

DAILY JOURNAL CORP
Form 10-Q
August 15, 2014

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 March 31, 2014

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
(Address of principal executive offices)

90012-4050
(Zip code)

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(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:

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: 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.

Large Accelerated Filer:

Accelerated Filer:

Non-accelerated Filer:

Smaller 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:

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

Class

Outstanding at July 31, 2014

Common Stock, par value \$.01 per
share
shares

1,380,746

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DAILY JOURNAL CORPORATION

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PART I

Item 1. FINANCIAL STATEMENTS

DAILY JOURNAL CORPORATION

CONSOLIDATED BALANCE SHEETS

(Unaudited)

	March 31 2014	September 30 2013
ASSETS		
Current assets		
Cash and cash equivalents	\$ 11,274,000	\$ 11,338,000
Marketable securities, including common stocks of \$160,128,000 and bonds of \$7,900,000 at March 31, 2014 and common stocks of \$129,699,000 and bonds of \$7,295,000 at September 30, 2013	168,028,000	136,994,000
Accounts receivable, less allowance for doubtful accounts of \$250,000 at March 31, 2014 and September 30, 2013, respectively	6,339,000	6,314,000
Inventories	38,000	56,000
Prepaid expenses and other assets	1,531,000	1,958,000
Income tax receivable	16,000	305,000
Total current assets	187,226,000	156,965,000
Property, plant and equipment, at cost		
Land, buildings and improvements	12,847,000	12,847,000
Furniture, office equipment and computer software	2,781,000	2,712,000
Machinery and equipment	2,039,000	2,014,000
	17,667,000	17,573,000
Less accumulated depreciation	(8,558,000)	(8,343,000)
	9,109,000	9,230,000
Intangibles, net	20,191,000	22,637,000
Goodwill	13,400,000	13,400,000
Deferred income taxes	1,248,000	858,000
	\$ 231,174,000	\$ 203,090,000
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Accounts payable	\$ 4,193,000	\$ 4,259,000
Accrued liabilities	3,042,000	4,443,000
Income tax payable	79,000	---
Deferred subscriptions	3,551,000	3,534,000
Deferred installation contracts	7,764,000	6,879,000
Deferred maintenance agreements and others	5,505,000	6,864,000

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Deferred income taxes	44,313,000	32,132,000
Total current liabilities	68,447,000	58,111,000
Long term liabilities		
Investment margin account borrowings	29,493,000	29,493,000
Deferred maintenance agreements	238,000	269,000
Accrued liabilities	1,370,000	1,870,000
Total long term liabilities	31,101,000	31,632,000
Commitments and contingencies (Note 11)	---	---
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; 1,380,746 shares at March 31, 2014 and September 30, 2013, outstanding	14,000	14,000
Additional paid-in capital	1,755,000	1,755,000
Retained earnings	57,083,000	57,670,000
Accumulated other comprehensive income	72,774,000	53,908,000
Total shareholders' equity	131,626,000	113,347,000
	\$231,174,000	\$203,090,000

See accompanying Notes to Consolidated Financial Statements

DAILY JOURNAL CORPORATION

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

(Unaudited)

	Three months	
	ended March 31	
	2014	2013
Revenues		
Advertising	\$2,796,000	\$3,437,000
Circulation	1,476,000	1,584,000
Advertising service fees and other	661,000	723,000