TIX CORPORATION

QUARTERLY REPORT

FOR THE THREE MONTHS ENDED

MARCH 31, 2012

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 March 31, 2012.

Class	As of	Number of Shares Authorized	Number of Shares Outstanding	Freely Tradable Shares or Public Float	Total Number of Beneficial Stockholders	Total Number of Stockholders of Record
Common Stock	March 31, 2012	100,000,000	23,669,831	16,600,000	806	186
Preferred Stock	March 31, 2012	500,000	-	-	-	-

Item 3: Interim financial statements

TIX CORPORATION AND SUBSIDIARIES

CONSENSED CONSOLIDATED BALANCE SHEETS

	March 31, 2012 (Unaudited)	December 31, 2011
Assets		
Current assets:		
Cash	$ 4,004,000	$ 8,077,000
Short-term investments – securities available-for-sale	2,999,000	-
Accounts receivable	67,000	89,000
Inventory, net	427,000	607,000
Prepaid expenses and other current assets	412,000	917,000
Total current assets	7,909,000	9,690,000
Property and equipment, net	1,661,000	1,676,000
Other assets:		
Intangible assets:		
Goodwill	3,120,000	3,120,000
Intangibles, net	1,388,000	1,520,000
Total intangible assets	4,508,000	4,640,000
Deposits and other assets	126,000	330,000
Total other assets	4,634,000	4,970,000
Total assets	$ 14,204,000	$ 16,336,000
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable and accrued expenses	$ 2,822,000	$ 3,947,000
Deferred revenue	101,000	111,000
Other current liabilities	131,000	135,000
Note payable – short term – net	362,000	584,000
Obligation for share purchases – short term	520,000	417,000
Share repurchase obligation – short term – net	1,738,000	2,313,000
Total current liabilities	5,674,000	7,507,000
Note payable – net	861,000	879,000
Obligation for share purchases	245,000	453,000
Total liabilities	6,780,000	8,839,000
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 9,943,247 treasury shares issued and outstanding at March 31, 2012 and December 31, 2011, respectively	2,691,000	2,690,000
Additional paid-in capital	91,567,000	91,313,000
Obligation for share purchases	(1,977,000)	(1,968,000)
Cost of shares held in treasury	(14,654,000)	(14,631,000)
Accumulated deficit	(70,187,000)	(69,893,000)
Accumulated other comprehensive loss	(16,000)	(14,000)
Total stockholders' equity	7,424,000	7,497,000
Total liabilities and stockholders' equity	$ 14,204,000	$ 16,336,000

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,	
	2012	**2011**
	(Unaudited)	**(Unaudited)**
Revenues	$ 6,590,000	$ 6,449,000
Operating expenses:		
Direct costs of revenues	3,288,000	3,303,000
Selling, general and administrative expenses	3,220,000	2,615,000
Depreciation and amortization	377,000	432,000
Total costs and expenses	6,885,000	6,350,000
Income (loss) from continuing operations	(295,000)	99,000
Other income:		
Other income	13,000	32,000
Interest income	14,000	3,000
Interest expense	(26,000)	(16,000)
Other income, net	1,000	19,000
Income (loss) from continuing operations before income tax expense	(294,000)	118,000
Income tax expense	-	-
Income (loss) from continuing operations	(294,000)	118,000
Discontinued operations:		
Loss from operations of discontinued operations	-	(48,000)
Loss on discontinued operations	-	(48,000)
Net income (loss)	(294,000)	70,000
Other comprehensive loss		
Loss on available-for-sale securities arising during period	(2,000)	-
Foreign currency translation adjustment	-	(16,000)
Comprehensive income (loss)	$ (296,000)	$ 54,000
Net income (loss) per common share – continuing operations		
Net income (loss) per common share – continuing operations - basic	$ (0.01)	$ 0.00
Net income (loss) per common share – continuing operations - diluted	$ (0.01)	$ 0.00
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)	$ 0.00
Net income (loss) per common share – diluted	$ (0.01)	$ 0.00
Weighted average common shares outstanding – basic	23,672,534	24,798,500
Weighted average common shares outstanding – diluted	23,672,534	25,211,580

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, 2012 (UNAUDITED)

	Common Stock Shares	Common Stock Amount	Additional Paid In Capital	Obligation for Share Purchases	Accumulated Deficit	Treasury Stock	Accumulated Other Comprehensive Loss	Total Stockholders' Equity
Balance, December 31, 2011	23,669,831	$ 2,690,000	$ 91,313,000	$ (1,968,000)	$ (69,893,000)	$ (14,631,000)	$ (14,000)	$ 7,497,000
Fair value of options and warrants issued to employees and directors			255,000					255,000
Shares issued on cashless exercise of warrants and options	12,297	1,000	(1,000)					-
Cost of treasury stock	(12,297)					(23,000)		(23,000)
Obligation for share purchases				(9,000)				(9,000)
Loss on available for sale securities arising during period							(2,000)	(2,000)
Net loss					(294,000)			(294,000)
Balance, March 31, 2012	23,669,831	$ 2,691,000	$ 91,567,000	$ (1,977,000)	$ (70,187,000)	$ (14,654,000)	$ (16,000)	$ 7,424,000

See accompanying notes to the condensed consolidated financial statements.

TIX CORPORATION AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)

	Three Months Ended March 31,	
	2012	**2011**
	(Unaudited)	**(Unaudited)**
Cash flows from operating activities:		
Net income (loss)	$ (294,000)	$ 70,000
Adjustments to reconcile net income to cash provided by operating activities:		
Loss on discontinued operations	-	48,000
Depreciation	245,000	186,000
Non-cash interest	16,000	15,000
Amortization of intangible assets	132,000	246,000
Fair value of options and warrants issued to employees and directors	255,000	146,000
Gain on disposal of fixed assets	(3,000)	-
Change in allowance of inventory	(26,000)	(14,000)
(Increase) decrease in:		
Accounts receivable	22,000	58,000
Inventory	206,000	87,000
Prepaid expenses and other assets	709,000	192,000
Increase (decrease) in:		
Accounts payable and accrued expenses	(1,125,000)	582,000
Deferred revenue	(10,000)	8,000
Other current liabilities	(4,000)	15,000
Net cash provided by operating activities from continuing operations	123,000	1,639,000
Net cash used in operating activities from discontinued operations	-	(48,000)
Net cash provided by operating activities	123,000	1,591,000
Cash flows from investing activities:		
Purchases of property and equipment	(227,000)	(44,000)
Purchase of available-for-sale securities	(3,000,000)	-
Acquisitions, net of cash acquired	-	(2,000,000)
Net cash used in investing activities	(3,227,000)	(2,044,000)
Cash flows from financing activities:		
Cost of treasury stock, net of fees	(23,000)	(375,000)
Payment of repurchase obligation	(591,000)	-
Repayment of acquisition note	(250,000)	-
Obligation for share purchases	(105,000)	-
Net cash used in financing activities	(969,000)	(375,000)
Effect of exchange rate changes on cash	-	(16,000)

(CONTINUED)

TIX CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOW (UNAUDITED) (CONTINUED)

	Three Months Ended March 31,	
	2012	2011
	(Unaudited)	(Unaudited)
Net decrease	(4,073,000)	(844,000)
Cash balance at beginning of period	8,077,000	8,816,000
Cash balance at end of period	$ 4,004,000	$ 7,972,000
Supplemental disclosures of cash flow information:		
Cash paid for:		
Income taxes	$ -	$ -
Interest	$ -	$ 1,000
Non-cash investing activities:		
Issuance of note payable related to acquisitions, net of discount	$ -	$ 1,800,000

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, 2012 AND 2011

Note 1 - Nature of Business

Tix Corporation (the "Company") was incorporated in Delaware in April 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, discount dinner reservations and branded event merchandising. Our Ticketing Services segment is comprised of our subsidiary Tix4Tonight, LLC and our Exhibit Merchandising segment is comprised of our subsidiary Exhibit Merchandising, LLC.

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 2011 Annual Report.

Accounting Estimates:

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America ("GAAP") 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.

Consolidation:

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

Note 2 – Summary of Significant Accounting Policies

Revenue Recognition and Presentation:

The Company has several streams of revenue, each of which is required under 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.

Tix4Dinner 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. Tix4Dinner 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 Tix4Dinner operations, 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.

Exhibit Merchandising recognizes retail store sales at the time the customer takes possession of the merchandise. Sales are recorded net of discounts and returns and exclude sales tax. Discounts are estimated based upon historical experience. For online sales, revenue is recognized free on board ("FOB") origin where title and risk of loss pass to the buyer when the merchandise leaves the Company's distribution facility at the time of shipment, which we refers to as the date of purchase by the customer. Sales are recognized net of merchandise returns, which are reserved for based on historical experience. Shipping and handling revenues from sales are included as a component of net sales. Conversely, shipping and handling costs are a component of direct cost of revenues. The Company does not have any accounts receivable associated with this business, as all transactions are done by cash or credit card.

Revenue Concentrations:

Our Ticketing Services segment 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 Caesars Entertainment Corporation and MGM Resorts International. No single show, venue or theatre was greater than 10% of revenues.

Our Exhibit Merchandising segment generates its revenues from the King Tutankhamen, Cleopatra and Real Pirates Tours, which were obtained exclusively through its relationship with AEI, a subsidiary of AEG. There is no guarantee that our relationship with AEI will continue to allow us to work on future exhibits obtained by AEI.

Stock-Based Compensation:

The Company periodically issues stock options and warrants to employees and non-employees in non-capital raising transactions for services and for financing costs. The Company accounts for stock option and warrant grants issued and vesting to employees based on the authoritative guidance provided by the Financial Accounting Standards Board ("FASB") whereas the value of the award is measured on the date of grant and recognized over the vesting period. The Company accounts for stock option and warrant grants issued and vesting to non-employees in accordance with the authoritative guidance of the FASB whereas the value of the stock compensation is based upon the measurement date as determined at either a) the date at which a performance commitment is reached, or b) at the date at which the necessary performance to earn the equity instruments is complete. Non-employee stock-based compensation charges generally are amortized over the vesting period on a straight-line basis. In certain circumstances where there are no future performance requirements by the non-employee, option grants are immediately vested and the total stock-based compensation charge is recorded in the period of the measurement date.

The fair value of the Company's common stock option grant is 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 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.

There were no indications of impairment based on management's assessment at March 31, 2012. 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 further goodwill impairments.

Impairment of Long-Lived Assets:

Authoritative guidance issued by the FASB established guidelines regarding when impairment losses on long-lived assets, which include property and equipment, should be recognized, and how impairment losses should be measured. Authoritative guidance from the FASB also provided a single accounting model for long-lived assets to be disposed of and significantly changed the criteria that would have to be met to classify an asset as held-for-sale.

Management regularly reviews property, equipment and other long-lived assets for possible impairment. This review occurs quarterly, or more frequently if events or changes in circumstances indicate the carrying amount of the asset may not be recoverable. If there is indication of impairment, then management prepares an estimate of the future cash flows (undiscounted and without interest charges) expected to result from the use of the asset and its eventual disposition. If these cash flows are less than the carrying amount of the asset, an impairment loss is recognized to write down the asset to its estimated fair value. Management believes that the accounting estimate related to impairment of its property and equipment is a "critical accounting estimate" because: (1) it is highly susceptible to change from period to period because it requires management to estimate fair value, which is based on assumptions about cash flows and discount rates and (2) the impact that recognizing an impairment would have on the assets reported on the Company's balance sheet, as well as net income, could be material. Management's assumptions about cash flows and discount rates require significant judgment because actual revenues and expenses have fluctuated in the past and are expected to continue to do so. There were no indicators of impairment based on management's assessment at March 31, 2012.

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.

The Company uses Level 1 inputs for its short-term investments (Note 3). The Company used Level 3 inputs regarding both the note payable (Note 7) and the share repurchase obligation (Note 9).

Foreign Currency:

Results of foreign operations are translated into U.S. dollars using the average exchange rates during the year. The assets and liabilities of those operations are translated into U.S. dollars using the exchange rates at the balance sheet date.

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, 2012 and 2011 were $172,000 and $150,000 respectively.

Recent Accounting Pronouncements:

In September 2011, the FASB issued ASU 2011-08, "Testing Goodwill for Impairment", and an update to existing guidance on the assessment of goodwill impairment. This update simplifies the assessment of goodwill for impairment by allowing companies to consider qualitative factors to determine whether it is more likely than not that the fair value of a reporting unit is less than its carrying amount before performing the two step impairment review process. It also amends the examples of events or circumstances that would be considered in a goodwill impairment evaluation. The amendments are effective for annual and interim goodwill impairment tests performed for fiscal years beginning after December 15, 2011. Early adoption is permitted. The Company is currently evaluating the effects adoption of ASU 2011-08 may have on its goodwill impairment testing.

In June 2011, the FASB issued guidance on the presentation of comprehensive income. The new guidance eliminates the current option to report other comprehensive income and its components in the statement of stockholders' equity. Instead, an entity will be required to present either a continuous statement of income and other comprehensive income or in two separate but consecutive statements. The new guidance will be effective for us beginning July 1, 2012 and will have presentation changes only.

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

Note 3 – Short-Term Investments – Securities Available-For-Sale

The Company's investments are in AAA rated U.S. treasury securities which have various maturity dates beginning July 15, 2012 and ending July 15, 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 condensed consolidated balance sheets. As of March 31, 2012, investments were $3.0 million. During the three months ended March 31, 2012, the Company recorded unrealized losses of $2,000, which are included in other comprehensive loss.

Note 4 - Inventory

Inventory is related to our Exhibit Merchandising segment. The table below displays our inventory balances as of March 31, 2012 and December 31, 2011, respectively.

		March 31, 2012 (Unaudited)		December 31, 2011
Finished goods	$	971,000	$	1,177,000
Less: allowance for obsolescence		(544,000)		(570,000)
Total inventory, net	$	427,000	$	607,000

Note 5 – Property and Equipment

The table below displays our property and equipment balances as of March 31, 2012 and December 31, 2011, respectively.

		March 31, 2012 (Unaudited)		December 31, 2011
Office equipment and furniture	$	3,920,000	$	3,913,000
Equipment under capital lease		386,000		386,000
Leasehold improvements		596,000		373,000
Property and equipment		4,902,000		4,672,000
Less accumulated depreciation		(3,241,000)		(2,996,000)
Total property and equipment, net	$	1,661,000	$	1,676,000

Depreciation expense was $245,000 and $186,000 for the three months ended March 31, 2012 and 2011, respectively.

Note 6 – Goodwill and Intangible Assets

The following table summarizes the original cost, net of related accumulated amortization, for the Company's intangible assets at March 31, 2012 and December 31, 2011, respectively.

		March 31, 2012 (Unaudited)		December 31, 2011
Contract commitments	$	1,340,000	$	1,466,000
Intellectual property (e.g. domain names)		48,000		54,000
Goodwill		3,120,000		3,120,000
Total	$	4,508,000	$	4,640,000

Total amortization expense related to intangible assets for the three months ended March 31, 2011 and 2010 was $132,000 and $246,000, respectively.

Note 7 – Note Payable

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 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, 2012, $1,375,000 was outstanding under the note payable, of which $375,000 is due in fiscal year 2012 and then $200,000 per year starting in fiscal year 2014 and concluding in fiscal year 2018. As of March 31, 2012, the unamortized discount for the note payable was $152,000, resulting in a net obligation due of $1,223,000, of which, $362,000 was reflected as part of current liabilities and $861,000 as non-current liability on the accompanying balance sheet.

Note 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 ("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 five years; volatility of 93%; dividend rate of 0.0% and discount rate of 6%. The aggregate value of these shares of $1.3 million will be amortized over the estimated life of five years. During the three months ended March 31, 2012, total amortization recorded amounted to $63,000.

The Company has recorded the aggregate purchase of $1.9 million due from the Purchasers as a contra-equity account in the accompanying condensed consolidated balance sheets. As of March 31, 2012, $765,000 was outstanding under the Company's share purchase obligation to the Purchasers of which, $520,000 was reflected as part of current liabilities and $245,000 as non-current liability on the accompanying balance sheet.

Note 9 – Share Repurchase Obligation

In December 2010, the Company entered into an agreement to purchase 3,933,191 shares of its Common Stock from Joseph B. Marsh and Lee Marshall, the co-Chief Executive Officers of TPI (the "M&M Securities Purchase Agreement"). Under the terms of the M&M Securities Purchase Agreement, the Company is required to pay for these shares in eight quarterly installments commencing no later than January 3, 2011 for an aggregate purchase price of approximately $4.8 million, or $1.20 per share. These 3,933,191 shares (as well as the 2,333,333 shares of Common Stock related to the TPI sale) were deposited into an escrow account as security for the sellers. 50% of the shares of Common Stock held in the escrow account, or 3,133,262 shares of Common Stock, were released from escrow and delivered to the Company following the Company's installment payments made under the M&M Securities Purchase Agreement on January 3, 2012 and April 2, 2012. If the Company makes the installment payments due under the M&M Securities Purchase Agreement on July 2, 2012 and October 1, 2012, 1,566,631 shares of Common Stock will be released from escrow and delivered to the Company upon each such payment. In connection with this sale, Mr. Marsh resigned from the Company's board of directors (the "Board of Directors"). As of March 31, 2012 and December 31, 2011, $1,768,000 and $2,356,000 was outstanding under the purchase obligation and the unamortized discount was $30,000 and $43,000, resulting in a net obligation due of $1,738,000 and $2,313,000, respectively, which was reflected as a current liability on the accompanying balance sheet.

Note 10 – Stockholders' Equity

Treasury Shares:

During the three months ended March 31, 2012, the Company purchased 12,297 shares of its outstanding Common Stock at an average price of $1.87 per share.

Summary of Stock Options:

The Company has various stock-based compensation plans. The intrinsic value of outstanding stock options at March 31, 2012 was $1.3 million. The intrinsic value of exercisable stock options at March 31, 2012 was $604,000. A summary of the combined stock options for the three months ended March 31, 2012 is as follows:

	Number of Options		Weighted Average Exercise Price
Balance outstanding, December 31, 2011	2,368,000	$	2.08
Options granted	110,000		1.85
Options exercised	(35,000)		1.20
Options expired or forfeited	(65,000)		1.63
Balance outstanding, March 31, 2012	2,378,000	$	2.09
Balance exercisable, March 31, 2012	1,313,000	$	2.82

Information relating to outstanding stock options at March 31, 2012, 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 - $7.20	348,000	5.56	$	6.98	348,000	$	6.98
$4.00 - $5.99	10,000	0.19		4.60	10,000		4.60
$2.00 - $3.99	50,000	1.52		3.20	50,000		3.20
$0.82 - $1.99	1,970,000	8.08		1.19	905,000		1.18
	2,378,000	7.54	$	2.09	1,313,000	$	2.82

In March 2012, the Company granted to certain executives stock options to purchase an aggregate of 110,000 shares of Common Stock. The options vest over a 36 month period and have a five year life. The Company recorded compensation expense pursuant to authoritative guidance provided by the FASB for the three months ended March 31, 2012 and 2011 of $141,000 and $112,000, respectively. As of March 31, 2012, the Company has outstanding unvested options with future compensation costs of $1.2 million, which will be recorded as compensation expense as the options vest over their remaining vesting period of 2.92 years.

Summary of Warrants:

The intrinsic value of outstanding warrants at March 31, 2012 was $395,000. The intrinsic value of exercisable warrants at March 31, 2012 was $168,000. A summary of warrant activity for the three months ended March 31, 2012 is as follows:

	Number of Warrants		Weighted Average Exercise Price
Balance outstanding, December 31, 2011	608,000	$	1.20
Warrants granted	147,000		1.85

Warrants exercised	-		-
Warrants expired	-		-
Balance outstanding, March 31, 2012	755,000	$	1.33
Balance exercisable, March 31, 2012	258,000		1.20

Information relating to outstanding warrants at March 31, 2012, 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
\$0.36 - \$1.99	755,000	7.89		1.33	258,000		1.20
	755,000	7.89	$	1.33	258,000	$	1.20

In March 2012, the Company granted a warrant to purchase 147,000 shares of Common Stock to its Chairman and Chief Executive Officer. The warrants vest over a 36 month period and have a five year life. The Company recorded compensation expense pursuant to authoritative guidance provided by the FASB for the three months ended March 31, 2012 and 2011 of \$51,000 and \$34,000, respectively. As of March 31, 2012, the Company has outstanding unvested warrants with future compensation costs of \$465,000, which will be recorded as compensation expense as the warrants vest over their remaining vesting period of 2.92 years.

Note 11 – Related Party Transactions

During 2012 and 2011, Benjamin Frankel, a director of the Company, was, and currently is, a partner and President at Frankel, LoPresti & Co., an accountancy corporation. For the three months ended March 31, 2012 and 2011, we paid Mr. Frankel or his firm for accounting and tax services \$14,700 and \$800, respectively.

Note 12 – Income Taxes

At March 31, 2012, the Company estimates it had federal net operating loss carry forwards (“NOL”) of approximately \$18.3 million, which are subject to certain limitations, and which began expiring in 2011 in varying amounts through 2027. The Company also had California State NOL of approximately \$1.5 million expiring in 2013 in varying amounts through 2016.

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. 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, 2012 and December 31, 2011.

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 2012, we have utilized certain federal NOL 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 generated in previous periods. The allowances were established and maintained as a result of our history of losses from operations.

Note 13 – Earnings (Loss) Per Share

Basic net income per common share is computed by dividing the net income applicable to common shares by the weighted average number of common shares outstanding during the period. Diluted net income per common share adjusts basic net income per common share for the effects of stock options, restricted stock and other potentially dilutive financial instruments only in the periods in which such effect is dilutive.

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

	Three Months Ended March 31, 2012	Three Months Ended March 31, 2011
Net income (loss)	$ (294,000)	$ 70,000
Weighted average common shares- basic	23,672,534	24,798,500
Dilutive effect of employee incentive plans	-	261,340
Dilutive effect of warrants issued	-	151,740
Weighted average shares- diluted	23,672,534	25,211,580
Net income (loss) per common share:		
Basic	$ (0.01)	$ 0.00
Diluted	$ (0.01)	$ 0.00

As the Company had a loss in the three months ended March 31, 2012, basic and diluted loss per share are the same. Potentially dilutive securities were excluded from the earnings per diluted share calculation for the three months ended March 31, 2012 and 2011 because their effect is anti-dilutive. These potentially dilutive securities at March 31, 2012 included outstanding warrants and options to purchase an aggregate of 835,000 shares of Common Stock.

Note 14 – Legal Proceedings

On December 6, 2011, three members of the Company's Board of Directors, Vadim Perelman, Kenneth H. Traub, and Mark D. Stolper, filed a lawsuit in the Court of Chancery in the State of Delaware against the Company seeking an order to compel production of certain of the Company's books and records. The Company filed an Answer on January 3, 2012. On January 13, 2012, the parties reached a settlement in principle. On January 20, 2012, the Company produced documents to the plaintiffs pursuant to the settlement in principle. On February 14, 2012, plaintiffs requested additional documents, which the Company produced on March 8, 2012. On April 4, 2012, the complaint was dismissed.

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"). On October 25, 2011, Ashraf served an amended complaint. The amended complaint, which is pending in the Superior Court of the State of California for the County of Los Angeles, alleges fraud and conspiracy in connection with Ashraf's purchase and sale of Common Stock through private placements and open market transactions between 2006 and 2009. The amended complaint seeks unspecified monetary damages. On March 14, 2012, the court sustained defendants' demurrer with leave to amend. On April 3, 2012, plaintiffs filed an amended complaint. A demurrer to the amended complaint is pending.

On October 27, 2011, John Pirample filed a complaint in the District Court of Clark County, Nevada, naming the Company, certain related entities and the Company's Chief Executive Officer as defendants (the "Pirample Litigation"). Plaintiff alleges, among other things, that defendants breached the terms of a consulting agreement, employment agreement and asset purchase agreement with the plaintiff. Plaintiff seeks damages of approximately $2.7 million. The Company has filed counterclaims against the plaintiff and an additional counter defendant for breach of an employment agreement and conversion, among other causes of action**,** seeking an unspecified amount of damages.

The Company intends to vigorously defend the Ashraf Litigation and the Pirample Litigation and does not believe that the ultimate outcome of either of these pending matters will have a material adverse effect on its business, financial condition or operations.

Note 15 – Segment Reporting

We operate in two reportable segments: Ticketing Services and Exhibit Merchandising. Information related to our operating segments is as follows:

Consolidated Statement of Operations (Unaudited)
Three Months Ended March 31,

	Ticketing Services	Exhibit Merchandising	Corporate	Consolidated
2012				
Revenue	$ 5,868,000	$ 722,000	$ -	$ 6,590,000
Direct cost of revenues	2,801,000	487,000	-	3,288,000
Selling, general and administrative expenses	1,157,000	243,000	1,820,000	3,220,000
Depreciation and amortization	291,000	78,000	8,000	377,000
Operating income (loss)	$ 1,619,000	$ (86,000)	$ (1,828,000)	$ (295,000)
Current assets	$ 794,000	$ 516,000	$ 6,599,000	$ 7,909,000
Fixed assets	1,387,000	198,000	76,000	1,661,000
Intangible assets and goodwill	4,508,000	-	-	4,508,000
Other non-current assets	91,000	12,000	23,000	126,000
Total assets	$ 6,780,000	$ 726,000	$ 6,698,000	$ 14,204,000
2011				
Revenue	$ 5,066,000	$ 1,383,000	$ -	$ 6,449,000
Direct cost of revenues	2,349,000	954,000	-	3,303,000
Selling, general and administrative expenses	1,059,000	716,000	840,000	2,615,000
Depreciation and amortization	222,000	201,000	9,000	432,000
Operating income (loss)	$ 1,436,000	$ (488,000)	$ (849,000)	$ 99,000

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, 2011.

Results of Operations

Consolidated Results of Operations

Consolidated Results of Operations - Three Months Ended March 31,

	Three Months Ended March 31,		% change 2012 vs.
	2012	2011	2011
Revenue	$ 6,590,000	$ 6,449,000	2%
Operating expenses:			
Direct operating expenses	3,288,000	3,303,000	0%
Selling, general and administrative expenses	1,400,000	1,775,000	-21%
Depreciation and Amortization	377,000	432,000	-13%
Corporate expenses	1,820,000	840,000	117%
Total costs and expenses	6,885,000	6,350,000	8%
Operating income	(295,000)	99,000	-398%
Operating margin	-4%	2%	
Other income - net	1,000	19,000	
Income (loss) from continuing operations	(294,000)	118,000	
Loss from discontinued operations	-	(48,000)	
Net income (loss)	$ (294,000)	$ 70,000	

Revenues

Our revenues for the three months ended March 31, 2012 and 2011 were $6.6 million and $6.5 million, respectively. Our revenues increased $141,000, or 2%, during the three months ended March 31, 2012 as compared to the same period of the prior year. The increase in revenues is due to an increase in Ticketing Services revenues by $802,000 offset by a decrease in Exhibit Merchandising revenues by $661,000 as compared to the same period of the prior year.

More detailed explanations for the changes in the three months ended March 31, 2012 and 2011 are included in the applicable segment discussions following.

Direct Operating Expenses

Direct operating expenses include payroll related costs, rents, cost of tickets and cost of goods sold. Direct operating expenses were $3.3 and $3.3 million for the three months ended March 31, 2012 and 2011, respectively. As a percentage of revenues, direct operating expenses were 50% and 51% for three months ended March 31, 2012 and 2011, respectively.

More detailed explanations for the changes in the three months ended March 31, 2012 and 2011 are included in the applicable segment discussions following.

Segment Selling, General and Administrative Expenses

Selling, general and administrative expenses include advertising and promotional costs related to our operating segment's business activities including the segments' cost of management. Our selling, general and administrative expenses were $1.4 million and $1.8 million for the three months ended March 31, 2012 and 2011, respectively. Selling, general and administrative expenses decreased $375,000, or 21%, during the three months ended March 31, 2012 as compared to the same period of the prior year. The decrease is the result of a decrease of $473,000 in expenses from Exhibit Merchandising, offset by a $98,000 increase in expenses from Ticketing Services.

More detailed explanations for the changes in the three months ended March 31, 2012 and 2011 are included in the applicable segment discussions following.

Corporate Expenses

Corporate expenses are expenses that relate to activities directed by our executive offices. Significant components of corporate expenses consist of corporate personnel costs, insurance, litigation, legal and accounting fees, stock based compensation expense, consulting and advisory fees, regulatory compliance costs and corporate occupancy costs. Corporate expenses were $1.8 million and $840,000 for the three months ended March 31, 2012 and 2011, respectively. Corporate expenses increased $1.0 million, or 117%, during the three months ended March 31, 2012 as compared to the same period of the prior year. The increase in expenses was due to approximately $431,000 in litigation and legal related expenses for which no similar expense existed in the prior year; an increase in corporate expenses of approximately $440,000 relating primarily to certain non-recurring matters requiring legal and advisory services as well as other routine general corporate and governance matters, and an increase in non-cash stock based compensation expense of $109,000 as compared to the same period a year ago.

Depreciation and Amortization

Depreciation and amortization expense was $377,000 and $432,000 for the three months ended March 31, 2012 and 2011, respectively. The decrease in depreciation and amortization expense is the result of a $69,000 increase from Ticketing Services offset by a $123,000 decrease from Exhibit Merchandising.

More detailed explanations for the changes in the three months ended March 31, 2012 and 2011 are included in the applicable segment discussions following.

Other Income, net

Other income, net was insignificant at $1,000 and $19,000 for the three months ended March 31, 2012 and 2011, respectively.

Discussion of Segment Results

We operate in two reportable segments: Ticketing Services and Exhibit Merchandising. See Note 14 to our Consolidated Financial Statements for additional information related to our operating segments.

Ticketing Services:

Our Ticketing Services segment operating results were as follows:

Segment Reporting – Ticketing Services

	Three Months Ended March 31,		% Change 2012 vs.
	2012	2011	2011
Revenue	$ 5,868,000	$ 5,066,000	16%
Operating Expenses:			
Direct operating expenses	2,801,000	2,349,000	19%
Selling, general and administrative expenses	1,157,000	1,059,000	9%
Depreciation and amortization	291,000	222,000	31%
Operating income	$ 1,619,000	$ 1,436,000	13%
Operating margin	28%	28%	0%

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.

Tix4Dinner 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. Tix4Dinner recognizes as revenue the transaction fees 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 and does not have any accounts payable associated with the Tix4Dinner operations, 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.

Ticketing Services revenues were $5.9 million and $5.1 million for the three months ended March 31, 2012 and 2011, respectively. The increase in revenues of $802,000, or 16%, reflects the increased number of retail locations and increased brand awareness, which is driving higher demand for discount show tickets and discount dinner reservations.

Direct Operating Expenses

Direct operating expenses include payroll costs, rents, and utilities. Direct operating expenses were $2.8 million and $2.3 million, or 48% and 46%, of the revenues for the three months ended March 31, 2012 and 2011, respectively. The increase in expense of $452,000 was predominantly due to planned increases in staff payroll and rent expenses related to the expansion of the number of locations as compared to the same period of the prior year.

Selling, General and Administrative Expenses

Selling, general and administrative expenses were $1.2 million and $1.1 million for the three months ended March 31, 2012 and 2011, respectively. The increase in expenses of $98,000, or 9%, was related to increase merchant credit card processing fees, employee benefit expenses, advertising and miscellaneous other general operating expenses to support our revenue growth. Selling, general and administrative expenses as a percentage of revenues declined to 20% for the three months ended March 31, 2012 as compared to 21% during the same period of the prior year.

Depreciation and Amortization

Depreciation and amortization expense were $291,000 and $222,000 for the three months ended March 31, 2012 and 2011, respectively. The increase of $69,000, or 31%, was related primarily to the property and equipment acquired as well as identified intangible assets that were acquired in the first quarter of 2011 as part of our acquisition of VegasTix4Less (see Note 7 to our Condensed Consolidated Financial Statements). No similar acquisition occurred during the three months ended March 31, 2012.

Exhibit Merchandising:

Our Exhibit Merchandising segment operating results were as follows:

Segment Reporting - Exhibit Merchandising

	Three Months Ended March 31,		% Change 2012 vs.
	2012	2011	2011
Revenue	$ 722,000	$ 1,383,000	-48%
Operating Expenses:			
Direct operating expenses	487,000	954,000	-49%
Selling, general and administrative expenses	243,000	716,000	-66%
Depreciation and amortization	78,000	201,000	-61%
Operating loss	$ (86,000)	$ (488,000)	-82%
Operating margin	-12%	-35%	-66%

Segment Update

In 2011, Exhibit Merchandising generated the majority of its revenues from the King Tutankhamen Exhibit Tour and to a lesser extent, from its Cleopatra and Real Pirates Tours, which were all obtained exclusively through its relationship with AEI, a subsidiary of AEG. AEI, in the latter half of calendar year 2011, informed Tix's management that it was unable to secure the renewal of its current expiring agreements with the Egyptian government to manage its two King Tutankhamen exhibits. We determined that because the King Tutankhamen exhibits generated the majority of Exhibit Merchandising's merchandising revenue and operating profit in calendar year 2011, the failure of Exhibit Merchandising to provide the merchandising for the King Tutankhamen exhibits would materially and negatively impact its ability to generate operating income in the foreseeable future, barring any new business opportunities. We are currently evaluating alternatives for this business, including its potential sale. There are no assurances that we will complete such a transaction in calendar year 2012, if at all.

Revenues

Exhibit Merchandising recognizes retail store sales at the time the customer takes possession of the merchandise. Sales are recorded net of discounts and returns, and exclude sales tax. Discounts are estimated based on historical experience. For online sales, revenue is recognized FOB origin where title and risk of loss pass to the buyer when the merchandise leaves the Company's distribution facility at the time of shipment, which we refer to as the date of purchase by the customer. Sales are recognized net of merchandise returns, which are reserved for based on historical experience. Shipping and handling revenues from sales are included as a component of net sales. Conversely, shipping and handling costs are a component of direct cost of revenues. The Company does not have any accounts receivable associated with this business, as all transactions are done by cash or credit card.

Exhibit merchandising revenues were $722,000 and $1.4 million for the three months ended March 31, 2012 and 2011, respectively. The decrease in revenues of $661,000, or 48%, primarily reflects the decrease in exhibits discussed in "Segment Update" above.

Direct Operating Expenses

Exhibit Merchandising's direct operating expenses include payroll costs, rents, and cost of goods sold. Direct operating expenses were $487,000 and $954,000 for the three months ended March 31, 2012 and 2011, respectively. The decrease in direct operating expenses of $467,000, or 49%, primarily reflects the decrease in revenues discussed above. Direct operating costs as a percentage of revenues for the three months ended March 31, 2012 and 2011 were 67% and 69%, respectively.

Selling, General and Administrative Expenses

Selling, general and administrative expenses include advertising and promotional costs related to its business activities, as well as the cost of management. Selling, general and administrative expenses were $243,000 and $716,000 for the three months ended March 31, 2012 and 2011, respectively. The decrease in selling, general and administrative expenses of $473,000 primarily reflects the decrease in exhibits discussed in “Segment Update” above. Selling, general and administrative expenses as a percentage of revenues for the three months ended March 31, 2012 and 2011 were 34% and 52%, respectively.

Depreciation and Amortization

Depreciation and amortization were $78,000 and $201,000 for the three months ended March 31, 2012 and 2011, respectively. The decrease in depreciation and amortization expense of $123,000, or 61%, reflects our decision to write off the remaining goodwill and intangible asset balance in the fourth quarter of fiscal year 2011.

Liquidity and Capital Resources

At March 31, 2012, we had cash and short-term investments of $7.0 million and total assets of $14.2 million compared to $8.1 million and $16.3 million at December 31, 2011. Our working capital totaled $2.2 million at March 31, 2012, compared to $2.2 million at December 31, 2011.

Cash flows provided from operating activities were $123,000 for the three months ended March 31, 2012. Cash flows from operating activities were derived from our net loss of $294,000 and increased by net non-cash charges, which include interest, stock options, warrants, depreciation, intangible assets amortization, impairment of goodwill and intangible assets, loss on disposal of fixed assets and changes in allowances for inventory obsolescence and a bad debt charge relating to advances made to a vendor. Total non-cash charges were $619,000. The net loss plus the non-cash charges were offset by changes in working capital accounts of $202,000, which included a decrease in inventory of $206,000, a decrease in our prepaid and other assets balance of $709,000 and a decrease in accounts payable and accrued expenses of $1.1 million. The remaining change was due to small differences in several smaller working capital accounts.

Cash used in investing activities was $3,227,000 for the three months ended March 31, 2012. The Company invested $3.0 million in AAA rated U.S. treasury securities (see Note 3 to our Condensed Consolidated Financial Statements). The Company also used $227,000 for the purchases of property and equipment.

Cash used in financing activities from continuing operations was $1.0 million for the three months ended March 31, 2012, which includes $23,000 as the cost of treasury stock acquired, $591,000 used to reduce the outstanding principal balance on our shares repurchase obligation (see Note 9 to our Condensed Consolidated Financial Statements), $250,000 used to reduce the outstanding principal balance on note payable (see Note 7 to our Condensed Consolidated Financial Statements) and $105,000 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, 2012, 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 December 6, 2011, three members of the Company’s Board of Directors, Vadim Perelman, Kenneth H. Traub, and Mark D. Stolper, filed a lawsuit in the Court of Chancery in the State of Delaware against the Company seeking an order to compel production of certain of the Company’s books and records. The Company filed an Answer on January 3, 2012. On January 13, 2012, the parties reached a settlement in principle. On January 20, 2012, the Company produced documents to the plaintiffs pursuant to the settlement in principle. On February 14, 2012, plaintiffs requested additional documents, which the Company produced on March 8, 2012. On April 4, 2012, the complaint was dismissed.

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”). On October 25, 2011, Ashraf served an amended complaint. The amended complaint, which is pending in the Superior Court of the State of California for the County of Los Angeles, alleges fraud and conspiracy in connection with Ashraf’s purchase and sale of Common Stock through private placements and open market transactions between 2006 and 2009. The amended complaint seeks unspecified monetary damages. On March 14, 2012, the court sustained defendants’ demurrer with leave to amend. On April 3, 2012, plaintiffs filed an amended complaint. A demurrer to the amended complaint is pending.

On October 27, 2011, John Pirample filed a complaint in the District Court of Clark County, Nevada, naming the Company, certain related entities and the Company’s Chief Executive Officer as defendants (the “Pirample Litigation”). Plaintiff alleges, among other things, that defendants breached the terms of a consulting agreement, employment agreement and asset purchase agreement with the plaintiff. Plaintiff seeks damages of approximately $2.7 million. The Company has filed counterclaims against the plaintiff and an additional counter defendant for breach of an employment agreement and conversion, among other causes of action**,** seeking an unspecified amount of damages.

The Company intends to vigorously defend the Ashraf Litigation and the Pirample Litigation and does not believe that the ultimate outcome of either of these pending matters 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, 2011.

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 month period ended March 31, 2012;

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 10, 2012

/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 month period ended March 31, 2012;

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 10, 2012

/s/ Steve Handy
Steve Handy
Chief Financial Officer