

DAILY JOURNAL CORP
Form 10-Q
August 08, 2017

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 June 30, 2017

or

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 0-14665

DAILY JOURNAL CORPORATION

(Exact name of registrant as specified in its charter)

South Carolina
(State or other jurisdiction of
incorporation or organization)

95-4133299
(I.R.S. Employer
Identification No.)

915 East First Street

Los Angeles, California 90012-4050
(Address of principal executive offices) (Zip code)
(213) 229-5300

(Registrant's telephone number, including area code)

None

(Former name, former address and former fiscal year, if changed since last report)

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: X No:

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 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: X 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.

Large Accelerated Filer: Accelerated Filer: X
Non-accelerated Filer: 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: X

Indicate the number of shares outstanding of each of the issuer's classes of common stock as of the latest practicable date.

<u>Class</u>	<u>Outstanding at July 31, 2017</u>
Common Stock, par value \$.01 per share	1,380,746 shares

1

DAILY JOURNAL CORPORATION

INDEX

Page Nos.

PART I Financial Information

Item 1. Financial Statements

Consolidated Balance Sheets
June 30, 2017 and September 30, 2016 3

Consolidated Statements of
Comprehensive Income (Loss)
Three months ended June 30,
2017 and 2016 4

Consolidated Statements of
Comprehensive Income (Loss)
Nine months ended June 30,
2017 and 2016 5

Consolidated Statements of
Cash Flows Nine months
ended June 30, 2017 and 2016 6

Notes to Consolidated
Financial Statements 7

Item 2. Management's
Discussion and Analysis of
Financial Condition and
Results of Operations 14

Item 3. Quantitative and
Qualitative Disclosures about 21
Market Risk

Item 4. Controls and
Procedures 21

Part II Other Information

Item 6. Exhibits 22

PART I

Item 1. FINANCIAL STATEMENTS

DAILY JOURNAL CORPORATION

CONSOLIDATED BALANCE SHEETS

(Unaudited)

	June 30 2017	September 30 2016
ASSETS		
Current assets		
Cash and cash equivalents	\$2,635,000	\$11,411,000
Marketable securities at fair value, including common stocks of \$202,149,000 and bonds of \$8,404,000 at June 30, 2017 and common stocks of \$158,462,000 and bonds of \$8,172,000 at September 30, 2016	210,553,000	166,634,000
Accounts receivable, less allowance for doubtful accounts of \$200,000 at June 30, 2017 and September 30, 2016	5,649,000	4,707,000
Inventories	49,000	41,000
Prepaid expenses and other current assets	933,000	800,000
Income tax receivable	956,000	890,000
Total current assets	220,775,000	184,483,000
Property, plant and equipment, at cost		
Land, buildings and improvements	16,396,000	16,306,000
Furniture, office equipment and computer software	2,722,000	2,743,000
Machinery and equipment	1,799,000	1,864,000
	20,917,000	20,913,000
Less accumulated depreciation	(9,134,000)	(8,849,000)
	11,783,000	12,064,000
Intangibles, net	4,282,000	7,953,000
Goodwill	13,400,000	13,400,000
Deferred income taxes, net	11,163,000	7,546,000
	\$261,403,000	\$225,446,000
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Accounts payable	\$2,914,000	\$2,644,000
Accrued liabilities	2,995,000	2,583,000
Note payable collateralized by real estate	114,000	110,000
Deferred subscriptions	2,901,000	3,402,000
Deferred installation contracts	6,497,000	7,340,000
Deferred maintenance agreements and others	7,703,000	7,280,000
Deferred income taxes, net	56,761,000	41,501,000
Total current liabilities	79,885,000	64,860,000

Edgar Filing: DAILY JOURNAL CORP - Form 10-Q

Long term liabilities		
Investment margin account borrowings	29,493,000	29,493,000
Note payable collateralized by real estate	1,985,000	2,071,000
Deferred maintenance agreements	543,000	149,000
Income tax payable	---	2,723,000
Accrued interest and penalty for uncertain and unrecognized tax benefits	---	745,000
Accrued liabilities	82,000	62,000
Total long term liabilities	32,103,000	35,243,000
Commitments and contingencies (Note 10)	---	---
Shareholders' equity		
Preferred stock, \$.01 par value, 5,000,000 shares authorized and no shares issued	---	---
Common stock, \$.01 par value, 5,000,000 shares authorized; 1,805,053 shares issued, including 424,307 treasury shares, at June 30, 2017 and September 30, 2016	14,000	14,000
Additional paid-in capital	1,755,000	1,755,000
Retained earnings	58,225,000	58,068,000
Accumulated other comprehensive income	89,421,000	65,506,000