulated amortization		(2,062,000)		(1,874,000)
Total intangible assets, net		310,000		498,000
Goodwill		3,120,000		3,120,000
Total goodwill and intangible assets, net	$	3,430,000	$	3,618,000

Total amortization expense related to intangible assets for the three and six months ended June 30, 2014 and 2013 was $79,000, $188,000 and $127,000, $254,000, respectively.

5. Senior Secured Note Payable

On May 14, 2014, the Company entered into a $4.0 million secured term loan ("Loan'") with U.S. Bank. The Loan is to be repaid over 36 months and bears an annual interest rate of prime plus 1.25% and has no prepayment penalty. The Loan is secured by the majority of the assets of the Company and its subsidiary and is subject to certain covenants for which the Company was in compliance at June 30, 2014. Proceeds from the Loan were used to pay in full its existing note payable to Baker Street Capital L.P. for $3.7 million (see Note 6). The remaining proceeds were used for general working capital purposes. As of June 30, 2014, the net obligation due, which includes accrued interest of $15,000, was $4,015,000, of which $1,015,000 was reflected as part of current liabilities on the accompanying consolidated balance sheets, respectively.

6. Notes Payable

The following table summarizes the notes payable balance, net of discount, as of June 30, 2014 and December 31, 2013, respectively:

		June 30, 2014		December 31, 2013
Baker Street Capital, L.P.	$	-	$	3,550,000
VegasTix4Less, net of discount		716,000		904,000
Total notes payable		716,000		4,454,000
Less notes payable – short term, net of discount		(176,000)		(3,726,000)
Notes payable – long term	$	540,000	$	728,000

Baker Street Capital, L.P.

On December 24, 2013, the Company entered into and concurrently closed on a Stock Repurchase Agreement with Baker Street Capital, L.P. ("BSC"), Baker Street Capital Management, LLC and Vadim Perelman, pursuant to which the Company purchased from BSC 5,451,259 shares of common stock of the Company, being all such shares owned by BSC. The aggregate purchase price for the acquired shares was $10,630,000, or $1.95 per share, of which $1.30 per share, or $7,087,000 was paid in cash on December 24, 2013 and $3,543,000, or $0.65 per share, was payable on or prior to December 24, 2014 together with interest accrued thereon at an annual rate of 10% (the "Anniversary Payment"). At the election of the Company, it could prepay the Anniversary Payment at any time, in one or more payments, and interest would cease to accrue on any portion of the Anniversary Payment paid. The payment of the Anniversary Payment and interest thereon was evidenced by an unsecured promissory note made by the Company in favor of BSC and guaranteed by Tix4Tonight. Under the Stock Purchase Agreement, BSC is subject to certain restrictions, including standstill restrictions and, for a period of five years, a covenant not to compete with the Company or interfere with its business in Las Vegas. BSC and the Company have also agreed to mutual releases of claims. As of December 31, 2013, the net obligation due of $3,550,000, which included accrued interest of $7,000, was reflected as part of current liabilities on the accompanying consolidated balance sheets. On May 15, 2014, the Company paid in full the net obligation due of $3,681,000, which included accrued interest of $138,000, leaving no balance outstanding as of June 30, 2014.

VegasTix4Less

On February 10, 2011, the Company entered into and concurrently closed on an Asset Purchase Agreement with VegasTix4Less. Pursuant to the Asset Purchase Agreement, the Company paid VegasTix4Less $2.0 million in cash and issued a $2.0 million non-interest bearing secured promissory note. The secured promissory note is secured by the assets acquired from VegasTix4Less. As this obligation carries no interest, the Company imputed an average interest rate of 5.00% resulting in a discount of $200,000, which is being amortized on an effective interest rate basis over the eight year term of the note. As of December 31, 2013, $1.0 million was outstanding under the promissory note. During the period ended June 30, 2014, the Company made a payment of $200,000. As of June 30, 2014, $800,000 was outstanding under the note payable, of which $200,000 is due per year beginning in fiscal year 2015 and concluding in fiscal year 2018. As of June 30, 2014 and December 31, 2013, the unamortized discount for the note payable was $84,000 and $96,000, resulting in a net obligation due of $716,000 and $904,000, of which $176,000 and $176,000 was reflected as part of current liabilities on the accompanying consolidated balance sheets, respectively.

7. Obligation for Share Purchases

In fiscal year 2011, certain officers, excluding the Company's Chairman and Chief Executive Officer, and employees of the Company (the "Purchasers") agreed to purchase an aggregate of 942,590 shares of the Company's Common Stock from existing stockholders at $2.00 per share or an aggregate of purchase price $1.9 million.

The selling stockholders agreed to defer the payment of their respective purchase prices in several installments over a five year period. All of the shares subject to each such purchase agreement will be held in escrow until the payment of the final installment to the seller under each such purchase agreement, at which time the shares will be released to the Purchasers. If the Purchaser fails to make an installment payment when due, the Company is obligated to make the installment payment and all future installment payments when due under their respective purchase agreement. If the Purchaser so defaults, the Company will be entitled to acquire all of the shares for which installment payments under the relevant purchase agreement have already been made and all shares for which it makes future installment payments, subject in each case to the continuing rights of the seller under the relevant purchase agreement and subject to the terms of the related escrow agreement. If, following such a default by the Purchaser, the Company fails to make any such installment payment when due, the shares representing the unpaid portion of the purchase price will be released from escrow and returned to the relevant seller and the remaining shares in escrow will be released to the Company. Each Purchaser has obtained a proxy from their respective sellers to vote all of the shares of Common Stock subject to their respective purchase agreement. The Company agreed to loan to the Purchasers an amount in cash sufficient to enable such Purchasers to pay the purchase price installment payments when due to the respective sellers under their respective purchase agreements. The Company also has an option to purchase from each Purchaser only those shares of Common Stock for which installment payments have already been made by such Purchaser under the respective purchase agreements for an exercise price ranging from $2.25 to $3.25 per share. In the event that the Company exercises the option, the shares of Common Stock subject to such option exercise will continue to remain subject to the continuing rights of the seller under the relevant purchase agreement and subject to the terms of the related escrow agreement.

Pursuant to authoritative guidance provided by the ASC, the Company determined that the agreement to finance the purchase of the 942,590 shares of Common Stock by these officers in exchange for a note (the "Note") is considered an option for accounting purposes. As the Note is secured by the Common Stock purchased, the Purchasers have the option to relinquish the Common Stock to the Company in lieu of repaying the Note in case the value of the Common Stock falls below the value of the Note. In that event, the Purchasers will be in the same position as if it never exercised the option or purchased the stock. Further, the advances to the officers and employee under the note will be recorded as a reduction to Stockholders' Equity. The Company determined the value of the 942,590 shares of Common Stock to be $1.3 million based upon a Black-Scholes Method using the following assumptions – stock price of $1.82; exercise price of $2.00; expected life of 5 years; volatility of 93%; dividend rate of 0.0% and discount rate of 6%. The aggregate value of these shares of $1.3 million is being amortized over the estimated life of 5 years. During the three and six months ended June 30, 2014 and 2013, total amortization recorded amounted to $58,000, $116,000 and $58,000, $116,000, respectively. As of June 30, 2014, the total unamortized amount of $454,000 will be amortized over the next 1.9 years.

The Company has recorded the aggregate purchase of $2.1 million due from the Purchasers as a contra-equity account in the accompanying consolidated balance sheets. The balance due from Purchasers was $2.1 million as of December 31, 2013. As of December 31, 2013, $244,000 was outstanding under the Company's purchase obligation. During the six months ended June 30, 2014, the Company made further payments of $90,000 to the Purchasers. As of June 30, 2014, $159,000 was outstanding under the Company's share purchase obligation to the Purchasers of which, $81,000 was reflected as part of current liabilities and $78,000 as non-current liability on the accompanying consolidated balance sheets.

Stockholders' Equity

Treasury Shares

During the six months ended June 30, 2014, the Company purchased 40,000 shares of its outstanding Common Stock for $44,000 at an average price of $1.10 per share.

Summary of Stock Options

The Company has various stock-based compensation plans. A summary of the combined stock options for the six months ended June 30, 2014 is as follows:

	Number of Options		Weighted Average Exercise Price
Balance outstanding, December 31, 2013	2,259,295	$	2.06
Options granted	-		-
Options exercised	(50,000)		1.25
Options expired or forfeited	(113,000)		1.37
Balance outstanding, June 30, 2014	2,096,295	$	2.11
Balance exercisable, June 30, 2014	2,068,721	$	2.12

Information relating to outstanding stock options at June 30, 2014, summarized by exercise price, is as follows:

	Outstanding				Exercisable		
Exercise Price Per Share	Shares	Life (Years)		Weighted Average Exercise Price	Shares		Weighted Average Exercise Price
$6.00 - $7.00	336,000	3.24	$	6.98	336,000	$	6.98
$0.82 - $1.99	1,760,295	6.03	$	1.18	1,732,721	$	1.17
	2,096,295	5.58	$	2.11	2,068,721	$	2.12

The Company recorded compensation expense pursuant to authoritative guidance provided by the ASC for the three and six months ended June 30, 2014 and 2013 of $9,000, $19,000 and $130,000, $260,000, respectively. As of June 30, 2014, the Company has outstanding unvested options with future compensation costs of $25,000, which will be recorded as compensation cost as the options vest over their remaining average estimated life of 0.7 years.

The intrinsic value of outstanding stock options at June 30, 2014 was $54,000 as compared to $54,000 at December 31, 2013. The intrinsic value of exercisable stock options at June 30, 2014 was $54,000 as compared to $54,000 at December 31, 2013.

Summary of Warrants

A summary of warrant activity for the six months ended June 30, 2014 is as follows:

	Number of Warrants		Weighted Average Exercise Price
Balance outstanding, December 31, 2013	747,059	$	1.33
Warrants granted	-		-
Warrants exercised	-		-
Warrants expired or forfeited	-		-
Balance outstanding, June 30, 2014	747,059	$	1.33
Balance exercisable, June 30, 2014	710,294	$	1.30

Information relating to outstanding warrants at June 30, 2014, summarized by exercise price, is as follows:

	Outstanding				Exercisable		
Exercise Price Per Share	Shares	Life (Years)		Weighted Average Exercise Price	Shares		Weighted Average Exercise Price
$1.20 - $1.85	747,059	5.72	$	1.33	710,294	$	1.30

The Company recorded compensation expense pursuant to authoritative guidance provided by the ASC for the three and six months ended June 30, 2014 and 2013 of $13,000, $25,000 and $59,000, $118,000, respectively. As of June 30, 2014, the Company has outstanding unvested warrants with future compensation costs of $33,000, which will be recorded as compensation cost as the warrants vest over their remaining average estimated life of 0.7 years.

Both the outstanding and exercisable warrants had no intrinsic value at June 30, 2014 and December 31, 2013.

8. Related Party Transactions

On May 27, 2014, the Company purchased from its director, Norman Feirstein, 40,000 shares of its outstanding Common Stock for $44,000 at a price of $1.10 per share.

The late Benjamin Frankel, a former director of the Company, was a partner and President at Frankel, LoPresti & Co., an accountancy corporation. During the three and six months ended June 30, 2013, the Company incurred fees to such accounting firm for accounting and tax services of $24,000 and $50,000, respectively.

Kimberly Simon, the Company's Chief Operating Officer, is the founder, managing director, and trustee of KISS for Homeless Animals, an Internal Revenue Service section 501(c)(3) tax-exempt organization. Mitch Francis, the Company's Chairman and Chief Executive Officer, is also a Trustee. The Company made charitable contributions of $24,000 to KISS for Homeless Animals during the six months ended June 30, 2013. No similar contribution was made during the six months ended June 30, 2014.

9. Income Taxes

At December 31, 2013, the Company estimates it had federal net operating loss carry forwards ("NOL") of approximately $44.3 million, which are subject to certain limitations, which begin expiring in 2019 in varying amounts through 2033. The Company also has California State NOL of approximately $8.0 million expiring in 2014 in varying amounts through 2032.

Authoritative guidance issued by the ASC requires that a valuation allowance be established when it is more likely than not that all or a portion of deferred tax assets will not be realized. Based on a study performed by an outside third party during the third quarter of 2011 and due to the restrictions imposed by Internal Revenue Code Section 382 regarding substantial changes in ownership of companies with loss carry forwards, the utilization of the Company's NOL is limited to $1.8 million per year as a result of recent cumulative changes in stock ownership. NOL's of $28.4 million, which were incurred subsequent to the latest change in control, are not subject to the $1.8 million per year limitation. As a result of the limitations related to Internal Revenue Code Section 382 and the Company's lack of history of profits, the Company recorded a 100% valuation allowance against its net deferred tax assets as of June 30, 2014 and December 31, 2013.

In assessing the realizability of deferred tax assets, management considers whether it is more likely than not that some portion or all of the deferred tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible. Management considers the scheduled reversal of deferred tax liabilities, projected future taxable income, and tax planning strategies in making this assessment. The Company has existing limitations on its available federal NOL due to its previous changes in ownership under Internal Revenue Service Section 382 guidelines. These restrictions limit the amount of NOL the Company can utilize over the next several years.

During 2014 we have utilized certain federal NOLs to reduce our current year tax provision. We have provided valuation allowances related to the benefits from income taxes resulting from the application of a statutory tax rate to our NOL's generated in previous periods. The allowances were established and maintained as a result of our history of losses from operations.

10. Basic and Diluted Income per Share

Our computation of earnings per share ("EPS") includes basic and diluted EPS. Basic EPS is measured as the income available to common stockholders divided by the weighted average common shares outstanding for the period. Diluted income per share reflects the potential dilution, using the treasury stock method, that could occur if securities or other contracts to issue common stock were exercised or converted into common stock or resulted in the issuance of common stock that then shared in the income of the Company as if they had been converted at the beginning of the periods presented, or issuance date, if later. In computing diluted income per share, the treasury stock method assumes that outstanding options and warrants are exercised and the proceeds are used to purchase common stock at the average market price during the period. Options and warrants may have a dilutive effect under the treasury stock method only when the average market price of the common stock during the period exceeds the exercise price of the options and warrants. Potential common shares that have an anti-dilutive effect (i.e., those that increase income per share or decrease loss per share) are excluded from the calculation of diluted EPS.

Income per common share is computed by dividing net income by the weighted average number of shares of common stock outstanding during the respective periods. Basic and diluted per common share is the same for periods in which the company reported an operating loss because all warrants and stock options outstanding are anti-dilutive.

The following table sets forth the computation of basic and diluted income per common share.

	Six Months Ended June 30, 2014	Six Months Ended June 30, 2013
Net income	$ 1,729,000	$ 816,000
Weighted average common shares – basic	18,211,758	23,669,831
Dilutive effect of outstanding warrants and stock options	82,874	57,125
Weighted average shares – diluted	18,294,632	23,726,956
Net income per common share:		
Basic	$ 0.09	$ 0.03
Diluted	$ 0.09	$ 0.03

There were no adjustments to net income required for purposes of computing diluted earnings per share. At June 30, 2014 and 2013, we excluded the outstanding securities summarized below, which entitle the holders thereof to acquire shares of common stock, from our calculation of earnings per share, as their effect would have been anti-dilutive.

	June 30, 2014	June 30, 2013
Warrants	747,059	747,059
Stock options	1,796,295	2,009,295
Total	2,543,354	2,756,354

11. Legal Proceedings

We are not currently involved in any litigation. There is no action, suit, proceeding, inquiry or investigation before or by any court, public board, government agency, self-regulatory organization or body pending or, to the knowledge of the executive officers of our company or our subsidiary, threatened against or affecting our company, our common stock, our subsidiary or of our company or our subsidiary's officers or directors in their capacities as such.

12. Subsequent Events

The Company has evaluated subsequent events occurring from July 1, 2014 through the date the financial statements were available to be issued.

Item 4: Management's discussion and analysis or plan of operation

The following discussion should be read in conjunction with the information contained in our consolidated financial statements, including the notes thereto. Statements regarding future economic performance, management's plans and objectives, and any statements concerning assumptions related to the foregoing contained herein constitute forward-looking statements. Certain factors which may cause actual results to vary materially from these forward-looking statements are set forth herein or in our Annual Report for the year ended December 31, 2013.

Results of Operations –

Consolidated Results of Operations - Three and Six Months ended June 30, 2014 and 2013

	Three Months Ended June 30, 2014	Three Months Ended June 30, 2013	% change 2014 v 2013	Six Months Ended June 30, 2014	Six Months Ended June 30, 2013	% change 2014 v 2013
Revenue	$ 5,726,000	$ 5,160,000	11%	$ 10,899,000	$ 10,443,000	4%
Operating Expenses:						
Direct operating expenses	2,314,000	2,132,000	9%	4,677,000	4,467,000	5%
Selling, general and administrative expenses	1,847,000	2,131,000	(13%)	3,783,000	4,524,000	(16%)
Depreciation and amortization	203,000	269,000	(25%)	463,000	544,000	(15%)
Total costs and expenses	4,364,000	4,532,000	(4%)	8,923,000	9,535,000	(6%)
Operating income	1,362,000	628,000	117%	1,976,000	908,000	118%
Operating margin	24%	12%		18%	9%	
Other expense - net	(73,000)	(11,000)	564%	(166,000)	(16,000)	938%
Income from operations before income tax expense	1,289,000	617,000	109%	1,810,000	892,000	103%
Income tax expense	51,000	38,000	34%	81,000	76,000	7%
Net income	$ 1,238,000	$ 579,000	114%	$ 1,729,000	$ 816,000	112%

Three Months Ended June 30, 2014 and 2013:

Revenues

The Company's Las Vegas discount show ticketing business recognizes as revenue the commissions and related transaction fees earned from the sale of Las Vegas show tickets at the time the tickets are paid for by and delivered to the customers. The Company's transaction fees are charged on a per-ticket basis. With certain exceptions, ticket sales are generally non-refundable, although same-day exchanges of previously sold tickets are permitted. Claims for ticket refunds, which are generally received and paid the day after the show date, are charged back to the respective shows and are recorded as a reduction to the Company's commissions and fees at the time that such refunds are processed. The Company does not have accounts receivable associated with its sales transactions, as payment is collected at the time of sale.

The Company offers reservations for discounted dinners at various restaurants surrounding the Las Vegas Strip and downtown. Revenues are recognized as transaction fees are earned from the purchaser of the dinner reservations at the time the reservations are made and a subsequent nominal fee from the restaurant at the time the reservation is used. At this time, the Company has immaterial amounts of accounts receivable.

Revenues were $5.7 million and $5.2 million for the three months ended June 30, 2014 and 2013, respectively. The increase in revenues was due to an increase in the number of discount ticket locations as compared to the same period of the prior year. Additionally, the Easter holiday season, which is generally beneficial to our business, occurred in April of this year compared to March of the prior year.

Direct Operating Expenses

Direct operating expenses include payroll costs, rents, and utilities. Direct operating expenses were $2.3 million and $2.1 million, or 40% and 41% of the revenues for the three months ended June 30, 2014 and 2013, respectively. The increase in expense was due to the increase in the number of discount ticket locations as compared to the same period of the prior year.

Selling, General and Administrative Expenses

Selling, general and administrative expenses include expenses that relate to activities directed by our executive offices including corporate personnel costs, insurance, litigation, legal and accounting fees, stock based compensation expense, consulting and advisory fees, regulatory compliance costs, board of directors' fees and corporate occupancy costs. In addition, selling, general and administrative expenses include merchant credit card processing fees, employee benefit expenses, advertising and miscellaneous other general operating expenses to support our ticketing services business.

Total selling, general and administrative expenses were $1.8 million and $2.1 million for the three months ended June 30, 2014 and 2013, respectively. Included in the three months ended June 30, 2013 expenses are $220,000 of expenses relating to certain non-recurring matters requiring legal and advisory services relating to corporate and governance matters and litigation. No similar expense occurred during the same period of the current year. Excluding these expenses, selling, general and administrative expenses decreased $64,000, or 3%, to $1.8 million compared to $1.9 million for same period of the prior year. The decrease in expenses of $64,000 was related to the reduction in stock based compensation expense offset by increased professional services fees and bank fees related to our senior secured promissory note.

Depreciation and Amortization

Depreciation and amortization expense was $203,000 and $269,000 for the three months ended June 30, 2014 and 2013, respectively.

Other Expense, net

Other expense, net, which includes interest income and expense, was $73,000 and $11,000 for the three months ended June 30, 2014 and 2013, respectively. The increase of $62,000 was due to increased interest expense associated with increased debt balances (See Note 5 and Note 6 to our Consolidated Financial Statements).

Income Tax Expense

Income tax expense was $51,000 and $38,000 for the three months ended June 30, 2014 and 2013, respectively.

Six Months Ended June 30, 2014 and 2013:

Revenues

The Company's Las Vegas discount show ticketing business recognizes as revenue the commissions and related transaction fees earned from the sale of Las Vegas show tickets at the time the tickets are paid for by and delivered to the customers. The Company's commissions are calculated based on the face value of the show tickets sold. The Company's transaction fees are charged on a per-ticket basis. With certain exceptions, ticket sales are generally non-refundable, although same-day exchanges of previously sold tickets are permitted. Claims for ticket refunds, which are generally received and paid the day after the show date, are charged back to the respective shows and are recorded as a reduction to the Company's commissions and fees at the time that such refunds are processed. The Company does not have accounts receivable associated with its sales transactions, as payment is collected at the time of sale.

The Company offers reservations for discounted dinners at various restaurants surrounding the Las Vegas Strip and downtown. Revenues are recognized as transaction fees are earned from the purchaser of the dinner reservations at the time the reservations are made and a subsequent nominal fee from the restaurant at the time the reservation is used. At this time, the Company has immaterial amounts of accounts receivable.

Revenues were $10.9 million and $10.4 million for the six months ended June 30, 2014 and 2013, respectively. The increase in revenues was due to an increase in the number of discount ticket locations as compared to the same period of the prior year.

Direct Operating Expenses

Direct operating expenses include payroll costs, rents, and utilities. Direct operating expenses were $4.7 million and $4.5 million, or 43% and 43% of the revenues for the six months ended June 30, 2014 and 2013, respectively. The increase in expense was due to the increase in the number of discount ticket locations as compared to the same period of the prior year.

Selling, General and Administrative Expenses

Selling, general and administrative expenses include expenses that relate to activities directed by our executive offices including corporate personnel costs, insurance, litigation, legal and accounting fees, stock based compensation expense, consulting and advisory fees, regulatory compliance costs, board of directors' fees and corporate occupancy costs. In addition, selling, general and administrative expenses include merchant credit card processing fees, employee benefit expenses, advertising and miscellaneous other general operating expenses to support our ticketing services business.

Total selling, general and administrative expenses were $3.8 million and $4.5 million for the six months ended June 30, 2014 and 2013, respectively. Included in these expenses are $109,000 of aggregate expenses during the first six months of 2014 and $620,000 of aggregate expenses during the same period a year ago, in each case relating to expenses for certain non-recurring matters requiring legal and advisory services relating to corporate and governance matters and litigation expenses. Excluding these expenses, selling, general and administrative expenses decreased $230,000, or 6%, to $3.7 million compared to $3.9 million for the same period of the prior year. The decrease in expenses of $230,000 was related to the reduction in stock based compensation expense offset by increased professional services fees and bank fees related to our senior secured promissory note.

Depreciation and Amortization

Depreciation and amortization expense were $463,000 and $544,000 for the six months ended June 30, 2014 and 2013, respectively.

Other Expense, net

Other expense, net, which includes interest income and expense, was $166,000 and $16,000 for the six months ended June 30, 2014 and 2013, respectively. The increase of $150,000 was due to increased interest expense associated with increased debt balances (See Note 5 and Note 6 to our Consolidated Financial Statements).

Income Tax Expense

Income tax expense was $81,000 and $76,000 for the six months ended June 30, 2014 and 2013, respectively.

Liquidity and Capital Resources

At June 30, 2014, we had cash and short-term investments of $6.2 million and total assets of $11.0 million compared to $3.2 million and $8.1 million at December 31, 2013. Our working capital totaled $2.7 million at June 30, 2014, compared to a negative working capital of $2.0 million at December 31, 2013.

Cash flows provided from operating activities were $3.3 million for the six months ended June 30, 2014. Cash flows from operating activities were derived from our net income of $1.7 million and increased by net non-cash charges, which include interest, stock options, warrants, depreciation, and intangible assets amortization. Total non-cash charges were $643,000. The net income plus the non-cash charges were added to the net change in working capital accounts of $894,000, which included an increase in accounts payable and accrued expenses of $850,000. The remaining change was due to small differences in several smaller working capital accounts.

Cash used in investing activities was $392,000 for the six months ended June 30, 2014 which was used to purchase property and equipment.

Cash provided by financing activities was $123,000 for the six months ended June 30, 2014, which includes $4.0 million received from the issuance of a senior secured note payable (See Note 5 to our Consolidated Financial Statements), payment of $3.7 million against our notes payable (See Note 6 to our Consolidated Financial Statements), $90,000 advanced to certain officers and employees to purchase shares of the Company's Common Stock (see Note 7 to our Consolidated Financial Statements), and $44,000 for the repurchase of treasury shares.

Summary

Our primary short-term liquidity needs are to fund general working capital requirements while our long-term liquidity needs are primarily acquisition related. Our primary source of funds for our short-term needs will be cash flows from operations, while our long-term sources of funds will be from operations and debt or equity financing. We believe we have sufficient cash on hand and are generating sufficient cash from operations to meet our current operating needs.

Off-Balance Sheet Arrangements

As of June 30, 2014, the Company did not have any “off balance sheet arrangements,” as defined in Item 16(C)(2) of the OTC Markets Guidelines for Providing Adequate Current Information.

Item 5: Legal proceedings

We are not currently involved in any litigation. There is no action, suit, proceeding, inquiry or investigation before or by any court, public board, government agency, self-regulatory organization or body pending or, to the knowledge of the executive officers of our company or our subsidiary, threatened against or affecting our company, our common stock, our subsidiary or of our company or our subsidiary’s officers or directors in their capacities as such.

Item 6: Defaults upon senior securities

Not applicable.

Item 7: Other information

Not applicable.

Item 8: Exhibits

Not applicable. The Company’s exhibits are incorporated by reference from the Company’s Annual Report file for the year ended December 31, 2013.

Item 9: Certifications

- Exhibit 9(A) – Certification of Principal Executive Officer
- Exhibit 9(B) – Certification of Principal Financial Officer

Exhibit 9(A)

CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER

I, Mitch Francis, Chairman and Chief Executive Officer of Tix Corporation (the “Company”), certify that:

1. I have reviewed this quarterly disclosure statement of the Company for the three and six month period ended June 30, 2014;

2. Based on my knowledge, this disclosure statement does not contain any untrue statements 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 disclosure statement; and

3. Based on my knowledge, the financial statements, and other financial information included or incorporated by reference in this disclosure statement, fairly present in all material respects the financial condition, results of operations and cash flows of the Company as of, and for, the periods presented in this disclosure statement.

Date: August 4, 2014

/s/ Mitch Francis
Mitch Francis
Chairman and Chief Executive Officer

Exhibit 9(B)

CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER

I, Steve Handy, Chief Financial Officer of Tix Corporation (the "Company"), certify that:

1. I have reviewed this quarterly disclosure statement of the Company for the three and six month period ended June 30, 2014;

2. Based on my knowledge, this disclosure statement does not contain any untrue statements 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 disclosure statement; and

3. Based on my knowledge, the financial statements, and other financial information included or incorporated by reference in this disclosure statement, fairly present in all material respects the financial condition, results of operations and cash flows of the Company as of, and for, the periods presented in this disclosure statement.

Date: August 4, 2014

/s/ Steve Handy
Steve Handy
Chief Financial Officer