

ARI NETWORK SERVICES INC /WI  
Form 10-Q  
December 17, 2012

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

(Mark One)

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

For the quarterly period ended October 31, 2012

TRANSITION REPORT UNDER SECTION 13 OR 15(d) OF THE EXCHANGE ACT

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

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Commission file number 000-19608

ARI Network Services, Inc.

(Exact name of registrant as specified in its charter)

WISCONSIN

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39-1388360

(State or other jurisdiction of incorporation or organization)  
Identification No.)

(IRS Employer

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 Exchange Act 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  
filer

Accelerated

Non-accelerated filer  
company

Smaller reporting

(Do not check if a smaller reporting  
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

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As of December 6, 2012 there were 8,611,550 shares of the registrant's common stock outstanding.

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ARI Network Services, Inc.

FORM 10-Q

FOR THE THREE MONTHS ENDED OCTOBER 31, 2012

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## Item 1. Financial Statements

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

	(Unaudited) October 31 2012	(Audited) July 31 2012
<b>ASSETS</b>		
Cash and cash equivalents	\$ 261	\$ 1,350
Trade receivables, less allowance for doubtful accounts of \$251 and \$215 at October 31, 2012 and July 31, 2012, respectively	1,364	1,187
Work in process	270	151
Prepaid expenses and other	768	766
Deferred income taxes	2,632	2,686
Total current assets	5,295	6,140
Equipment and leasehold improvements:		
Computer equipment and software for internal use	2,645	2,592
Leasehold improvements	609	584
Furniture and equipment	2,304	1,989
	5,558	5,165
Less accumulated depreciation and amortization	3,408	3,214
Net equipment and leasehold improvements	2,150	1,951
Capitalized software product costs:		
Amounts capitalized for software product costs	19,009	18,247
Less accumulated amortization	15,694	15,298
Net capitalized software product costs	3,315	2,949
Deferred income taxes	2,392	2,443
Other long term assets	1,032	148
Other intangible assets	2,224	1,439
Goodwill	5,972	5,439
Total assets	\$ 22,380	\$ 20,509

## ARI Network Services, Inc.

## Consolidated Balance Sheets

(Dollars in Thousands, Except per Share Data)

	(Unaudited) October 31 2012	(Audited) July 31 2012
<b>LIABILITIES</b>		
Current borrowings on line of credit	\$ 220	\$ -
Current portion of long-term debt	1,085	1,084
Current portion of contingent liabilities	331	
Accounts payable	530	725
Deferred revenue	4,717	4,926
Accrued payroll and related liabilities	845	758
Accrued sales, use and income taxes	119	216
Other accrued liabilities	574	214
Current portion of capital lease obligations	118	150
Total current liabilities	8,539	8,073
Long-term debt	3,640	2,888
Long-term portion of contingent liabilities	418	-
Capital lease obligations	41	