

August 16, 2011



# Information Systems Associates Reports Results for Its Second Fiscal Quarter Ended June 30, 2011

STUART, Fla., Aug. 16, 2011 (GLOBE NEWSWIRE) -- Information Systems Associates, Inc. (OTCQB:IOSA) today announces its financial results for the period ended June 30<sup>th</sup> 2011. The Company reported gross revenues of \$74,621 for the quarter ended June 30, 2011, and \$201,875 for the six months ended June 30<sup>th</sup>, 2011.

## *Second Quarter 2011 Highlights and Other Recent Events:*

- Increased On Site Physical Inventory software (OSPI) customer base by 200%.
- Completed and Released OSPI v3.
- Signed an Implementation, Technology and Services Partnership Agreement with Viridity Software, Inc.
- Signed Joint Affiliate Agreements with SilverBack Migration Solutions, Inc.
- Signed a Reseller Agreement and Subcontractor Master Services Agreement with SHI International Corp.
- Signed an Implementation Partner Agreement with Raritan, Inc.
- Completed transformation into proactive selling organization.

Joe Coschera, Information Systems Associates' CEO, said, "The entire management team worked diligently during the first and second quarters of 2011 reshaping the Company's business model and transitioning Information Systems Associates from a reactionary professional services company to a proactive selling organization focused on a higher margin software and services model with recurring revenue streams. We increased our OSPI (On Site Physical Inventory) software customer base by 200% during the second quarter and have added three new OSPI customers during the first half of the third quarter as acceptance of our new OSPI v3 has accelerated in the marketplace. During the second quarter we signed multiple services and reseller agreements with several key partners and two of these partnerships have produced revenue for ISA in the third quarter. The sales and marketing initiatives that were developed during the first six months of 2011 are beginning to produce positive results and the Company has already generated approximately \$100,000 in revenue for the third quarter to date. In addition, we expect our margins to improve significantly in the third quarter."

## *Revenues:*

Gross revenues were \$74,621 and \$234,986 for the three months ended June 30, 2011 and 2010, respectively. The decrease in 2011 revenue is due primarily to the Company's efforts to reposition the company, build an internal sales force and open up additional sales channels.

## *Operating Expenses:*

Operating expenses for the three months ended June 30, 2011 were \$309,232 as compared to \$436,089 for the three months ended June 30, 2010. The decrease resulted from declines in general and administrative expenses of \$40,000 due to lower software amortization of \$41,000 and a decrease in professional fees of \$166,000 which was primarily related to lower travel expenses and consulting expenses due to the decline in service revenue of \$54,000, a reduction in investor relations consulting of \$103,000 and a reduction in legal fees of \$9,000. These decreases were partially offset by an increase in salaries and employee benefits of \$76,000 which resulted for the addition of the new Chief Operating Officer, Director of Product Strategy and a product salesman.

### *Net Loss*

The Company reported a net loss of \$246,970 for the three months ended June 30, 2011 as compared with a net loss of \$238,643 for the three months ended June 30, 2010. Net loss per common share was \$0.01 for the three months ended June 30, 2011 and 2010. Weighted average common shares outstanding for the three months ended June 30, 2011 and 2010 were 26,711,688 and 18,532,751, respectively.

### *Liquidity and Capital Resources*

As of June 30, 2011, the Company had cash on hand of \$7,862 and a net working capital deficit of \$70,508. In July 2011, the Company received \$250,000 in connection with a convertible debt financing and an additional \$25,000 from a private placement of its common stock.

Make sure you are first to receive timely information on Information Systems Associates when it hits the newswire. Sign up for IOSA's email news alert system today at:  
<http://www.IOSA-IR.com>

### *About Information Systems Associates*

Information Systems Associates, Inc. (OTCQB:IOSA) based in Palm City, FL. is a leading provider of Mobile Data Center Management systems and turnkey data center management solutions. The suite of products and services include data center asset/inventory management, data center management software and data center data collection. Utilizing a proprietary and patented technology, OSPI (On Site Physical Inventory), customers manage data centers on a mobile basis, bringing data center management out of the office and into the data center. Information Systems Associates holds the trademarks for On Site Physical Inventory, OSPI and Mobile Data Center Management.

For more information visit our website <http://www.isa-inc.net>

### *Safe Harbor Statement*

Certain statements in this press release that are not historical, but are forward-looking, are subject to known and unknown risks and uncertainties which may cause the Company's actual results in future periods to be materially different from any future performance that may be suggested in this press release. Such risks and uncertainties may include, but are not limited to, the Company's need to raise equity capital and its ability to obtain equity financing on acceptable terms, if at all, regulatory limitations on the medical industry in

general, working capital constraints, fluctuations in customer demand and commitments, fluctuation in quarterly results, introduction of new services and products, commercial acceptance and viability of new services and products, pricing and competition, reliance upon subcontractors and vendors, the timing of new technology and product introductions, the risk of early obsolescence of our products and the other factors listed under "Risks and Uncertainties" in our annual report on Form 10-K for the fiscal year ended December 31, 2010, and our other filings with the Securities and Exchange Commission. We assume no obligation to update the information contained in this news release.

INFORMATION SYSTEMS ASSOCIATES, INC.  
CONDENSED BALANCE SHEETS

ASSETS

|                              | As of June<br>30,<br>2011 | As of<br>December<br>31,<br>2010 |
|------------------------------|---------------------------|----------------------------------|
| <i>Current Assets</i>        | (Unaudited)               |                                  |
| Cash and cash equivalents    | \$ 7,862                  | \$ 70,326                        |
| Accounts receivable          | 50,389                    | 92,893                           |
| Prepaid consulting           | 52,500                    | 109,187                          |
| Prepaid expenses             | <u>16,462</u>             | <u>7,622</u>                     |
| Total Current Assets         | 127,213                   | 280,028                          |
| Property and Equipment (net) | 44,893                    | 19,684                           |
| Deposits                     | <u>1,690</u>              | <u>--</u>                        |
| <b>TOTAL ASSETS</b>          | <b><u>\$ 173,796</u></b>  | <b><u>\$ 299,712</u></b>         |

LIABILITIES AND STOCKHOLDERS' EQUITY

*Current Liabilities*

|                                        |                |                |
|----------------------------------------|----------------|----------------|
| Accounts payable                       | \$ 127,434     | \$ 68,568      |
| Accrued expenses and other liabilities | --             | 2,405          |
| Note payable - line of credit          | 39,621         | 36,141         |
| Note payable - related party           | 25,000         | --             |
| Note payable - insurance               | 4,974          | 3,204          |
| Deferred revenue                       | <u>692</u>     | <u>3,192</u>   |
| Total Current Liabilities              | <u>197,721</u> | <u>113,510</u> |

*Stockholders' Equity (Deficit)*

|                                                                                                                                                                     |                              |                              |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------|------------------------------|
| Common stock--\$.001 par value, 50,000,000 shares authorized, 27,416,084 and 22,266,084 issued and outstanding at June 30, 2011 and December 31, 2010, respectively | 27,416                       | 22,266                       |
| Additional paid in capital                                                                                                                                          | 3,091,063                    | 2,781,213                    |
| Accumulated deficit                                                                                                                                                 | (3,142,404)                  | (2,617,277)                  |
| Accumulated other comprehensive (loss)                                                                                                                              | <u>--</u>                    | <u>--</u>                    |
| Total Stockholders' Equity (Deficit)                                                                                                                                | <u>(23,925)</u>              | <u>186,202</u>               |
| <br><i>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)</i>                                                                                                     | <br><u><u>\$ 173,796</u></u> | <br><u><u>\$ 299,712</u></u> |

INFORMATION SYSTEM ASSOCIATES, INC.  
CONDENSED STATEMENTS OF OPERATIONS  
(UNAUDITED)

|                                                  | <i>For the Three Months Ended</i> |                     | <i>For the Six Months Ended</i> |                     |
|--------------------------------------------------|-----------------------------------|---------------------|---------------------------------|---------------------|
|                                                  | <i>June 30,</i>                   |                     | <i>June 30,</i>                 |                     |
|                                                  | <u>2011</u>                       | <u>2010</u>         | <u>2011</u>                     | <u>2010</u>         |
| <i>Revenue</i>                                   | \$ 74,621                         | \$ 234,986          | \$ 201,875                      | \$ 491,640          |
| <i>Cost of Sales</i>                             | <u>9,884</u>                      | <u>14,440</u>       | <u>26,914</u>                   | <u>14,440</u>       |
| <i>Gross Profit</i>                              | 64,737                            | 220,546             | 174,961                         | 477,200             |
| <i>Operating Expenses</i>                        |                                   |                     |                                 |                     |
| Administrative and general                       | 85,064                            | 122,264             | 169,273                         | 287,484             |
| Salaries and employee benefits                   | 144,210                           | 67,740              | 286,355                         | 135,791             |
| Professional                                     | <u>79,958</u>                     | <u>246,085</u>      | <u>240,392</u>                  | <u>476,928</u>      |
| Total Operating Expenses                         | <u>309,232</u>                    | <u>436,089</u>      | <u>696,020</u>                  | <u>900,203</u>      |
| (Loss) Before Other Income (Expense)             | (244,495)                         | (215,543)           | (521,059)                       | (423,003)           |
| <i>Other Income (Expense)</i>                    |                                   |                     |                                 |                     |
| Other income (expense)                           | (237)                             | --                  | (237)                           | 30                  |
| Loss on sale of security                         | --                                | (16,154)            | --                              | (16,154)            |
| Interest expense                                 | <u>(2,238)</u>                    | <u>(2,273)</u>      | <u>(3,831)</u>                  | <u>(4,464)</u>      |
| Total Other Income (Expense)                     | <u>(2,475)</u>                    | <u>(18,427)</u>     | <u>(4,068)</u>                  | <u>(20,588)</u>     |
| Net (Loss)                                       | (246,970)                         | (233,970)           | (525,127)                       | (443,591)           |
| <i>Other Comprehensive (Loss)</i>                |                                   |                     |                                 |                     |
| Unrealized gain/(loss) on securities:            |                                   |                     |                                 |                     |
| Arising during the year                          | <u>--</u>                         | <u>(4,673)</u>      | <u>--</u>                       | <u>(17,794)</u>     |
| Total other comprehensive (loss)                 | <u>--</u>                         | <u>(4,673)</u>      | <u>--</u>                       | <u>(17,794)</u>     |
| Comprehensive (Loss)                             | <u>\$ (246,970)</u>               | <u>\$ (238,643)</u> | <u>\$ (525,127)</u>             | <u>\$ (461,385)</u> |
| <i>Basic and Fully Diluted (Loss) per Share:</i> |                                   |                     |                                 |                     |
| Basic and fully diluted                          | <u>\$ (0.01)</u>                  | <u>\$ (0.01)</u>    | <u>\$ (0.02)</u>                | <u>\$ (0.02)</u>    |
| Weighted average common shares outstanding       | <u>26,711,688</u>                 | <u>18,532,751</u>   | <u>26,129,607</u>               | <u>18,532,751</u>   |

INFORMATION SYSTEMS ASSOCIATES, INC.  
CONDENSED STATEMENTS OF CASH FLOWS  
(UNAUDITED)

|                                                                                     | <i>For the Six Months Ended</i> |                        |
|-------------------------------------------------------------------------------------|---------------------------------|------------------------|
|                                                                                     | <i>June 30,</i>                 |                        |
|                                                                                     | <u>2011</u>                     | <u>2010</u>            |
| <i>Cash Flows from Operating Activities</i>                                         |                                 |                        |
| Net (Loss)                                                                          | \$ (525,127)                    | \$ (443,591)           |
| Adjustments to reconcile net (loss) to net cash provided from operating activities: |                                 |                        |
| Depreciation and amortization                                                       | 4,372                           | 84,902                 |
| Common stock for services                                                           | --                              | 202,854                |
| Amortization of prepaid consulting                                                  | 116,687                         | --                     |
| Loss on sale of investment                                                          | --                              | 16,154                 |
| Changes in assets and liabilities                                                   |                                 |                        |
| Accounts receivable                                                                 | 42,504                          | 5,993                  |
| Prepaid expenses                                                                    | (8,840)                         | 1,390                  |
| Other assets                                                                        | (1,690)                         | --                     |
| Accounts payable                                                                    | 58,866                          | 48,226                 |
| Accrued expenses and other liabilities                                              | (2,405)                         | 7,586                  |
| Deferred revenue                                                                    | <u>(2,500)</u>                  | <u>(1,350)</u>         |
| Net Cash (Used in) Operating Activities                                             | <u>(318,133)</u>                | <u>(77,836)</u>        |
| <i>Cash Flows from Investing Activities</i>                                         |                                 |                        |
| Proceeds from sale of investment                                                    | --                              | 10,000                 |
| Investment in software development                                                  | (19,350)                        | --                     |
| Purchase of property and equipment                                                  | <u>(10,231)</u>                 | <u>(666)</u>           |
| Net Cash (Used In) Investing Activities                                             | <u>(29,581)</u>                 | <u>9,334</u>           |
| <i>Cash Flows from Financing Activities</i>                                         |                                 |                        |
| Proceeds from line of credit                                                        | 3,480                           | 19,627                 |
| Borrowings from note payable - shareholder                                          | 25,000                          | 32,500                 |
| Net proceeds from insurance financings                                              | 1,770                           | (3,276)                |
| Proceeds from issuance of stock                                                     | <u>255,000</u>                  | <u>--</u>              |
| Net Cash Provided by Financing Activities                                           | <u>285,250</u>                  | <u>48,851</u>          |
| Net Change in Cash and Cash Equivalents                                             | (62,464)                        | (19,651)               |
| Cash and Cash Equivalents at Beginning of period                                    | <u>70,326</u>                   | <u>21,047</u>          |
| Cash and Cash Equivalents at End of Period                                          | <u><u>\$ 7,862</u></u>          | <u><u>\$ 1,396</u></u> |

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**Source: Information Systems Associates, Inc.**