



TIX CORPORATION
QUARTERLY REPORT
FOR THE THREE MONTHS ENDED
MARCH 31, 2013

Tix Corporation and Subsidiaries

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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 March 31, 2013.

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	March 31, 2013	100,000,000	23,669,831	6,500,000	649	172
Preferred Stock	March 31, 2013	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 SUBSIDIARIES CONDENSED CONSOLIDATED BALANCE SHEETS

	March 31, 2013	December 31, 2012
	(Unaudited)	
Assets		
Current assets:		
Cash	\$ 5,989,000	\$ 6,017,000
Short-term investments	2,998,000	2,993,000
Accounts receivable	46,000	45,000
Prepaid expenses and other current assets	293,000	419,000
Total current assets	9,326,000	9,474,000
Property and equipment, net	952,000	1,047,000
Other assets:		
Intangible assets:		
Goodwill	3,120,000	3,120,000
Intangibles, net	879,000	1,006,000
Total intangible assets	3,999,000	4,126,000
Deposits and other assets	154,000	187,000
Total other assets	4,153,000	4,313,000
Total assets	\$ 14,431,000	\$ 14,834,000
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable and accrued expenses	\$ 2,713,000	\$ 3,372,000
Deferred revenue	137,000	151,000
Other current liabilities	146,000	156,000
Note payable – short term	170,000	-
Obligation for share purchase – short term	84,000	209,000
Total current liabilities	3,250,000	3,888,000
Note payable – net of current portion	715,000	879,000
Obligation for share purchases – net of current portion	160,000	244,000
Total liabilities	4,125,000	5,011,000
Commitments and contingencies		
Stockholders' equity:		
Preferred stock, \$.01 par value; 500,000 shares authorized; none issued		
Common Stock, \$.08 par value; 100,000,000 shares authorized; 23,669,831 shares net of 9,955,544 treasury shares, and 23,669,831 shares net of 9,955,544 treasury shares issued and outstanding at March 31, 2013 and December 31, 2012, respectively	2,691,000	2,691,000
Additional paid-in capital	92,626,000	92,366,000
Obligation for share purchases	(2,047,000)	(2,032,000)
Cost of shares held in treasury	(14,654,000)	(14,654,000)
Accumulated deficit	(68,295,000)	(68,532,000)
Accumulated other comprehensive loss	(15,000)	(16,000)
Total stockholders' equity	10,306,000	9,823,000
Total liabilities and stockholders' equity	\$ 14,431,000	\$ 14,834,000

See accompanying notes to the condensed consolidated financial statements.

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

	Three Months Ended March 31,	
	2013	2012
	(Unaudited)	(Unaudited)
Revenues	\$ 5,283,000	\$ 5,868,000
Operating expenses:		
Direct costs of revenues	2,335,000	2,801,000
Selling, general and administrative expenses	2,393,000	2,977,000
Depreciation and amortization	275,000	299,000
Total costs and expenses	5,003,000	6,077,000
Income (loss) from continuing operations	280,000	(209,000)
Other expense:		
Other (expense) income	(5,000)	3,000
Interest income	6,000	12,000
Interest expense	(6,000)	(26,000)
Other expense, net	(5,000)	(11,000)
Income (loss) from continuing operations before income tax expense	275,000	(220,000)
Income tax expense	38,000	-
Income (loss) from continuing operations	237,000	(220,000)
Discontinued operations:		
Loss from operations of discontinued operations	-	(74,000)
Loss on discontinued operations	-	(74,000)
Net income (loss)	\$ 237,000	\$ (294,000)
Other comprehensive loss:		
Unrealized gain (loss) on available-for-sale securities	1,000	(2,000)
Comprehensive income (loss)	\$ 238,000	\$ (296,000)
Net income (loss) per common share – continuing operations		
Net income (loss) per common share – continuing operations - basic	\$ 0.01	\$ (0.01)
Net income (loss) per common share – continuing operations - diluted	\$ 0.01	\$ (0.01)
Net loss per common share – discontinued operations		
Net loss per common share – discontinued operations - basic	\$ -	\$ (0.00)
Net loss per common share – discontinued operations - diluted	\$ -	\$ (0.00)
Net income (loss) per common share		
Net income (loss) per common share – basic	\$ 0.01	\$ (0.01)
Net income (loss) per common share – basic and diluted	\$ 0.01	\$ (0.01)
Weighted average common shares outstanding – basic	23,669,831	24,672,534
Weighted average common shares outstanding – diluted	23,723,976	24,672,534

See accompanying notes to the condensed consolidated financial statements.

TIX CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
THREE MONTHS ENDED MARCH 31, 2013 (UNAUDITED)

	Common Stock		Additional	Obligation	Accumulated	Treasury	Other	Total
	Shares	Amount	Paid In	For	Deficit	Stock	Comprehensive	Stockholders'
			Capital	Share			Loss	Equity
				Purchases				
Balance, December 31, 2012	23,669,831	\$ 2,691,000	\$ 92,366,000	\$ (2,032,000)	\$ (68,532,000)	\$ (14,654,000)	\$ (16,000)	\$ 9,823,000
Fair value of options and warrants issued to employees and directors	-	-	247,000	-	-	-	-	247,000
Obligation for share purchases	-	-	13,000	(15,000)	-	-	-	(2,000)
Unrealized gain on available-for-sale securities arising during the period							1,000	1,000
Net income	-	-	-	-	237,000	-	-	237,000
Balance, March 31, 2013	<u>23,669,831</u>	<u>\$ 2,691,000</u>	<u>\$ 92,626,000</u>	<u>\$ (2,047,000)</u>	<u>\$ (68,295,000)</u>	<u>\$ (14,654,000)</u>	<u>\$ (15,000)</u>	<u>\$ 10,306,000</u>

See accompanying notes to the condensed consolidated financial statements.

TIX CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

	Three Months Ended March 31,	
	2013	2012
	(Unaudited)	(Unaudited)
Cash flows from operating activities:		
Net income (loss)	\$ 237,000	\$ (294,000)
Adjustments to reconcile net income (loss) to cash provided by operating activities:		
Loss on discontinued operations	-	74,000
Depreciation	148,000	166,000
Non-cash interest	6,000	16,000
Realized loss on available-for-sale securities arising during the period	5,000	-
Amortization of intangible assets	127,000	132,000
Fair value of options and warrants issued to employees and directors	247,000	255,000
(Increase) decrease in:		
Accounts receivable	(1,000)	4,000
Prepaid expenses and other assets	159,000	402,000
Increase (decrease) in:		
Accounts payable and accrued expenses	(659,000)	(687,000)
Deferred revenue	(14,000)	(10,000)
Other current liabilities	(10,000)	(3,000)
Net cash provided by operating activities from continuing operations	245,000	55,000
Net cash provided by operating activities from discontinued operations	-	68,000
Net cash provided by operating activities	245,000	123,000
Cash flows from investing activities:		
Purchases of property and equipment	(53,000)	(227,000)
Purchases of short-term investments, net	(9,000)	(3,000,000)
Net cash used in investing activities	(62,000)	(3,227,000)
Net cash used in investing activities from discontinued operations	-	-
Net cash used in investing activities	(62,000)	(3,227,000)
Cash flows from financing activities:		
Cost of treasury shares, net of fees	-	(23,000)
Payment of repurchase obligation	-	(591,000)
Repayment of acquisition note	-	(250,000)
Obligation for share purchases	(211,000)	(105,000)
Net cash used in financing activities	(211,000)	(969,000)
Net decrease	(28,000)	(4,073,000)
Balance at beginning of period	6,017,000	8,077,000
Balance at end of period	\$ 5,989,000	\$ 4,004,000
Supplemental disclosures of cash flow information:		
Cash paid for:		
Income taxes	\$ -	\$ -
Interest	\$ -	\$ -

See accompanying notes to the condensed consolidated financial statements.

TIX CORPORATION AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
THREE MONTHS ENDED MARCH 31, 2013 AND 2012

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”).

Our wholly-owned subsidiary, Tix4Tonight, offers for sale discount show and discount dinner reservations in Las Vegas, Nevada. 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. 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 2012 Annual Report.

Consolidation

The consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries. 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 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’s Las Vegas discounted dinners business offers reservations for discounted dinners at various restaurants surrounding the Las Vegas strip and downtown. 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 60% of our revenues from the sale of discount show tickets and discount dinner reservations from shows and restaurants located in Caesars Entertainment Corporation and MGM Resorts International properties. No single show, venue or theatre was greater than 10% of revenues.

Results of Discontinued Operations

We account for discontinued operations in accordance with the authoritative guidance provided by the Financial Accounting Standards Board (“FASB”), which requires that a component of an entity that has been disposed of be reported as discontinued operations. In the period a component of an entity has been disposed of, we reclassify the results of operations for current and prior periods into a single caption titled *Income (loss) from discontinued operations*. We also classify cash flows related to discontinued operations as one line item within each category of cash flows in our consolidated statements of cash flows.

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 FASB whereas the value of the award is measured on the date of grant and recognized over the vesting period.

The fair value of the Company’s Common Stock option grant 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 FASB. 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 March 31, 2013, the goodwill of \$3.1 million and intangibles assets of \$879,000 relates to our Ticketing Services business. There were no indications of impairment based on management’s assessment of these assets at March 31, 2013. 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 an 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.

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 FASB 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.

Regarding the short-term investments discussed in Note 3, the Company valued these investments using Level 1 inputs. Regarding the note payable discussed in Note 7, the Company valued the shares using Level 3 inputs.

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 months ended March 31, 2013 and 2012 were \$149,000 and \$172,000, respectively.

Recent Accounting Pronouncements

In December 2011, the FASB issued ASU No. 2011-11, "Balance Sheet (Topic 210): Disclosures about Offsetting Assets and Liabilities." This ASU requires an entity to disclose information about offsetting and related arrangements to enable users of its financial statements to understand the effect of those arrangements on its financial position. ASU No. 2011-11 will be applied retrospectively and is effective for annual and interim reporting periods beginning on or after January 1, 2013. The Company does not expect adoption of this standard to have a material impact on its results of operations, financial condition, or liquidity.

In July 2012, the FASB issued ASU No. 2012-02, Intangibles-Goodwill and Other (Topic 350): Testing Indefinite-Lived Intangible Assets for Impairment (ASU 2012-02), allowing entities the option to first assess qualitative factors to determine whether it is necessary to perform the quantitative impairment test. If the qualitative assessment indicates it is more-likely-than-not that the fair value of an indefinite-lived intangible asset is less than its carrying amount, the quantitative impairment test is required. Otherwise, no testing is required. ASU 2012-02 is effective for the Company in the period beginning January 1, 2013. The Company does not expect the adoption of this update to have a material effect on the consolidated financial statements.

Other recent accounting pronouncements issued by the FASB (including its Emerging Issues Task Force), the AICPA, and the Securities 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. Short-Term Investments – Securities Available-For-Sale

The Company's investments are in U.S. treasury securities that have various maturity dates beginning April 15, 2013 and ending December 12, 2013. The Company classified these investments within Level 1 of the fair value hierarchy because they are typically valued using quoted market prices. Management has the ability, if necessary, to liquidate any of its short-term investments in order to meet its liquidity needs in the next 12 months. Accordingly, those investments with contractual maturities greater than one year from the date of purchase nonetheless are classified as short-term on the accompanying consolidated balance sheets. As of March 31, 2013, investments were \$3.0 million. During the three months ended March 31, 2013, the Company realized a loss of \$5,400 on the maturity of some of these investments. As of March 31, 2013, an unrealized loss of \$15,000 has been recorded in the Consolidated Statement of Change in Stockholders' Equity.

4. Property and Equipment

The table below displays our property and equipment balances as of March 31, 2013 and December 31, 2012, respectively.

	<u>March 31, 2013</u>	<u>December 31, 2012</u>
Office equipment and furniture	\$ 2,487,000	\$ 2,434,000
Leasehold improvements	279,000	279,000
Property and equipment	2,766,000	2,713,000
Less accumulated depreciation	(1,814,000)	(1,666,000)
Total property and equipment, net	<u>\$ 952,000</u>	<u>\$ 1,047,000</u>

Depreciation expense was \$148,000 and \$166,000 for the three months ended March 31, 2013 and 2012, respectively.

5. Discontinued Operations

We account for assets held for sale and discontinued operations in accordance with the authoritative guidance provided by the FASB, which requires that a component of an entity that has been disposed of or is classified as held for sale and has operations and cash flows that can be clearly distinguished from the rest of the entity be reported as assets held for sale and discontinued operations. In the period a component of an entity has been disposed of or classified as held for sale, we reclassify the results of operations for current and prior periods into a single caption titled *Income (loss) from discontinued operations, net of income tax benefit (expense)*. In addition, we classify the assets and liabilities of those components as current and noncurrent assets and liabilities held for sale in our consolidated balance sheets. We also classify cash flows related to discontinued operations as one line item within each category of cash flows in our consolidated statements of cash flows.

The Company completed the sale of the assets of its subsidiary, Exhibit Merchandising, LLC (“EM”), on July 12, 2012 to Premier Exhibition Management, LLC for a total consideration of \$125,000. Premier Exhibition Management, LLC acquired primarily EM’s fixed assets and inventory and agreed to assume certain existing obligations of EM.

The financial results attributable to EM for the three months ended March 31, 2012 have been presented as discontinued operations in the accompanying statements of operations and comprehensive income (loss). The following table summarizes the results of EM business included in the condensed consolidated statements of operations and comprehensive income (loss) as discontinued operations for the three months ended March 31, 2012:

	<u>March 31, 2012</u>
Revenues	\$ 722,000
Cost and expenses, net	718,000
Depreciation and amortization	78,000
Loss from discontinued operations before income tax expense	(74,000)
Income tax expense	-
Loss from of discontinued operations, net of income tax	<u>(74,000)</u>
Loss from sale of discontinued operations	-
Total loss from discontinued operations, net of tax	<u>\$ (74,000)</u>

6. Goodwill and Intangible Assets

The following table summarizes the original cost of goodwill and intangible assets, net of related accumulated amortization, for at March 31, 2013 and December 31, 2012.

	<u>March 31, 2013</u>	<u>December 31, 2012</u>
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	(1,493,000)	(1,366,000)
Total intangible assets, net	879,000	1,006,000
Goodwill	3,120,000	3,120,000
Total goodwill and intangible assets, net	<u>\$ 3,999,000</u>	<u>\$ 4,126,000</u>

Total amortization expense related to intangible assets for the three months ended March 31, 2013 and 2012 was \$127,000 and \$132,000, respectively.

7. Note Payable

The following table summarizes the note payable balance, net of discount, as of March 31, 2013 and December 31, 2012.

	<u>March 31, 2013</u>		<u>December 31, 2012</u>
Note payable	\$ 1,000,000	\$	1,000,000
Discount	(115,000)		(121,000)
Total	<u>885,000</u>		<u>879,000</u>
Less current balance	170,000		-
Long term balance	<u>\$ 715,000</u>	\$	<u>879,000</u>

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 March 31, 2013, \$1.0 million was outstanding under the note payable, of which \$200,000 per year is due starting in fiscal year 2014 and concluding in fiscal year 2018. As of March 31, 2013 and December 31, 2012, the unamortized discount for the note payable was \$115,000 and \$121,000, respectively, resulting in a net obligation due of \$885,000 and \$879,000, respectively, on the accompanying consolidated balance sheets.

8. 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 FASB, 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 month period ended March 31, 2013 and 2012, total amortization recorded amounted to \$58,000 and \$63,000, respectively.

The Company has recorded the aggregate purchase of \$2.0 million due from the Purchasers as a contra-equity account in the accompanying consolidated balance sheets. As of December 31, 2012, \$453,000 was outstanding under the Company's purchase obligation. As of March 31, 2013, \$244,000 was outstanding under the Company's share purchase obligation to the Purchasers of which, \$84,000 was reflected as part of current liabilities and \$160,000 as non-current liability on the accompanying consolidated balance sheets.

9. Stockholders' equity

Summary of Stock Options

The Company has various stock-based compensation plans. A summary of the combined stock options for the three months ended March 31, 2013 is as follows:

	<u>Number of options</u>		<u>Weighted Average Exercise Price</u>
Balance outstanding, December 31, 2012	2,309,295	\$	2.08
Options granted	-		-
Options exercised	-		-
Options expired or forfeited	-		-
Balance outstanding, March 31, 2013	<u>2,309,295</u>	<u>\$</u>	<u>2.08</u>
Balance exercisable, March 31, 2013	<u>1,813,265</u>	<u>\$</u>	<u>2.32</u>

Information relating to outstanding stock options at March 31, 2013, summarized by exercise price, is as follows:

Exercise Price Per Share	<u>Outstanding</u>			<u>Exercisable</u>	
	<u>Shares</u>	<u>Life (Years)</u>	<u>Weighted Average Exercise Price</u>	<u>Shares</u>	<u>Weighted Average Exercise Price</u>
\$6.00 - \$7.00	339,000	4.48	\$ 6.98	339,000	\$ 6.98
\$4.00 - \$5.99	-	-	\$ -	-	\$ -
\$2.00 - \$3.99	50,000	0.50	\$ 3.20	50,000	\$ 3.20
\$0.82 - \$1.99	<u>1,920,295</u>	6.96	\$ 1.19	<u>1,424,265</u>	\$ 1.18
	<u>2,309,295</u>	<u>6.46</u>	<u>\$ 2.08</u>	<u>1,813,265</u>	<u>\$ 2.32</u>

The Company recorded compensation expense pursuant to authoritative guidance provided by the FASB for the three months ended March 31, 2013 and 2012 of \$130,000 and \$141,000, respectively. As of March 31, 2013, the Company has outstanding unvested options with future compensation costs of \$389,000, which will be recorded as compensation cost as the options vest over their remaining average estimated life of 1.9 years.

The intrinsic value of outstanding stock options at March 31, 2013 was \$51,000 as compared to \$39,000 at December 31, 2012. The intrinsic value of exercisable stock options at March 31, 2013 was \$34,000 as compared to \$26,000 at December 31, 2012.

Summary of Warrants

A summary of warrant activity for the three months ended March 31, 2013 is as follows:

	<u>Number of warrants</u>		<u>Weighted average exercise price</u>
Balance outstanding, December 31, 2012	747,059	\$	1.33
Warrants granted	-		-
Warrants exercised	-		-
Warrants expired	-		-
Balance outstanding, March 31, 2013	<u>747,059</u>	\$	<u>1.33</u>
Balance exercisable, March 31, 2013	<u>499,020</u>	\$	<u>1.26</u>

Information relating to outstanding warrants at March 31, 2013, summarized by exercise price, is as follows:

<u>Exercise Price Per Share</u>	<u>Outstanding</u>			<u>Exercisable</u>	
	<u>Shares</u>	<u>Life (Years)</u>	<u>Weighted Average Exercise Price</u>	<u>Shares</u>	<u>Weighted Average Exercise Price</u>
\$1.20 - \$1.85	<u>747,059</u>	<u>6.97</u>	\$ <u>1.33</u>	<u>499,020</u>	\$ <u>1.26</u>

The Company recorded compensation expense pursuant to authoritative guidance provided by the FASB for the three months ended March 31, 2013 and 2012 of \$59,000 and \$51,000, respectively. As of March 31, 2013, the Company has outstanding unvested warrants with future compensation costs of \$229,000, which will be recorded as compensation cost as the options vest over their remaining average estimated life of 1.9 years.

The intrinsic value of outstanding warrants at March 31, 2013 was \$0 as compared to \$0 at December 31, 2012. The intrinsic value of exercisable warrants at March 31, 2013 was \$0 as compared to \$0 at December 31, 2012.

10. Related Party Transactions

Benjamin Frankel, a director of the Company, is a partner and President at Frankel, LoPresti & Co., an accountancy corporation. During the three months ended March 31, 2013 and 2012, the Company incurred fees to such accounting firm for accounting and tax services of \$26,000 and \$15,000, respectively.

11. Income Taxes

At December 31, 2012, the Company estimates it had federal net operating loss carry forwards (“NOL”) of approximately \$44.2 million, which are subject to certain limitations, which begin expiring in 2018 in varying amounts through 2032. 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 FASB 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 March 31, 2013 and December 31, 2012.

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 2013 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.

12. 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.

	Three Months Ended March 31,	
	2013	2012
Net income (loss)	\$ 237,000	\$ (294,000)
Weighted average common shares – basic	23,669,831	24,672,534
Dilutive effect of outstanding warrants and stock options	54,145	-
Weighted average shares – diluted	23,723,976	24,672,534
Net income (loss) per common share:		
Basic	\$ 0.01	\$ (0.01)
Diluted	\$ 0.01	\$ (0.01)

There were no adjustments to net income required for purposes of computing diluted earnings per share. At March 31, 2013 and 2012, 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.

	March 31, 2013	March 31, 2012
Warrants	747,059	755,000
Stock options	2,009,295	2,378,000
Total	2,756,354	3,133,000

13. Commitments and Contingencies

Contingent Obligation for Houlihan Lokey Success Fee

As previously reported, in response to a proposed offer from Mitch Francis, the Company's Chairman of the Board, President and Chief Executive Officer, to acquire all of the outstanding shares of common stock of the Company not already owned by Mr. Francis for \$2.25 per share in cash, which offer has since been withdrawn, the Board unanimously approved the formation of a Special

Committee to the Board of Directors (the “Special Committee”) consisting of two directors, Sam Georges and Mark Stolper, to act on behalf of the Company with respect to the proposed transaction and to analyze other strategic alternatives. On June 25, 2012, the Special Committee engaged Houlihan Lokey Capital, Inc. (“Houlihan”) to advise the Special Committee in connection therewith. On January 23, 2013, the Special Committee concluded its analysis of strategic alternatives and, upon the unanimous recommendation of the Special Committee, the Board of Directors dissolved the Special Committee with no action taken as a result of the Special Committee’s review. On February 13, 2013, Houlihan’s engagement was terminated.

In connection with the Special Committee’s engagement of Houlihan, the Special Committee and the Company entered into an agreement (the “Letter Agreement”), whereby Houlihan agreed to provide certain exclusive financial advisory services in connection with any sale, merger, distribution, transfer or other disposition of assets or equity interests of the Company (each, a “Transaction”). As consideration for such services, the Company agreed to pay Houlihan certain retainer and success fees. If the Company consummates or enters into an agreement to engage in a Transaction on or prior to March 15, 2014 (and at any time thereafter consummates such Transaction), with any party that Houlihan identified or with whom Houlihan, the Special Committee or the Company had contact or discussions regarding a potential Transaction during the term of the Letter Agreement, Houlihan may be entitled to certain success fees, on the terms set forth in the Letter Agreement. Such success fees are generally equal to the sum of (1) \$1.0 million plus (2) if the consideration paid to the Company’s stockholders is in excess of \$2.25, 5% of the product of such consideration in excess of \$2.25 per share and the total number of shares outstanding at the consummation of the Transaction, less certain credits for retainer fees previously paid. In addition, if a success fee is payable, Houlihan will be entitled to an additional \$200,000 in retainer fees for services provided during the term of the Letter Agreement.

14. Legal Proceedings

On August 1, 2011, plaintiff Iqbal “Tony” Ashraf and his investment fund, Emerald Pacific Management, served a complaint, naming certain persons, including the Company’s Chief Executive Officer and Chief Operating Officer, as defendants (the “Ashraf Litigation”). Ashraf has filed numerous amended complaints in response to successful demurrers by defendants. Most recently, on December 26, 2012, the court sustained defendants’ demurrer to the Fourth Amended Complaint with leave to amend. On January 15, 2013, Ashraf filed his Fifth Amended Complaint, asserting claims against the Company and its Chief Executive Officer for fraud, negligent misrepresentation, and breach of fiduciary duty. The Chief Operating Officer is no longer a defendant in the litigation. The Fifth Amended Complaint seeks unspecified damages in excess of \$2.0 million. The Company filed a demurrer to Ashraf’s Fifth Amended Complaint on February 19, 2013. Ashraf’s opposition is due on June 3, 2013, and the hearing is scheduled for June 14, 2013. The Company intends to vigorously defend the Ashraf Litigation and does not believe that the ultimate outcome will have a material adverse effect on its business, financial condition or operations.

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, 2012.

Results of Operations

Consolidated Results of Operations

Consolidated Results of Operations - Three Months Ended March 31,

	Three Months Ended March 31,		% change 2013 vs. 2012
	2013	2012	2012
Revenue	\$ 5,283,000	\$ 5,868,000	(10%)
Operating expenses:			
Direct operating expenses	2,335,000	2,801,000	(17%)
Selling, general and administrative expenses	2,393,000	2,977,000	(20%)
Depreciation and amortization	275,000	299,000	(8%)
Total costs and expenses	5,003,000	6,077,000	(18%)
Operating income	280,000	(209,000)	234%
Operating margin	5%	(4%)	
Other income (expense) - net	(5,000)	(11,000)	(55%)
Income (loss) from continuing operations before income tax expense	275,000	(220,000)	225%
Income tax expense	38,000	-	100%
Income (loss) from continuing operations	237,000	(220,000)	208%
Loss from discontinued operations	-	(74,000)	(100%)
Net income (loss)	\$ 237,000	\$ (294,000)	181%

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 \$5.3 million and \$5.9 million for the three months ended March 31, 2013 and 2012, respectively. The decline in revenues of \$585,000 was caused by large scale construction and renovation projects on the Las Vegas strip requiring us to close two of our discount ticket locations; one in April 2012 and another in February 2013. Revenues were also negatively impacted by the continued general overall decrease in consumer spending in Las Vegas.

Direct Operating Expenses

Direct operating expenses include payroll costs, rents, and utilities. Direct operating expenses were \$2.3 million and \$2.8 million, or 44% and 48% of the revenues for the three months ended March 31, 2013 and 2012, respectively. The decrease in expense of \$466,000 was due to \$131,000 in reduced rents and utilities expense and \$190,000 in reduced payroll costs realized from the closure of two of our discount ticket locations as discussed above, and \$145,000 in reduced rents realized on the successful lease renegotiation at one of our discount ticket locations in the second half of calendar year 2012.

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 \$2.4 million and \$3.0 million for the three months ended March 31, 2013 and 2012, respectively. Included in these expenses are \$400,000 of aggregate expenses during the first three months of 2013 and \$876,000 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 \$108,000, or 5%, to \$2.0 million compared to \$2.1 million for same period of the prior year. The decrease in expense was due to a decrease in merchant credit card processing fees of \$26,000, small equipment expense of \$24,000, advertising expense of \$23,000, and employee related healthcare expense of \$20,000. The remaining decrease of \$15,000 in expenses was realized over our remaining operating accounts.

Depreciation and Amortization

Depreciation and amortization expense were \$275,000 and \$299,000 for the three months ended March 31, 2013 and 2012, respectively.

Other Expense, net

Other expense, net was insignificant at \$5,000 and \$11,000 for the three months ended March 31, 2013 and 2012, respectively.

Income Tax Expense

Income tax expense was \$38,000 and \$0 for the three months ended March 31, 2013 and 2012, respectively.

Loss from Discontinued Operations

Loss from discontinued operations was \$0 and \$74,000 for the three months ended March 31, 2013 and 2012, respectively. In July 2012, the Company completed the sale of principally all of the assets of its subsidiary, Exhibit Merchandising, LLC (see Note 8 to our Condensed Consolidated Financial Statements).

Liquidity and Capital Resources

At March 31, 2013, we had cash and short-term investments of \$9.0 million and total assets of \$14.4 million compared to \$9.0 million and \$14.8 million at December 31, 2012. Our working capital totaled \$6.1 million at March 31, 2013, compared to \$5.6 million at December 31, 2012.

Cash flows provided from operating activities were \$245,000 for the three months ended March 31, 2013. Cash flows from operating activities were derived from our net income of \$237,000 and increased net non-cash charges, which include interest, stock options, warrants, depreciation, and intangible assets amortization. Total non-cash charges were \$528,000. The non-cash charges were offset by changes in working capital accounts of \$525,000, which included a decrease in our prepaid and other assets balance of \$159,000 and a decrease in accounts payable and accrued expenses of \$659,000. The remaining change was due to small differences in several smaller working capital accounts.

Cash used in investing activities was \$62,000 for the three months ended March 31, 2013. The Company used \$53,000 for the purchase of property and equipment and the Company invested \$9,000 in U.S. treasury securities.

Cash used in financing activities from continuing operations was \$211,000 for the three months ended March 31, 2013, which related to \$211,000 advanced to certain officers and employees to purchase shares of Common Stock (see Note 8 to our Condensed Consolidated Financial Statements).

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 March 31, 2013, 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

On August 1, 2011, plaintiff Iqbal “Tony” Ashraf and his investment fund, Emerald Pacific Management, served a complaint, naming certain persons, including the Company’s Chief Executive Officer and Chief Operating Officer, as defendants (the “Ashraf Litigation”). Ashraf has filed numerous amended complaints in response to successful demurrers by defendants. Most recently, on December 26, 2012, the court sustained defendants’ demurrer to the Fourth Amended Complaint with leave to amend. On January 15, 2013, Ashraf filed his Fifth Amended Complaint, asserting claims against the Company and its Chief Executive Officer for fraud, negligent misrepresentation, and breach of fiduciary duty. The Chief Operating Officer is no longer a defendant in the litigation. The Fifth Amended Complaint seeks unspecified damages in excess of \$2.0 million. The Company filed a demurrer to Ashraf’s Fifth Amended Complaint on February 19, 2013. Ashraf’s opposition is due on June 3, 2013, and the hearing is scheduled for June 14, 2013. The Company intends to vigorously defend the Ashraf Litigation and does not believe that the ultimate outcome will have a material adverse effect on its business, financial condition or operations.

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, 2012.

Item 9: Certifications

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

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 month period ended March 31, 2013;
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: May 2, 2013

/s/ Mitch Francis

Mitch Francis

Chairman and Chief Executive Officer

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 month period ended March 31, 2013;
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: May 2, 2013

/s/ Steve Handy
Steve Handy
Chief Financial Officer