



ARI Network Services, Inc.  
 Consolidated Statements of Income  
 (Dollars in Thousands, Except per Share Data)  
 (Unaudited)

	Three months ended April 30		Nine months ended April 30	
	2013	2012	2013	2012
Net revenue	\$ 8,228	\$ 5,712	\$ 21,648	\$ 16,623
Cost of revenue	1,885	1,378	5,014	3,765
Gross profit	6,343	4,334	16,634	12,858
Operating expenses:				
Sales and marketing	2,154	1,121	4,944	3,272
Customer operations and support	1,496	800	3,974	2,496
Software development and technical support (net of capitalized software product costs)	641	467	1,890	1,345
General and administrative	1,791	1,304	5,209	3,630
Depreciation and amortization (exclusive of amortization of software product costs included in cost of revenue)	334	315	953	1,122
Loss on impairment of long-lived assets	420	-	420	-
Net operating expenses	6,836	4,007	17,390	11,865
Operating income (loss)	(493)	327	(756)	993
Other income (expense):				
Interest expense	(197)	(40)	(534)	(161)
Loss on debt extinguishment	(682)	-	(682)	-
Gain on sale of a component of the business	64	-	64	-
Other, net	(1)	79	7	96
Total other income (expense)	(816)	39	(1,145)	(65)
Income (loss) before provision for income tax	(1,309)	366	(1,901)	928
Income tax benefit (expense)	738	(156)	1,447	(385)
Net income (loss)	\$ (571)	\$ 210	\$ (454)	\$ 543
Net income (loss) per common share:				
Basic	\$ (0.05)	\$ 0.03	\$ (0.05)	\$ 0.07
Diluted	\$ (0.05)	\$ 0.03	\$ (0.05)	\$ 0.07



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

	<i>(Unaudited)</i>	
	April 30 2013	July 31 2012
<b>ASSETS</b>		
Cash and cash equivalents	\$ 1,164	\$ 1,350
Trade receivables, less allowance for doubtful accounts of \$271 and \$215 at April 30, 2013 and July 31, 2012, respectively	1,440	1,187
Work in process	158	151
Prepaid expenses and other	924	766
Deferred income taxes	3,112	2,686
<i>Total current assets</i>	<u>6,798</u>	<u>6,140</u>
Equipment and leasehold improvements:		
Computer equipment and software for internal use	2,280	2,592
Leasehold improvements	609	584
Furniture and equipment	2,476	1,989
	<u>5,365</u>	<u>5,165</u>
Less accumulated depreciation and amortization	<u>3,797</u>	<u>3,214</u>
<i>Net equipment and leasehold improvements</i>	<u>1,568</u>	<u>1,951</u>
Capitalized software product costs:		
Amounts capitalized for software product costs	20,842	18,247
Less accumulated amortization	<u>16,610</u>	<u>15,298</u>
<i>Net capitalized software product costs</i>	<u>4,232</u>	<u>2,949</u>
Deferred income taxes	3,554	2,443
Other long term assets	143	148
Other intangible assets	4,249	1,439
Goodwill	<u>12,239</u>	<u>5,439</u>
Total assets	<u>\$ 32,783</u>	<u>\$ 20,509</u>



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	<i>(Unaudited)</i>	
	April 30	July 31
	2013	2012
<b>LIABILITIES</b>		
Current borrowings on line of credit	\$ 750	\$ -
Current portion of long-term debt	338	1,084
Current portion of contingent liabilities	363	-
Accounts payable	792	725
Deferred revenue	9,228	4,926
Accrued payroll and related liabilities	1,321	758
Accrued sales, use and income taxes	117	216
Other accrued liabilities	625	214
Current portion of capital lease obligations	-	150
<i>Total current liabilities</i>	<u>13,534</u>	<u>8,073</u>
Long-term debt	4,162	2,888
Long-term portion of contingent liabilities	499	-
Capital lease obligations	-	58
Other long term liabilities	238	274
<i>Total non-current liabilities</i>	<u>4,899</u>	<u>3,220</u>
Total liabilities	<u>18,433</u>	<u>11,293</u>
<b>SHAREHOLDERS' EQUITY</b>		
Cumulative preferred stock, par value \$.001 per share, 1,000,000 shares authorized; 0 shares issued and outstanding at April 30, 2013 and July 31, 2012, respectively	-	-
Junior preferred stock, par value \$.001 per share, 100,000 shares authorized; 0 shares issued and outstanding at April 30, 2013 and July 31, 2012, respectively	-	-
Common stock, par value \$.001 per share, 25,000,000 shares authorized; 12,055,921 and 8,037,750 shares issued and outstanding at April 30, 2013 and July 31, 2012, respectively	12	8
Additional paid-in capital	102,817	97,218
Accumulated deficit	(88,463)	(88,009)
Other accumulated comprehensive loss	(16)	(1)
<i>Total shareholders' equity</i>	<u>14,350</u>	<u>9,216</u>
Total liabilities and shareholders' equity	<u>\$ 32,783</u>	<u>\$ 20,509</u>