

ARI NETWORK SERVICES INC /WI
Form 424B3
December 19, 2014
Filed Pursuant to Rule 424(b)(3)

Registration No. 333-188093

PROSPECTUS SUPPLEMENT NO. 1

ARI NETWORK SERVICES, INC.

900,000 shares of Common Stock

This prospectus supplement relates to the prospectus dated December 4, 2014, which covers the sale of up to 900,000 shares of our common stock, \$0.001 par value per share (the “Common Stock”), by the selling security holders identified in the prospectus (collectively with any such holder’s transferee, pledgee, donee or successor, referred to as the “Selling Shareholders”). The 900,000 shares of Common Stock covered by the prospectus were issued in a private placement pursuant to a Securities Purchase Agreement we entered into on March 12, 2013 with selected accredited investors.

We will not receive any proceeds from the sale by the Selling Shareholders of the shares covered by the prospectus.

This prospectus supplement is being filed to supplement the prospectus with the information set forth in (i) our amended current report on Form 8-K/A filed on December 12, 2014, (ii) our current report on Form 8-K filed on December 12, 2014, and (iii) our quarterly report on Form 10-Q filed on December 15, 2014, each of which is set forth in its entirety below. This prospectus supplement should be read in conjunction with the prospectus, which is to be delivered with this prospectus supplement.

Our Common Stock is traded on the NASDAQ Capital Market under the symbol “ARIS”. The last reported market price of our Common Stock on the NASDAQ Capital Market on December 15, 2014 was \$3.75 per share. Our executive offices are located at 10850 West Park Place, Suite 1200, Milwaukee, Wisconsin 53224, and our telephone number is (414) 973-4300.

Investing in our securities involves risks. You should carefully consider the Risk Factors beginning on page 2 of the prospectus before you make an investment in our securities.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if the prospectus or this prospectus supplement are truthful or complete. Any representation to the contrary is a criminal offense.

The date of this prospectus supplement is December 19, 2014

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 8-K/A

(Amendment No. 1)

CURRENT REPORT

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

Date of Report (Date of earliest event reported): September 30, 2014

ARI NETWORK SERVICES, INC.

(Exact name of registrant as specified in its charter)

Wisconsin	0-19608	39-1388360
(State or other jurisdiction of incorporation)	(Commission File Number)	(IRS Employer Identification No.)

10850 West Park Place, Suite 1200	53224
Milwaukee, Wisconsin	(Zip Code)
(Address of principal executive offices)	

Registrant's telephone number, including area code: (414) 973-4300

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the Registrant under any of the following provisions:

Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Item 2.01 Completion of Acquisition or Disposition of Assets

This Amendment No. 1 to Current Report on Form 8-K/A is being filed to amend the Current Report on Form 8-K (the "Initial 8-K") filed with the Securities and Exchange Commission on October 2, 2014, by ARI Network Services, Inc. (the "Company" or "ARI") to include the financial information referred to in Item 9.01(a) and (b) with respect to the Company's acquisition of the assets of Tire Company Solutions, LLC ("TCS") on September 30, 2014. The Company hereby amends Item 9.01 of the Initial 8-K to provide in its entirety audited financial statements of TCS as of and for the fiscal years ended July 31, 2014 and 2013 and the unaudited pro forma information required by Item 9.01 of Form 8-K.

Item 9.01 Financial Statements and Exhibits

(a) Financial Statements of Businesses Acquired

Attached hereto as exhibits 99.2 and 23.1, respectively, are the audited consolidated financial statements of TCS as of and for the years ended July 31, 2014 and 2013, and independent auditors' report and the consent of independent auditors.

Pro Forma Financial Information

Attached hereto as exhibit 99.2 are the unaudited Pro Forma Condensed Combined Balance Sheet as of July 31, 2014, Unaudited Pro Forma Condensed Combined Statement of Operations for the Year Ended July 31, 2014 and Notes to the Unaudited Pro Forma Condensed Combined Financial Statements of the Company and TCS.

(d) Exhibits

Exhibit No. Description

2.1 Asset Purchase Agreement, dated September 30, 2014, by and among ARI Network Services, Inc., Tire Company Solutions, LLC, Barry Reese and Kenny Pratt.*

4.1 Form of Subordinated Promissory Notes, dated September 30, 2014 issued to Barry Reese and Kenny Pratt.*

10.1 First Loan Modification Agreement, dated September 30, 2014, by and among Silicon Valley Bank, ARI Network Services, Inc. and Project Viking II Acquisition, Inc.*

23.1 Consent of Independent Registered Public Accounting Firm.

99.1 The audited consolidated financial statements of TCS as of and for the fiscal years ended July 31, 2014 and 2013.

99.2 Unaudited pro forma combined financial statements and footnotes of ARI Network Services, Inc. and TCS as of and for the twelve months ended July 31, 2014 and 2013.

* Previously filed.

SIGNATURES

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

ARI Network Services, Inc.

(Registrant)

Date: December 12, 2014

By: /s/ William A. Nurthen_____

William A. Nurthen

Chief Financial Officer

EXHIBIT INDEX

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* Previously filed.

EXHIBIT 23.1

CONSENT OF INDEPENDENT AUDITORS

We consent to the incorporation by reference in ARI Network Services, Inc.'s Registration Statement Nos. 333-52176, 333-110104, 333-156380, and 333-171491 and 333-193232 on Form S-8, Registration Statement No. 333-195379 on Form S-3 and Registration Statement No. 333-188093 on Form S-1, of our report dated December 8, 2014 (which report expresses an unmodified opinion, related to the financial statements of Tire Company Solution, LLC as of July 31, 2014 and 2013 and for the years ended July 31, 2014 and 2013.)

/s/ LATTIMORE BLACK MORGAN & CAIN, PC

Brentwood, Tennessee

December 12, 2014

EXHIBIT 99.1

TIRE COMPANY SOLUTIONS, LLC

Financial Statements

July 31, 2014 and 2013

(With Independent Auditors' Report Thereon)

TIRE COMPANY SOLUTIONS, LLC

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INDEPENDENT AUDITORS' REPORT

The Members

Tire Company Solutions, LLC:

We have audited the accompanying financial statements of Tire Company Solutions, LLC (a Tennessee limited liability company), which are comprised of the balance sheets as of July 31, 2014 and 2013, the related statements of operations and members equity and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting polices used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Tire Company Solutions, LLC as of July 31, 2014 and 2013, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

/s/ LATTIMORE BLACK MORGAN & CAIN, PC

Brentwood, Tennessee

December 4, 2014

TIRE COMPANY SOLUTIONS, LLC

Balance Sheets

July 31, 2014 and 2013

Assets	2014	2013
Current assets:		
Cash	\$ 173,429	\$ 17,523
Accounts receivable, less allowance for doubtful accounts of \$119,670 and \$27,125 in 2014 and 2013, respectively	1,551,943	476,297
Unbilled revenue	58,345	84,848
Prepaid expenses	42,430	-
Total current assets	1,826,147	578,668
Property and equipment:		
Computer software and equipment	534,220	510,636
Furniture and fixtures	13,340	13,013
Automobiles	63,582	107,065
	611,142	630,714
Less accumulated depreciation and amortization	(460,043)	(413,018)
Property and equipment, net	151,099	217,696
Capitalized software costs, net	1,716,813	1,358,850
	\$ 3,694,059	\$ 2,155,214
Liabilities and Members' Equity		
Current liabilities:		
Line of credit	\$ 140,000	\$ 70,278
Due to member	39,983	20,167
Current portion of note payable	9,873	9,535
Current portion of capital lease obligations	56,036	62,451
Accounts payable	75,241	74,501
Other accrued expenses and liabilities	274,093	95,823
Deferred revenue	1,160,980	436,286
Total current liabilities	1,756,206	769,041
Note payable, excluding current portion	27,321	38,603
Capital lease obligations, excluding current portion	60,790	94,016
Deferred rent	66,305	47,877
Total liabilities	1,910,622	949,537