

ARI NETWORK SERVICES INC /WI
Form 10-Q
December 15, 2016

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

(Mark One)

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

For the quarterly period ended October 31, 2016

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 000-19608

ARI Network Services, Inc.

(Exact name of registrant as specified in its charter)

WISCONSIN
(State or other jurisdiction of incorporation or organization)

39-1388360
(IRS Employer Identification No.)

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10850 West Park Place, Suite 1200, Milwaukee, Wisconsin 53224

(Address of principal executive offices)

(414) 973-4300

(Registrant's telephone number, including area code)

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.

YES NO

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (S232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

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	Smaller reporting company

(Do not check if a smaller reporting company)

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

YES NO

As of December 8, 2016, there were 17,460,032 shares of the registrant's common stock outstanding.

ARI Network Services, Inc.

FORM 10-Q

FOR THE THREE MONTHS ENDED OCTOBER 31, 2016

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PART I. FINANCIAL INFORMATION

Item 1. Consolidated Financial Statements

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ARI Network Services, Inc.
 Consolidated Balance Sheets
 (Dollars in Thousands, Except per Share Data)

	(Unaudited) October 31 2016	(Audited) July 31 2016
ASSETS		
Cash and cash equivalents	\$ 5,617	\$ 5,118
Trade receivables, less allowance for doubtful accounts of \$175 and \$211 at October 31, 2016 and July 31, 2016, respectively	1,817	1,942
Work in process	73	132
Prepaid expenses and other	682	781
Deferred income taxes	2,892	3,182
Total current assets	11,081	11,155
Equipment and leasehold improvements:		
Computer equipment and software for internal use	3,579	3,575
Leasehold improvements	639	639
Furniture and equipment	2,591	2,544
Total equipment and leasehold improvements	6,809	6,758
Less accumulated depreciation and amortization	(4,437)	(4,237)
Net equipment and leasehold improvements	2,372	2,521
Capitalized software product costs:		
Amounts capitalized for software product costs	25,384	24,774
Less accumulated amortization	(20,265)	(19,743)
Net capitalized software product costs	5,119	5,031
Deferred income taxes	1,123	1,112
Other intangible assets	7,518	7,890
Goodwill	21,634	21,634
Total non-current assets	37,766	38,188
Total assets	\$ 48,847	\$ 49,343
LIABILITIES		
Current portion of long-term debt	\$ 2,510	\$ 2,417
Current portion of contingent liabilities	273	331
Accounts payable	785	718
Deferred revenue	5,818	6,763
Accrued payroll and related liabilities	2,327	1,817
Accrued sales, use and income taxes	252	297
Other accrued liabilities	707	677
Current portion of capital lease obligations	50	50