

ARI NETWORK SERVICES INC /WI
Form 10-Q
June 14, 2017

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 April 30, 2017

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, a smaller reporting company or an emerging growth company. See the definitions of "large accelerated filer", "accelerated filer", "smaller reporting company" and "emerging growth 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)

Emerging growth company

If an emerging growth company, indicate by check mark if the Registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

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 June 8, 2017, there were 17,423,219 shares of the registrant's common stock outstanding.

ARI Network Services, Inc.

FORM 10-Q

FOR THE THREE MONTHS ENDED APRIL 30, 2017

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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) April 30 2017	(Audited) July 31 2016
ASSETS		
Cash and cash equivalents	\$ 5,555	\$ 5,118
Trade receivables, less allowance for doubtful accounts of \$225 and \$211 at April 30, 2017 and July 31, 2016, respectively	2,944	1,942
Work in process	199	132
Prepaid expenses and other	829	781
Deferred income taxes	3,259	3,182
Total current assets	12,786	11,155
Equipment and leasehold improvements:		
Computer equipment and software for internal use	3,693	3,575
Leasehold improvements	724	639
Furniture and equipment	2,717	2,544
Total equipment and leasehold improvements	7,134	6,758
Less accumulated depreciation and amortization	(4,874)	(4,237)
Net equipment and leasehold improvements	2,260	2,521
Capitalized software product costs:		
Amounts capitalized for software product costs	28,235	24,774
Less accumulated amortization	(21,526)	(19,743)
Net capitalized software product costs	6,709	5,031
Deferred income taxes	664	1,112
Other intangible assets	9,702	7,890
Goodwill	28,037	21,634
Total non-current assets	47,372	38,188
Total assets	\$ 60,158	\$ 49,343
LIABILITIES		
Current portion of long-term debt	\$ 2,940	\$ 2,417
Current portion of contingent liabilities	325	331
Accounts payable	832	718
Deferred revenue	6,381	6,763
Accrued payroll and related liabilities	2,370	1,817
Accrued sales, use and income taxes	326	297
Other accrued liabilities	899	677
Current portion of capital lease obligations	47	