

AGILYSYS INC
Form 10-Q/A
February 09, 2016
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q/A
(Amendment No. 1)

(Mark One)

☒ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended September 30, 2015

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 0-5734

AGILYSYS, INC.
(Exact name of registrant as specified in its charter)

Ohio	34-0907152
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

425 Walnut Street, Suite 1800, Cincinnati, Ohio	45202
(Address of principal executive offices)	(ZIP Code)

(770) 810-7800
(Registrant's telephone number, including area code)

N/A
(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 ☐

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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 ☐ Accelerated filer ☒ x

Non-accelerated filer ☐ (Do not check if a smaller reporting company) 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 ☒ x

The number of Common Shares of the registrant outstanding as of November 2, 2015 was 22,940,975.

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EXPLANATORY NOTE

This Amendment No. 1 on Form 10-Q/A amends our original Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2015 (the "Original Filing"). The sole purpose of this Amendment No. 1 is to amend Item 4 of Part I to revise the disclosure on the effectiveness of our disclosure controls and procedures and the disclosure on our internal control over financial reporting. Other than the inclusion with this Amendment No. 1 of new certifications required by Rule 13a-14(a) under the Securities Exchange Act of 1934, as amended (and related amendment to the Exhibit Index in Item 6 of the Original Filing to reflect the addition of such certifications and related changes to the footnotes to the Exhibit Index), this Amendment No. 1 does not modify, or update any other disclosures contained in, our Original Filing.

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Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

As disclosed in the Original Filing, management of the Company, with the participation of our Chief Executive Officer (“CEO”) and Chief Financial Officer (“CFO”), evaluated the effectiveness of our disclosure controls and procedures (as defined under Rules 13a-15(e) and 15d-15(e) promulgated under the Securities Exchange Act of 1934, as amended) as of September 30, 2015. At the time that our Annual Report on Form 10-K for the year ended March 31, 2015 was filed on June 5, 2015, our management concluded that our internal control over financial reporting was effective as of March 31, 2015. At the time of the Original Filing, our management concluded that our disclosure controls and procedures were effective as of September 30, 2015.

Subsequent to the evaluation made in connection with the Original Filing, our management, including the CEO and CFO, concluded that our disclosure controls and procedures were not effective as of March 31, 2015 because of a material weakness in our internal control over financial reporting described further below, which continued to exist as of September 30, 2015.

A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the Company’s annual or interim financial statements will not be prevented or detected on a timely basis.

We did not maintain effective controls over the valuation of indefinite-lived intangible assets and capitalized software assets. Specifically, we did not design and maintain effective controls related to the review of significant assumptions used in the related impairment tests. Additionally, while this control deficiency did not result in a material misstatement of previously filed annual or interim consolidated financial statements, the deficiency could result in misstatements of the aforementioned accounts and disclosures that would result in a material misstatement of the annual or interim consolidated financial statements that would not be prevented or detected. Accordingly, management has determined that this control deficiency constituted a material weakness.

Remediation

We have begun to put additional controls in place relating to our review of significant assumptions used in the valuation of the indefinite-lived intangibles and capitalized software development cost assets, including designing, documenting, and implementing additional control procedures related to the review of the assumptions and data inputs used in the analyses, as well as assessing the overall results of the impairment analyses. As part of this process, we are refining our models and ensuring supporting evidence of detailed assumptions is retained and reviewed with the appropriate level of precision.

Our management believes the foregoing efforts will effectively remediate the material weakness. As we continue to evaluate and work to improve our internal control over financial reporting, our management may execute additional measures to address the material weakness or modify the remediation plan described and will continue to review and make necessary changes to the overall design of our internal controls.

Change in Internal Control over Financial Reporting

There have been no changes in internal control over financial reporting during the quarter ended September 30, 2015 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

Item 6. Exhibits

31.1* Rule 13a-14(a)/15d-14(a) Certification of Chief Executive Officer.

31.2* Rule 13a-14(a)/15d-14(a) Certification of Chief Financial Officer.

31.3** Rule 13a-14(a)/15d-14(a) Certification of Chief Executive Officer.

31.4** Rule 13a-14(a)/15d-14(a) Certification of Chief Financial Officer.

32.1* Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of Sarbanes-Oxley Act of 2002.

32.2* Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of Sarbanes-Oxley Act of 2002.

The following materials from our quarterly report on Form 10-Q for the quarter ended September 30, 2015, formatted in XBRL (Extensible Business Reporting Language): (i) Condensed Consolidated Balance Sheets at September 30, 2015 and March 31, 2015, (ii) Condensed Consolidated Statements of Operations for the three 101* and six months ended September 30, 2015 and 2014, (iii) Condensed Consolidated Statements of Comprehensive (Loss) Income for the three and six months ended September 30, 2015 and 2014, (iv) Condensed Consolidated Statements of Cash Flows for the three and six months ended September 30, 2015 and 2014, and (v) Notes to Condensed Consolidated Financial Statements for the three and six months ended September 30, 2015.

* Previously filed (or, with respect to Exhibits 32.1 and 32.2, furnished) with this Quarterly Report on Form 10-Q (as originally filed on November 5, 2015).

** Filed with this Amendment No. 1.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this Quarterly Report to be signed on its behalf by the undersigned thereunto duly authorized.

AGILYSYS, INC.

Date: February 9, 2016

/s/ Janine K. Seebeck
Janine K. Seebeck
Senior Vice President, Chief Financial Officer and
Treasurer
(Principal Accounting Officer and Duly Authorized Officer)