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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)
[x] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended **September 30, 2014**

OR

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from ________ to ________

Commission File Number **0-28536**

WILHELMINA INTERNATIONAL, INC.
(Exact name of registrant as specified in its charter)

Delaware	**74-2781950**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
200 Crescent Court, Suite 1400, Dallas, Texas	**75201**
(Address of principal executive offices)	(Zip Code)

(214) 661-7488
(Registrant's telephone number, including area code)

n/a
(Former name, former address and former fiscal year, if changed since last report)

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15 (d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. [x] Yes [ ] No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). [x] Yes [ ] No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer [ ]	Accelerated filer [ ]
Non-accelerated filer [ ] (Do not check if a smaller reporting company)	Smaller reporting company [x]

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). [ ] Yes [x] No

As of November 13, 2014 the registrant had 5,870,115 shares of common stock outstanding.

WILHELMINA INTERNATIONAL, INC. AND SUBSIDIARIES

Quarterly Report on Form 10-Q

For the Three Months Ended September 30, 2014

PART I

FINANCIAL INFORMATION

Item 1. Financial Statements
WILHELMINA INTERNATIONAL, INC. AND SUBSIDIARIES
Consolidated Balance Sheets

(In thousands, except share data)

ASSETS

	(Unaudited) September 30, 2014	December 31, 2013
Current assets:		
Cash and cash equivalents	$ 3,798	$ 2,776
Accounts receivable, net of allowance for doubtful accounts of $660 and $571	13,265	11,327
Deferred tax asset	1,025	1,659
Prepaid expenses and other current assets	349	257
Total current assets	18,437	16,019
Property and equipment, net of accumulated depreciation of $689 and $493	1,025	831
Trademarks and trade names with indefinite lives	8,467	8,467
Other intangibles with finite lives, net of accumulated amortization of $8,178 and $7,888	159	449
Goodwill	12,563	12,563
Restricted cash	222	222
Other assets	208	340
Total assets	$ 41,081	$ 38,891

LIABILITIES AND SHAREHOLDERS' EQUITY

	September 30, 2014	December 31, 2013
Current liabilities:		
Accounts payable and accrued liabilities	$ 3,961	$ 2,969
Due to models	9,416	8,669
Total current liabilities	13,377	11,638
Long term liabilities		
Amegy credit facility	-	800
Deferred income tax liability	1,333	1,287
Total long-term liabilities	1,333	2,087
Total liabilities	14,710	13,725
Shareholders' equity:		
Preferred stock, $0.01 par value, 10,000,000 shares authorized; none outstanding	-	-
Common stock, $0.01 par value, 12,500,000 shares authorized; 5,870,115 shares issued and outstanding at September 30, 2014 and December 31, 2013	65	65
Treasury stock 601,705, at cost	(1,637)	(1,637)
Additional paid-in capital	86,735	86,589
Accumulated deficit	(58,792)	(59,851)
Total shareholders' equity	26,371	25,166
Total liabilities and shareholders' equity	$ 41,081	$ 38,891

The accompanying notes are an integral part of these consolidated financial statements

WILHELMINA INTERNATIONAL, INC. AND SUBSIDIARIES
Unaudited Consolidated Statements of Operations

(In thousands, except per share amounts)

	Three Months Ended		Nine Months Ended	
	September 30, 2014	September 30, 2013	September 30, 2014	September 30, 2013
Revenues				
Revenues	$ 19,853	$ 17,965	$ 57,517	$ 47,858
License fees and other income	100	134	300	507
Total revenues	19,953	18,099	57,817	48,365
Model costs	14,185	12,626	41,148	33,674
Revenues net of model costs	5,768	5,473	16,669	14,691
Operating expenses				
Salaries and service costs	3,336	2,818	9,690	8,461
Office and general expenses	1,188	979	3,366	2,591
Amortization and depreciation	114	394	484	1,177
Corporate overhead	305	265	958	909
Total operating expenses	4,943	4,456	14,498	13,138
Operating income	825	1,017	2,171	1,553
Other income (expense):				
Foreign currency loss	(34)	-	(34)	-
Equity in Earnings of 50% owned subsidiary earnings	(7)	19	(22)	21
Interest income	2	2	6	6
Interest expense	-	(13)	(8)	(41)
	(39)	8	(58)	(14)
Income before provision for income taxes	786	1,025	2,113	1,539
Provision for income taxes				
Current	181	503	372	720
Deferred	269	-	682	-
	450	503	1,054	720
Net income applicable to common stockholders	$ 336	$ 522	$ 1,059	$ 819
Basic net income per common share	$ 0.06	$ 0.09	$ 0.18	$ 0.14
Diluted net income per common share	$ 0.06	$ 0.09	$ 0.18	$ 0.13
Weighted average common shares outstanding-basic	5,870	5,955	5,870	5,973
Weighted average common shares outstanding-diluted	5,968	6,052	5,968	6,071

The accompanying notes are an integral part of these consolidated financial statements

WILHELMINA INTERNATIONAL, INC. AND SUBSIDIARIES
Unaudited Consolidated Statements of Cash Flows

(In thousands)

	Nine months ended September 30, 2014	2013
Cash flows from operating activities:		
Net income	$ 1,059	$ 819
Adjustments to reconcile net income to net cash provided by operating activities:		
Amortization and depreciation	484	1,177
Share based payment expense	155	99
Deferred income taxes	680	-
Changes in operating assets and liabilities:		
(Increase) in accounts receivable	(1,938)	(2,419)
Decrease (increase) in prepaid expenses and other current assets	40	(111)
Increase in due to models	747	1,302
(Decrease) in foreign withholding claim	-	(428)
Increase in accounts payable and accrued liabilities	984	966
Net cash provided by operating activities	2,211	1,405
Cash flows from investing activities:		
Purchase of property and equipment	(389)	(344)
Net cash used in investing activities	(389)	(344)
Cash flows from financing activities:		
(Decrease) in earnout liability	-	(20)
Common stock repurchase	-	(307)
Proceeds from Amegy line of credit	-	500
Repayment of Amegy line of credit	(800)	(650)
Net cash used in financing activities	(800)	(477)
Net increase in cash and cash equivalents	1,022	584
Cash and cash equivalents, beginning of period	2,776	1,145
Cash and cash equivalents, end of period	$ 3,798	$ 1,729
Supplemental disclosures of cash flow information		
Cash paid for interest	$ 8	$ 41
Cash paid for income taxes	$ 300	$ 368
Supplemental disclosures of non cash flow information		
Decrease in earnout liability from indemnification receivable offset	$ -	$ 454

The accompanying notes are an integral part of these consolidated financial statements

WILHELMINA INTERNATIONAL, INC. AND SUBSIDIARIES
Notes to the Unaudited Consolidated Financial Statements
(in thousands, except per share data)

Note 1. Basis of Presentation

The interim consolidated financial statements included herein have been prepared by Wilhelmina International, Inc. ("Wilhelmina" or the "Company") and subsidiaries without audit, pursuant to the rules and regulations of the Securities and Exchange Commission ("SEC"). Although certain information and footnote disclosures normally included in the consolidated financial statements prepared in accordance with accounting principles generally accepted in the United States of America have been condensed or omitted pursuant to those rules and regulations, all adjustments considered necessary in order to make the consolidated financial statements not misleading have been included. In the opinion of the Company's management, the accompanying interim unaudited consolidated financial statements reflect all adjustments, of a normal recurring nature, that are necessary for a fair presentation of the Company's consolidated financial position, results of operations and cash flows for such periods. It is recommended that these interim unaudited consolidated financial statements be read in conjunction with the consolidated financial statements and the notes thereto included in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2013, as amended. Results of operations for the interim periods are not necessarily indicative of results that may be expected for any other interim periods or the full fiscal year.

On July 11, 2014, the Company effected a reverse stock split of the Company's common stock at a ratio of one share for twenty shares. The Company has retroactively adjusted all the share information to reflect this reverse stock split in the accompanying consolidated financial statements and notes.

Note 2. Business Activity

Overview

The primary business of Wilhelmina is fashion model management, which is headquartered in New York City. The Company's predecessor was founded in 1967 by Wilhelmina Cooper, a renowned fashion model, and is one of the oldest, best known and largest fashion model management companies in the world. Since its founding, Wilhelmina has grown to include operations located in Los Angeles and Miami, as well as a growing network of licensees comprising leading modeling agencies in various local markets across the U.S. as well as in Thailand, Dubai, Vancouver and Tokyo. Wilhelmina provides traditional, full-service fashion model and talent management services, specializing in the representation and management of models, entertainers, artists, athletes and other talent to various customers and clients, including retailers, designers, advertising agencies and catalog companies.

Note 3. Line of Credit

On October 24, 2012, the Company executed and closed the second amendment (the "Second Credit Agreement Amendment") to its revolving facility with Amegy Bank National Association ("Amegy"). Borrowings under the facility are to be used for working capital and other general business purposes of the Company.

Under the terms of the Second Credit Agreement Amendment, (1) total availability under the revolving credit facility is $5,000, (2) the borrowing base is derived from 75% of eligible accounts receivable (as defined) and (3) the Company's minimum net worth covenant is $22,000. In addition, the maturity date of the facility is October 15, 2015. The Company's obligation to repay advances under the amended facility is evidenced by a second amended and restated promissory note (the "Second Amended and Restated Promissory Note"). Under the terms of the Second Amended and Restated Promissory Note, the interest rate on borrowings is prime rate plus 1%.

On July 31, 2014, the Company executed and closed the third amendment (the "Third Credit Agreement Amendment") to its revolving facility with Amegy. The terms of the Third Credit Agreement Amendment are essentially the same as in the Second Credit Agreement Amendment with the exception of the ability to issue up to $300 of standby letters of credit. Outstanding letters of credit will reduce the Company's availability under the facility.

As of November 13, 2014, the Company had no outstanding borrowings or letters of credit under the revolving credit facility.

Note 4. Restricted Cash

At September 30, 2014 and 2013, the Company had approximately $222 of restricted cash that serves as collateral for the full amount of an irrevocable standby letter of credit. The letter of credit serves as additional security under the lease extension relating to the Company's office space in New York that expires in February 2021.

Note 5. Commitments and Contingencies

On May 2, 2012, Sean Patterson, the former President of the Company's subsidiary, Wilhelmina International, Ltd. ("Wilhelmina International"), filed a lawsuit in the Supreme Court of the State of New York, County of New York, against the Company, Wilhelmina International and Mark Schwarz, the Company's Chairman of the Board, asserting claims for alleged breach of Mr. Patterson's expired employment agreement (the "Employment Agreement") with Wilhelmina International, defamation, and declaratory relief with respect to the alleged invalidity and unenforceability of the Employment Agreement's non-competition and non-solicitation provisions. The Company and Wilhelmina International denied its material allegations and asserted counterclaims against Mr. Patterson for breach of the Employment Agreement, breach of fiduciary duty, and injunctive relief. On May 23, 2014, the court granted the defendants' motion to dismiss Mr. Patterson's defamation claim, and granted Mr. Patterson's cross-motion for leave to file an amended defamation claim. Patterson filed an Amended Complaint on May 15, 2014, repeating the claims for alleged breach of contract and declaratory relief, and filing an amended defamation claim. The Company and Wilhelmina International filed an Answer to the Amended Complaint, denying its material allegations, on June 17, 2014, and again asserted counterclaims for breach of contract, breach of fiduciary duty, and for injunctive relief. Patterson replied to those counterclaims on June 27, 2014. The parties are currently engaged in discovery. The Company believes Mr. Patterson's claims are without merit and intends to vigorously defend itself and pursue the counterclaims.

On October 24, 2013, a purported class action lawsuit brought by former Wilhelmina model Alex Shanklin and others (the "Shanklin Litigation"), naming the Company's subsidiaries Wilhelmina International and Wilhelmina Models, Inc. (the "Wilhelmina Subsidiary Parties"), was initiated in New York State Supreme Court (New York County) by the same lead counsel who represented plaintiffs in the prior, now-dismissed action brought by Louisa Raske (the "Raske Litigation"). The claims in the Shanklin Litigation include breach of contract and unjust enrichment and are alleged to arise out of matters relating to those matters involved in the Raske Litigation, such as the handling and reporting of funds on behalf of models and the use of model images. Other parties named as defendants in the Shanklin Litigation include other model management companies, advertising firms, and certain advertisers. As previously noted, on March 3, 2014, the judge assigned to the Shanklin Litigation wrote the Office of the New York Attorney General bringing the case to its attention, generally describing the claims asserted therein against the model management defendants, and stating that the case "may involve matters in the public interest." The judge's letter also enclosed a copy of his decision in the Raske Litigation, which dismissed that case. The Company believes the claims asserted in the Shanklin Litigation are without merit and intends to vigorously defend itself and its subsidiaries. On January 6, 2014, the Wilhelmina Subsidiary Parties moved to dismiss the Amended Complaint in the Shanklin Litigation for failure to state a cause of action upon which relief can be granted and other grounds, and other defendants also filed motions to dismiss. By Decision and Order dated August 11, 2014, the court denied the Wilhelmina Subsidiary Parties' motion to dismiss. In its Decision and Order, the court limited pre-class certification discovery to information relating to usages of the named plaintiffs' images agreed to by the defendant model management companies during the six-year period prior to the commencement of the lawsuit. The parties are presently involved in court-ordered mediation.

In addition to the legal proceedings disclosed herein, the Company is also engaged in various legal proceedings that are routine in nature and incidental to its business. None of these routine proceedings, either individually or in the aggregate, are believed, in the Company's opinion, to have a material adverse effect on its consolidated financial position or its results of operations.

As of September 30, 2014, a number of the Company's employees were covered by employment agreements that vary in length from one to three years. As of September 30, 2014, total compensation payable under the remaining contractual term of these agreements was approximately $3,506. In addition, the employment agreements contain non-compete provisions ranging from six months to one year following the term of the applicable agreement. Therefore, subject to certain exceptions, as of September 30, 2014, invoking the non-compete provisions would require the Company to compensate additional amounts to the covered employees during the non-compete period in the amount of approximately $3,173.

Note 6. Share Capital

The Company has a shareholder's rights plan (the "Rights Plan"). The Rights Plan provides for a dividend distribution of one preferred share purchase right (a "Right") for each outstanding share of the Company's Common Stock, $.01 par value (the "Common Stock"). The terms of the Rights and the Rights Plan are set forth in a Rights Agreement, dated as of July 10, 2006, as amended, by and between the Company and The Bank of New York Trust Company, N.A., now known as The Bank of New York Mellon Trust Company, N.A., as Rights Agent (the "Rights Agreement").

The Company's Board of Directors adopted the Rights Plan to protect shareholder value by protecting the Company's ability to realize the benefits of its net operating loss carryforwards ("NOLs"). In general terms, the Rights Plan imposes a significant penalty upon any person or group that acquires 5% or more of the outstanding Common Stock without the prior approval of the Company's Board of Directors. Shareholders that own 5% or more of the outstanding Common Stock as of the close of business on the Record Date (as defined in the Rights Agreement) may acquire up to an additional 1% of the outstanding Common Stock without penalty so long as they maintain their ownership above the 5% level (such increase subject to downward adjustment by the Company's Board of Directors if it determines that such increase will endanger the availability of the Company's NOLs). In addition, the Company's Board of Directors has exempted Newcastle Partners, L.P. ("Newcastle"), the Company's largest shareholder, and may exempt any person or group that owns 5% or more if the Board of Directors determines that the person's or group's ownership will not endanger the availability of the Company's NOLs. A person or group that acquires a percentage of Common Stock in excess of the applicable threshold is called an "Acquiring Person". Any Rights held by an Acquiring Person are void and may not be exercised. The Company's Board of Directors authorized the issuance of one Right per each share of Common Stock outstanding on the Record Date. If the Rights become exercisable, each Right would allow its holder to purchase from the Company one one-hundredth of a share of the Company's Series A Junior Participating Preferred Stock, par value $0.01 (the "Preferred Stock"), for a purchase price of $10.00. Each fractional share of Preferred Stock would give the shareholder approximately the same dividend, voting and liquidation rights as does one share of Common Stock. Prior to exercise, however, a Right does not give its holder any dividend, voting or liquidation rights.

Standstill Agreement

On April 24, 2013, the Company and Ronald L. Chez ("Chez"), a shareholder of the Company, entered into a letter agreement (the "Standstill Agreement"), pursuant to which Chez and his Affiliates (as defined in the Standstill Agreement) agreed not to, without the prior approval of the Board of Directors of the Company, (a) beneficially own in excess of 500,000 shares of Common Stock of the Company nor (b) directly or indirectly, make any proposal or offer to acquire (other than pursuant to a confidential proposal to the Board of Directors of the Company), or agree to acquire or to become the beneficial owner of (i) any shares of Common Stock, (ii) any other securities of the Company convertible, exchangeable or exercisable into shares of Common Stock or (iii) any other voting securities of the Company, which, when added together with any such securities beneficially owned by Chez and his Affiliates immediately prior thereto, would provide Chez and his Affiliates with voting power in the aggregate in excess of 500,000 shares of Common Stock.

The Company agreed to, within three (3) business days of the execution of the Standstill Agreement, promptly execute (and submit for signature by the Rights Agent) an amendment to the Rights Agreement, which amendment provides that Chez shall not be deemed to be an "Acquiring Person" under the Rights Agreement by virtue of (a) the acquisition of shares of Common Stock purchased by Chez and disclosed in the initial Schedule 13D with respect to his ownership of Company Common Stock filed by Chez on March 22, 2013 (the "Initial Chez 13D") or (b) the acquisition of additional shares of Common Stock in one or more purchases which in the aggregate, when added together with the shares of Common Stock reflected in the Initial Chez 13D, do not exceed 500,000 shares of Common Stock.

The restrictions set forth in the Standstill Agreement will terminate upon the earlier of sixty (60) days following the expiration of the Rights Agreement or the earlier termination of the Rights Agreement (including pursuant to a redemption of the outstanding rights in accordance therewith) by the Company.

Amendment to Rights Agreement

On July 10, 2014, the Company entered into a Fourteenth Amendment (the "Fourteenth Amendment") to the Company's Rights Agreement.The Fourteenth Amendment, among other things, (i) amends the definition of Acquiring Person (as defined in the Rights Agreement) to provide that no reporting person on the Newcastle-Lorex Schedule 13D (as defined below) (each, a "Newcastle-Lorex Schedule 13D Reporting Person") shall be deemed to be an Acquiring Person solely by virtue of (a) the Mutual Support Agreement dated August 25, 2008, as amended on October 18, 2010, between Newcastle, Lorex Investments AG, Dieter Esch, Brad Krassner and Krassner Family Investments L.P. (and any agreement in respect of acquiring, holding, voting or disposing of any securities of the Company contained therein) (the "Mutual Support Agreement") or (b) any shares of the Company's common stock that may be deemed to be beneficially owned by, or otherwise attributed to, a Newcastle-Lorex Schedule 13D Reporting Person (but not owned directly by such Newcastle-Lorex Schedule 13D Reporting Person) solely by virtue of the existence of the Mutual Support Agreement or such Newcastle-Lorex Schedule 13D Reporting Person's membership in any Section 13(d) "group" that may be considered to exist among Newcastle-Lorex Schedule 13D Reporting Persons, as reported pursuant to the Newcastle-Lorex Schedule 13D ("Attributed Shares"), (ii) amends the definition of Triggering Event (as defined in the Rights Agreement) to provide that no Triggering Event shall result solely by virtue of the existence of the Mutual Support Agreement or any Attributed Shares, (iii) provides that a Distribution Date (as defined in the Rights Agreement) shall not be deemed to have occurred solely by virtue of the existence of the Mutual Support Agreement or any Attributed Shares and (iv) provides that neither existence of the Mutual Support Agreement nor any Attributed Shares shall be deemed to be events that cause the Rights (as defined in the Rights Agreement) to become exercisable. The "Newcastle-Lorex Schedule 13D" means the Schedule 13D dated June 19, 2014 jointly filed by Newcastle, Newcastle Capital Group, L.L.C., Newcastle Capital Management, L.P., NCM Services Inc., the Schwarz 2012 Family Trust, Mark E. Schwarz, John Murray, Clinton Coleman, James Dvorak, Lorex Investments AG, Dieter Esch and Peter Marty, as may be subsequently amended; provided that both Newcastle Partners, L.P. and Lorex Investments A.G. are reporting persons thereon.

On July 11, 2014, the Company filed a certificate of amendment to the Company's restated certificate of incorporation (the "Certificate of Amendment") which effected a reverse stock split (the "Reverse Stock Split") of the Company's Common Stock at a ratio of one share for twenty shares. The Company's stockholders previously approved the granting of authority to the Company's Board of Directors to effect a reverse stock split at a ratio between one-for-ten and one-for-forty at the Company's annual meeting of stockholders held on September 26, 2013. The Company's Board of Directors approved the implementation of the Reverse Stock Split and the applicable ratio of one-for-twenty on July 7, 2014.

The Certificate of Amendment provided that, effective as of 5:00pm (Eastern Time) on July 11, 2014, every twenty outstanding shares of Common Stock were combined automatically into one share of Common Stock. Fractional shares resulting from the Reverse Stock Split were cancelled and stockholders otherwise entitled to a fractional share will receive a cash payment in lieu of the fractional share based on the average of the last reported sales price of the Common Stock as quoted on the OTCBB for the five business days prior to the effectiveness of the Reverse Stock Split (which average price is $.30). The Certificate of Amendment also proportionally reduced the Company's authorized shares of Common Stock from 250,000,000 shares to 12,500,000 shares. The rights and privileges of the holders of the Common Stock are unaffected by the Reverse Stock Split.

Trading of the Common Stock on a split-adjusted basis began at the opening of trading on July 14, 2014.

Note 7. Income Taxes

Generally, the Company's combined effective tax rate is high relative to reported net income as a result of certain amounts of amortization expense and corporate overhead not being deductible or attributable to states in which it operates. Currently, the majority of taxes being paid by the Company are state taxes, not federal taxes. The Company operates in three states which have relatively high tax rates: California, New York and Florida. The Company's combined (federal and state) effective tax rate would be even higher if it were not for federal net operating loss carryforwards available to offset current federal taxable income. As of December 31, 2013, the Company had federal income tax loss carryforwards of approximately $3,400, which begin expiring in 2019. A portion of the Company's federal net operating loss carryforwards were utilized to offset federal taxable income generated during the three and nine months ended September 30, 2014. Realization of the Company's carryforwards is dependent on future taxable income. As defined in the Internal Revenue Code, ownership changes may limit the amount of net operating loss carryforwards that can be utilized annually to offset future taxable income.

As of December 31, 2013, management determined that the deferred tax asset ("DTA") valuation allowance of approximately $2,500 should be reversed. The decision to reverse the DTA valuation allowance was based on the sustained profitability by the Company in recent years and management's expectation of sufficient profitability in subsequent years to fully utlize the net operating losses. Deferred tax expense of $267 and $681 for the three and nine months ended September 30, 2014, respectively, represents recognition of the Company's deferred tax assets (mainly, utilization of the Company's NOL's during the period).

Note 8. Treasury Stock

During the year ended December 31, 2012, the Board of Directors authorized a stock repurchase program, whereby the Company could repurchase up to 500,000 shares of its outstanding Common Stock. During August 2013, the Board of Directors renewed and extended the Company's share repurchase authority to enable it to repurchase up to an additional 500,000 shares of Common Stock.

The shares may be repurchased from time-to-time in the open market or through privately negotiated transactions at prices the Company deems appropriate. The program does not obligate the Company to acquire any particular amount of Common Stock and the program may be modified or suspended at any time at the Company's discretion. The stock repurchase plan will be funded through the Company's cash on hand and the Third Credit Agreement Amendment.

In total, the Company has repurchased 601,705 shares of Common Stock at an average price of approximately $2.72 per share, for a total of approximately $1,637 under the foregoing stock repurchase program. No shares were repurchased during the nine months ended September 30, 2014.

Note 9. Related Parties

As of September 30, 2014, Mark Schwarz, the Chairman, Chief Executive Officer and Portfolio Manager of Newcastle Capital Management, L.P. ("NCM"), and John Murray, Chief Financial Officer of NCM, held the following executive officer and board of director positions with the Company: Chairman of the Board and Executive Chairman, and Chief Financial Officer, respectively. NCM is the General Partner of Newcastle, which owns 2,430,726 shares of Common Stock. Clinton Coleman (Managing Director at NCM) and James Dvorak (Managing Director at NCM) also serve as directors of the Company.

The Company's corporate headquarters are located at 200 Crescent Court, Suite 1400, Dallas, Texas 75201, which are also the offices of NCM. The Company occupies a portion of NCM space on a month-to-month basis at approximately $3 per month, pursuant to a services agreement entered into between the parties. Pursuant to the services agreement, the Company receives the use of NCM's facilities and equipment and accounting, legal and administrative services from employees of NCM. The Company incurred expenses pursuant to the services agreement totaling approximately $8 and $23 for the three and nine months ended September 30, 2014 and 2013, respectively. The Company owed NCM $0 as of September 30, 2014 and 2013, under the services agreement.

The Company has an agreement with an unconsolidated affiliate to provide management and administrative services, as well as sharing of space. Management fee and rental income from the unconsolidated affiliate amounted to approximately $28 and $84 for the three and nine months ended September 30, 2014 and 2013.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

The following is a discussion of the interim unaudited consolidated financial condition and results of operations for the Company and its subsidiaries for the three and nine months ended September 30, 2014 and 2013. It should be read in conjunction with the financial statements of the Company, the notes thereto and other financial information included elsewhere in this report, and the Company's Annual Report on Form 10-K for the year ended December 31, 2013, as amended.

Forward-Looking Statements

This Quarterly Report on Form 10-Q contains certain "forward-looking" statements as such term is defined in Section 27A of the Securities Act of 1933, as amended, Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and the Private Securities Litigation Reform Act of 1995 and information relating to the Company and its subsidiaries that are based on the beliefs of the Company's management as well as information currently available to the Company's management. When used in this report, the words "anticipate," "believe," "estimate," "expect" and "intend" and words or phrases of similar import, as they relate to the Company or its subsidiaries or Company management, are intended to identify forward-looking statements. Such statements reflect the current risks, uncertainties and assumptions related to certain factors including, without limitation, competitive factors, general economic conditions, the interest rate environment, governmental regulation and supervision, seasonality, changes in industry practices, one-time events and other factors described herein and in other filings made by the Company with the SEC. Based upon changing conditions, should any one or more of these risks or uncertainties materialize, or should any underlying assumptions prove incorrect, actual results may vary materially from those described herein as anticipated, believed, estimated, expected or intended. The Company does not undertake any obligation to publicly update these forward-looking statements. As a result, you should not place undue reliance on these forward-looking statements.

OVERVIEW

The Company's primary business is fashion model management, which is headquartered in New York City. The Company's predecessor was founded in 1967 by Wilhelmina Cooper, a renowned fashion model, and is one of the oldest, best known and largest fashion model management companies in the world. Since its founding, it has grown to include operations located in Los Angeles and Miami, as well as a growing network of licensees comprising leading modeling agencies in various local markets across the U.S., as well as in Thailand, Dubai, Vancouver and Tokyo. The Company provides traditional, full-service fashion model and talent management services, specializing in the representation and management of models, entertainers, artists, athletes and other talent to various customers and clients, including retailers, designers, advertising agencies and catalog companies.

The business of talent management firms, such as Wilhelmina, depends heavily on the state of the advertising industry, as demand for talent is driven by Internet, print and TV advertising campaigns for consumer goods and retail clients.

Wilhelmina believes it has strong brand recognition which enables it to attract and retain top agents and talent to service a broad universe of clients. In order to take advantage of these opportunities and support its continued growth, the Company will need to continue to successfully allocate resources and staffing in a way that enhances its ability to respond to these new opportunities. The Company continues to focus on cutting costs, recruiting top agents when available and scouting and developing new talent.

Although Wilhelmina has a large and diverse client base, it is not immune to global economic conditions. Wilhelmina closely monitors economic conditions, client spending and other factors and continually looks for ways to reduce costs, manage working capital and conserve cash. There can be no assurance as to the effects on Wilhelmina of future economic circumstances, client spending patterns, client credit worthiness and other developments and whether, or to what extent, Wilhelmina's efforts to respond to them will be effective.

Trends and Opportunities

The Company expects that the combination of Wilhelmina's main operating base in New York City, the industry's capital, with the depth and breadth of its talent pool and client roster and its diversification across various talent management segments, together with its geographical reach should make Wilhelmina's operations more resilient to industry changes and economic swings than those of many of the smaller firms operating in the industry. Similarly, in the segments where Wilhelmina competes with other leading full service agencies, Wilhelmina competed successfully during the first nine months of 2014.

With total advertising expenditures on major media (newspapers, magazines, television, cinema, outdoor and Internet) exceeding approximately $160 billion in recent years, North America is by far the world's largest advertising market. For the fashion talent management industry, including Wilhelmina, advertising expenditures on magazines, television, Internet and outdoor are of particular relevance.

Strategy

Management's strategy is to increase value to shareholders through the following initiatives:

- develop Wilhelmina into a global brand;
- expand the women's high end fashion board;
- expand the Wilhelmina Artist Management, LLC ("WAM") business;
- strategic acquisitions;
- licensing the "Wilhelmina" name to leading model management agencies;
- licensing the "Wilhelmina" brand in connection with consumer products, cosmetics and other beauty products; and
- promoting model search contests, and events and partnering on media projects (television, film, books, etc.).

Due to the increasing ubiquity of the Internet as a standard business tool, the Company has increasingly sought to harness the opportunities of the Internet and other digital media to improve their communications with clients and to facilitate the effective exchange of fashion model and talent information. The Company continues to make significant investments in technology (including developing in-house art and social media departments) in pursuit of gains in efficiency and better communications with customers. At the same time, the Internet presents challenges for the Company, including (i) the cannibalization of traditional print advertising business and (ii) pricing pressures with respect to photo shoots and client engagements.

The key financial indicators that the Company reviews to monitor the business are gross billings, revenues, model costs, operating expenses and cash flows.

The Company analyzes revenue by reviewing the mix of revenues generated by the different "boards" (each a specific division of the fashion model management operations which specializes by the type of model it represents (Women, Men, Direct, Direct 2, Runway, Curve, Lifestyle, Kids, etc.)) of the business, revenues by geographic locations and revenues from significant clients. Wilhelmina has three primary sources of revenue: revenues from principal relationships whereby the gross amount billed to the client is recorded as revenue, when the revenues are earned and collectability is reasonably assured; revenues from agent relationships whereby the commissions paid by models as a percentage of their gross earnings are recorded as revenue when earned and collectability is reasonably assured; and separate service charges, paid by clients in addition to the booking fees, which are calculated as a percentage of the models' booking fees and are recorded as revenues when earned and collectability is reasonably assured. See Critical Accounting Policies - Revenue Recognition. Gross billings are an important business metric that ultimately drive revenues, profits and cash flows.

Because Wilhelmina provides professional services, salary and service costs represent the largest part of the Company's operating expenses. Salary and service costs are comprised of payroll and related costs and T&E (travel, meals and entertainment) to deliver the Company's services and to enable new business development activities.

Analysis of Consolidated Statements of Operations and Gross Billings

(in thousands)

	Three Months Ended			Nine Months Ended		
	September 30 2014	September 30 2013	% Change 2014 vs 2013	September 30 2014	September 30 2013	% Change 2014 vs 2013
GROSS BILLINGS	**$ 21,080**	**$ 18,735**	**12.5%**	**$ 59,575**	**$ 50,716**	**17.5%**
Revenues	**19,853**	**17,965**	10.5%	57,517	47,858	20.2%
License fees and other income	**100**	**134**	(25.4%)	300	507	(40.8%)
TOTAL REVENUES	**19,953**	**18,099**	**10.2%**	**57,817**	**48,365**	**19.5%**
Model costs	14,185	12,626	12.3%	41,148	33,674	22.2%
REVENUES NET OF MODEL COSTS	**5,768**	**5,473**	**5.4%**	**16,669**	**14,691**	**13.5%**
GROSS PROFIT MARGIN	**28.9%**	**30.2%**		**28.8%**	**30.4%**	
Salaries and service costs	3,336	2,818	18.4%	9,690	8,461	14.5%
Office and general expenses	1,188	979	21.1%	3,366	2,591	29.9%
Amortization and depreciation	114	394	(71.1%)	484	1,177	(58.9%)
Corporate overhead	305	265	15.1%	958	909	5.4%
OPERATING INCOME	**825**	**1,017**	**(18.7%)**	**2,171**	**1,553**	**39.8%**
OPERATING MARGIN	**4.1%**	**5.6%**		**3.8%**	**3.2%**	
Foreign currency loss	(34)	-		(34)	-	
Interest income	2	2		6	6	
Interest expense	-	(13)		(8)	(41)	
Equity Earnings in affiliate	(7)	19		(22)	21	
INCOME BEFORE INCOME TAXES	**786**	**1,025**	**(23.1%)**	**2,113**	**1,539**	**37.3%**
Income taxes expense	450	503	(10.5%)	1,054	720	46.4%
Effective tax rate	57.3%	49.1%		49.9%	46.8%	
NET INCOME	**$ 336**	**$ 522**	**(35.2%)**	**$ 1,059**	**$ 819**	**29.3%**

Gross Billings

Generally, the Company's gross billings fluctuate in response to its clients' willingness to spend on advertising and the Company's ability to have the desired talent available.

The increases in gross billings during the three and nine months ended September 30, 2014, when compared to gross billings for the three and nine months ended September 30, 2013 were driven by driven by 10% and 20%

increases in the gross billings from the core modeling during the three and nine months ended September 30, 2014, respectively, when compared to gross billings for the three and nine months ended September 30, 2013. All boards of the core modeling business experienced positive growth during the nine months ended September 30, 2014 when compared to the nine months ended September 30, 2013. The Company's hair & makeup board, which was launched midyear 2012, continues to show strong growth.

Revenues

The increase in revenues for the three and nine months ended September 30, 2014 when compared to the three and nine months ended September 30, 2013 were driven by an expanded developed talent pool and our customers' increased interest in booking the Company's talent. The Company's expanded developed talent pool continues to be driven by an emphasis on scouting and developing relationships with mother agencies around the world.

License Fees and Other Income

License fees and other income include the following:

- An agreement between the Company and an unconsolidated affiliate to provide management and administrative services, as well as sharing of space. For each of the three and nine months ended September 30, 2014 and September 30, 2013, management fee and rental income from the unconsolidated affiliate amounted to approximately $28 and $81, respectively.

- Franchise revenues from independently owned model agencies that use the Wilhelmina trademark name and various services provided by the Company. During the three and nine months ended September 30, 2014, franchise fees totaled approximately $72 and $216, compared to approximately $78 and $244 for the three and nine months ended September 30, 2013, respectively.
- Fees derived from participants in the Company's model search contests, events and television syndication royalties.

Gross Profit Margin

Fluctuations in gross profit margin, between periods, are predominantly due to the following:

- The mix of revenues being derived from talent relationships, which require the reporting of revenues gross (as a principal) versus net (as an agent). Model costs consist of costs associated with relationships with models where the key indicators suggest that the Company acts as a principal.
- An increase or decrease in mother agency fees, relative to model costs.
- An increase or decrease in the rate of recovery of advances to models (for the cost of producing initial portfolios and other out-of-pocket costs). These costs are expensed as incurred and repayments of such costs are credited to model costs in the period received.

Gross profit margins were lower during the three and nine months ended September 30, 2014, when compared to the three and nine months ended September 30, 2013, as a result of the following:

- Royalties earned in the WAM business are reported on a net basis and have decreased.
- Mother agency fees have increased relative to total revenues, which has caused margins to decrease.

Salaries and Service Costs

Salaries and service costs consist of payroll and related costs and T&E (travel, meals and entertainment) costs required to deliver the Company's services to its customers and talent. The following factors contributed to the increases in salaries and service costs when comparing the three and nine months ended September 30, 2014 to the three and nine months ended September 30, 2013:

- The Company continues to recruit agents when available and invest in scouting, development, brand and marketing activities. The Company believes these investments are necessary to support its continued growth.
- Consistent with the Company's continued focus on containing costs, the amount of salaries and service costs as a percentage of revenue declined to 16.7% for the nine months ended September 30, 2014, respectively, when compared 17.7% for the nine months ended September 30, 2013.

Office and General Expenses

Office and general expenses consist of office and equipment rents, advertising and promotion, insurance expenses, administration and technology cost. These costs are less directly linked to changes in the Company's revenues than are salaries and service costs.

During the three and nine months ended September 30, 2014, office and general expenses increased, when compared to the three and nine months ended September 30, 2013, due to costs associated with legal and professional fees, consulting and technology. The Company continues to invest in technology to improve delivery of model management services to its talent.

The amount of office and general expenses as a percentage of revenue a percentage of revenue increased slightly to 6.0% and 5.8% for the three and nine months ended September 30, 2014, respectively, when compared to 5.4% for the three and nine months ended September 30, 2013.

Amortization and Depreciation

Depreciation and amortization expense is incurred with respect to certain assets, including computer hardware, software, office equipment, furniture, and other intangibles. During the three and nine months ended September 30, 2014, depreciation and amortization expense totaled $114 and $484 (of which $45 and $290 relates to amortization of intangibles acquired in connection with the Wilhelmina Acquisition), compared to $394 and $1,177 of depreciation and amortization expense during the three and nine months ended September 30, 2013 (of which $357 and $1,071 relates to amortization of intangibles acquired in connection with the Wilhelmina Acquisition). Fixed asset purchases (mostly related to technology and leasehold improvements) totaled approximately $389 and $339 during the nine months ended September 30, 2014 and September 30, 2013, respectively.

Corporate Overhead

Corporate overhead expenses include public company costs, director and executive officer compensation, directors' and officers' insurance, legal, audit and professional fees, corporate office rent and travel. Corporate overhead remained relatively flat for the nine months ended September 30, 2014, when compared to the nine months ended September 30, 2013.

Operating Margin

Operating margins decreased somewhat for the three months ended September 30, 2014, when compared to the three months ended September 30, 2013, as a result of a decrease in gross profit margins, as discussed above. Operating margins increased for the nine months ended September 30, 2014, when compared to the nine months ended September 30, 2013, mostly as a result of changes in amortization expense between the periods.

Asset Impairment Charge

Each reporting period, the Company assesses whether events or circumstances have occurred which indicate that the carrying amount of an intangible asset exceeds its fair value. If the carrying amount of the intangible asset exceeds its fair value, an asset impairment charge will be recognized in an amount equal to that excess. No asset impairment charges were incurred during the nine months ended September 30, 2014 and September 30, 2013.

Interest Expense

The decrease in interest expense for the three and nine months ended September 30, 2014, when compared to the three and nine months ended September 30, 2013, is the result of a decrease in average borrowings under the Third Credit Agreement Amendment.

Income Taxes

Generally, the Company's combined effective tax rate is high relative to reported net income as a result of certain amounts of amortization expense and corporate overhead not being deductible or attributable to states in which it operates. Currently, the majority of taxes being paid by the Company are state taxes, not federal taxes. The Company operates in three states which have relatively high tax rates: California, New York and Florida. The Company's combined (federal and state) effective tax rate would be even higher if it were not for federal net operating loss carryforwards available to offset current federal taxable income. As of December 31, 2013, the Company had federal income tax loss carryforwards of approximately $3,400, which begin expiring in 2019. A portion of the Company's federal net operating loss carryforwards were utilized to offset federal taxable income generated during the three and nine months ended September 30, 2014. Realization of the Company's carryforwards is dependent on future taxable income. As defined in the Internal Revenue Code, ownership changes may limit the amount of net operating loss carryforwards that can be utilized annually to offset future taxable income.

As of December 31, 2013, management determined that the deferred tax asset ("DTA") valuation allowance of approximately $2,500 should be reversed. The decision to reverse the DTA valuation allowance was based on the sustained profitability by the Company in recent years and management's expectation of sufficient profitability in subsequent years to fully utlize the net operating losses. Deferred tax expense of $267 and $681 for the three and nine months ended September 30, 2014, respectively, represents recognition of the Company's deferred tax assets (mainly, utilization of the Company's NOL's during the period).

Liquidity and Capital Resources

The Company's cash balance increased to $3,798 at September 30, 2014, from $2,776 at December 31, 2013. For the nine months ended September 30, 2014, cash balances increased as a result of cash flows from operations of approximately $2,211, which were driven by continued revenue growth in the core modeling business, offset by an $800 payment on the Amegy credit facility and approximately $389 of capital expenditures, mostly related to technology and system upgrades.

Amegy Credit Agreement

On October 24, 2012, the Company executed and closed the second amendment (the "Second Credit Agreement Amendment") to its revolving facility with Amegy Bank National Association ("Amegy"). Borrowings under the facility are to be used for working capital and other general business purposes of the Company.

Under the terms of the Second Credit Agreement Amendment, (1) total availability under the revolving credit facility is $5,000, (2) the borrowing base is derived from 75% of eligible accounts receivable (as defined) and (3) the Company's minimum net worth covenant is $22,000. In addition, the maturity date of the facility is October 15, 2015. The Company's obligation to repay advances under the amended facility is evidenced by a second amended and restated promissory note (the "Second Amended and Restated Promissory Note"). Under the terms of the Second Amended and Restated Promissory Note, the interest rate on borrowings is prime rate plus 1%.

On July 31, 2014, the Company executed and closed the third amendment (the "Third Credit Agreement Amendment") to its revolving facility with Amegy. The terms of the Third Credit Agreement Amendment are essentially the same as in the Second Credit Agreement Amendment with the exception of the ability to issue up to $300 of standby letters of credit. Issued letters of credit will reduce the Company's availability under the facility.

As of November 13, 2014, the Company had no outstanding borrowings or letters of credit under the revolving credit facility.

The Third Credit Agreement Amendment contains certain representations and warranties and affirmative and negative covenants. Amounts outstanding under the Credit Agreement may be accelerated and become immediately due and payable upon the occurrence of an event of default. All indebtedness and other obligations of the Company under the Third Credit Agreement Amendment are secured by all of the assets of the Company and its subsidiaries, provided, however, that the collateral does not include the intellectual property of the Company or the stock or equity interests in the Company's subsidiaries.

Off-Balance Sheet Arrangements

As of September 30, 2014 and 2013, the Company is responsible for a $222 irrevocable standby letter of credit that serves as additional security under the lease extension relating to the Company's office space in New York City that expires February 2021. The letter of credit is secured by $222 of restricted cash which is recorded on the consolidated balance sheet.

Effect of Inflation

Inflation has not been a material factor affecting the Company's business. General operating expenses, such as salaries, employee benefits, insurance and occupancy costs, are subject to normal inflationary pressures.

Critical Accounting Policies

Revenue Recognition

In compliance with generally accepted accounting principles when reporting revenue gross as a principal versus net as an agent, the Company assesses whether it, the model or the talent is the primary obligor. The Company evaluates the terms of its model, talent and client agreements as part of this assessment. In addition, the Company gives appropriate consideration to other key indicators such as latitude in establishing price, discretion in model or talent selection and credit risk the Company undertakes. The Company operates broadly as a modeling agency and in those relationships with models and talent where the key indicators suggest the Company acts as a principal, the Company records the gross amount billed to the client as revenue when earned and collectability is reasonably assured and the related costs incurred to the model or talent as model or talent cost. In other model and talent relationships, where the Company believes the key indicators suggest it acts as an agent on behalf of the model or talent, the Company records revenue net of pass-through model or talent cost.

The Company also recognizes management fees as revenues for providing services to other modeling agencies as well as consulting income in connection with services provided to a television production network according to the terms of the contract. The Company recognizes royalty income when earned based on terms of the contractual agreement. Revenues received in advance are deferred and amortized using the straight-line method over periods pursuant to the related contract.

The Company also records fees from licensees when the revenues are earned and collectability is reasonably assured.

Advances to models for the cost of producing initial portfolios and other out-of-pocket costs are expensed to model costs as incurred. Any repayments of such costs are credited to model costs in the period received.

Goodwill and Intangible Assets

Goodwill and intangible assets consist primarily of goodwill and buyer relationships resulting from a business acquisition. Goodwill and intangible assets with indefinite lives are no longer subject to amortization, but rather to an annual assessment of impairment by applying a fair-value based test.

Management's assessments of the recoverability and impairment tests of goodwill and intangible assets involve critical accounting estimates. These estimates require significant management judgment, include inherent uncertainties and are often interdependent; therefore, they do not change in isolation. Factors that management must estimate include, among others, the economic life of the asset, sales volume, prices, inflation, cost of capital, marketing spending, tax rates and capital spending. These factors are even more difficult to predict when global financial markets are highly volatile. When performing impairment tests, the Company estimates the fair values of the assets using management's best assumptions, which it believes would be consistent with what a hypothetical marketplace participant would use. Estimates and assumptions used in these tests are evaluated and updated as appropriate. The variability of these factors depends on a number of conditions, including uncertainty about future events, and thus the accounting estimates may change from period to period. If other assumptions and estimates had been used when these tests were performed, impairment charges could have resulted.

Basis of Presentation

The financial statements include the consolidated accounts of Wilhelmina and its wholly owned subsidiaries. All significant inter-company accounts and transactions have been eliminated in consolidation.

Accounts Receivable and Allowance for Doubtful Accounts

Accounts receivable are accounted for at fair value, do not bear interest and are short-term in nature. The Company maintains an allowance for doubtful accounts for estimated losses resulting from the inability to collect on accounts receivable. Based on management's assessment, the Company provides for estimated uncollectible amounts through a charge to earnings and a credit to the valuation allowance. Balances that remain outstanding after the Company has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable. The Company generally does not require collateral.

Income Taxes

Income taxes are accounted for under the asset and liability method. Deferred income tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and operating loss and tax credit carryforwards. Deferred income tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred income tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. The Company continually assesses the need for a tax valuation allowance based on all available information. As of September 30, 2014, and as a result of this assessment, the Company does believe that its deferred tax assets are more likely than not to be realized. In addition, the Company continuously evaluates its tax contingencies.

Accounting for uncertainty in income taxes recognized in an enterprise's financial statements requires a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. Also, consideration should be given to de-recognition, classification, interest and penalties, accounting in interim periods, disclosure and transition. There was no change to the net amount of assets and liabilities recognized in the consolidated balance sheets as a result of the Company's tax positions.

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

Not applicable.

Item 4. Controls and Procedures.

Evaluation of Disclosure Controls and Procedures

As of the end of the period covered by this report, the Company's principal executive officer and principal financial officer evaluated the effectiveness of the Company's disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act). Based on their evaluation of the Company's disclosure controls and procedures, the Company's principal executive officer and principal financial officer, with the participation of management, have concluded that the Company's disclosure controls and procedures were effective as of September30, 2014 to ensure that information required to be disclosed by the Company in the reports that it files or submits under the Exchange Act is (a) recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms and (b) accumulated and communicated to management, including the Company's principal executive officer and principal financial officer, as appropriate to allow for timely decisions regarding required disclosure.

It should be noted that any system of controls, however well designed and operated, can provide only reasonable, and not absolute, assurance that the objectives of the system are met. In addition, the design of any control system is based in part upon certain assumptions about the likelihood of future events. Given these and other inherent limitations of control systems, there is only reasonable assurance that the Company's controls will succeed in achieving their stated goals under all potential future conditions. The Company's principal executive officer and principal financial officer have concluded that the Company's disclosure controls and procedures were effective at the reasonable assurance level as of September30, 2014.

Changes in Internal Control Over Financial Reporting

As of the end of the period covered by this report, there were no changes in the Company's internal controls over financial reporting, or in other factors that could significantly affect these controls, that materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

PART II

OTHER INFORMATION

Item 1. Legal Proceedings.

On May 2, 2012, Sean Patterson, the former President of the Company's subsidiary, Wilhelmina International, Ltd. ("Wilhelmina International"), filed a lawsuit in the Supreme Court of the State of New York, County of New York, against the Company, Wilhelmina International and Mark Schwarz, the Company's Chairman of the Board, asserting claims for alleged breach of Mr. Patterson's expired employment agreement (the "Employment Agreement") with Wilhelmina International, defamation, and declaratory relief with respect to the alleged invalidity and unenforceability of the Employment Agreement's non-competition and non-solicitation provisions. The Company and Wilhelmina International denied its material allegations and asserted counterclaims against Mr. Patterson for breach of the Employment Agreement, breach of fiduciary duty, and injunctive relief. On May 23, 2014, the court granted the defendants' motion to dismiss Mr. Patterson's defamation claim, and granted Mr. Patterson's cross-motion for leave to file an amended defamation claim. Patterson filed an Amended Complaint on May 15, 2014, repeating the claims for alleged breach of contract and declaratory relief, and filing an amended defamation claim. The Company and Wilhelmina International filed an Answer to the Amended Complaint, denying its material allegations, on June 17, 2014, and again asserted counterclaims for breach of contract, breach of fiduciary duty, and for injunctive relief. Patterson replied to those counterclaims on June 27, 2014. The parties are currently engaged in discovery. The Company believes Mr. Patterson's claims are without merit and intends to vigorously defend itself and pursue the counterclaims.

On October 24, 2013, a purported class action lawsuit brought by former Wilhelmina model Alex Shanklin and others (the "Shanklin Litigation"), naming the Company's subsidiaries Wilhelmina International and Wilhelmina Models, Inc. (the "Wilhelmina Subsidiary Parties"), was initiated in New York State Supreme Court (New York County) by the same lead counsel who represented plaintiffs in the prior, now-dismissed action brought by Louisa Raske (the "Raske Litigation"). The claims in the Shanklin Litigation include breach of contract and unjust enrichment and are alleged to arise out of matters relating to those matters involved in the Raske Litigation, such as the handling and reporting of funds on behalf of models and the use of model images. Other parties named as defendants in the Shanklin Litigation include other model management companies, advertising firms, and certain advertisers. As previously noted, on March 3, 2014, the judge assigned to the Shanklin Litigation wrote the Office of the New York Attorney General bringing the case to its attention, generally describing the claims asserted therein against the model management defendants, and stating that the case "may involve matters in the public interest." The judge's letter also enclosed a copy of his decision in the Raske Litigation, which dismissed that case. The Company believes the claims asserted in the Shanklin Litigation are without merit and intends to vigorously defend itself and its subsidiaries. On January 6, 2014, the Wilhelmina Subsidiary Parties moved to dismiss the Amended Complaint in the Shanklin Litigation for failure to state a cause of action upon which relief can be granted and other grounds, and other defendants also filed motions to dismiss. By Decision and Order dated August 11, 2014, the court denied the Wilhelmina Subsidiary Parties' motion to dismiss. In its Decision and Order, the court limited pre-class certification discovery to information relating to usages of the named plaintiffs' images agreed to by the defendant model management companies during the six-year period prior to the commencement of the lawsuit. The parties are presently involved in court-ordered mediation.

In addition to the legal proceedings disclosed herein, the Company is also engaged in various legal proceedings that are routine in nature and incidental to its business. None of these routine proceedings, either individually or in the aggregate, are believed, in the Company's opinion, to have a material adverse effect on its consolidated financial position or its results of operations.

Item 1.A. Risk Factors.

Not applicable.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.

None.

Item 3. Defaults Upon Senior Securities.

None.

Item 4. Mine Safety Disclosures.

Not applicable.

Item 5. Other Information.

None.

Item 6. Exhibits.

The following is a list of exhibits filed as part of this Form 10-Q:

Exhibit No.	Description
31.1	Certification of Principal Executive Officer in Accordance with Section 302 of the Sarbanes-Oxley Act.*
31.2	Certification of Principal Financial Officer in Accordance with Section 302 of the Sarbanes-Oxley Act.*
32.1	Certification of Principal Executive Officer in Accordance with Section 906 of the Sarbanes-Oxley Act.*
32.2	Certification of Principal Financial Officer in Accordance with Section 906 of the Sarbanes-Oxley Act.*
101. INS	XBRL Instance Document*
101.SCH	XBRL Taxonomy Extension Schema*
101.CAL	XBRL Taxonomy Extension Calculation Linkbase*
101.DEF	XBRL Taxonomy Extension Definition Linkbase*
101.LAB	XBRL Taxonomy Extension Label Linkbase*
101.PRE	XBRL Taxonomy Extension Presentation Linkbase*

* Filed herewith

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

WILHELMINA INTERNATIONAL, INC.
(Registrant)

Date: November 13, 2014

By: /s/ John P. Murray
Name: John P. Murray
Title: Chief Financial Officer
(Principal Financial Officer)

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