

## American Software Second Quarter of Fiscal 2006 Results

### AMERICAN SOFTWARE, INC. Consolidated Statements of Operations (In thousands, except per share data) (Unaudited)

	Second Quarter Ended			Six Months Ended		
	October 31,			October 31,		
	2005	2004	Pct Chg.	2005	2004	Pct Chg.
Revenues:						
License	\$ 4,989	\$ 2,547	96%	\$ 8,433	\$ 5,104	65%
Services & other	8,114	7,637	6%	15,801	14,416	10%
Maintenance	5,931	4,693	26%	11,566	9,062	28%
Total Revenues	<u>19,034</u>	<u>14,877</u>	<u>28%</u>	<u>35,800</u>	<u>28,582</u>	<u>25%</u>
Cost of Revenues:						
License	1,006	892	13%	2,080	1,795	16%
Services & other	5,963	5,334	12%	11,492	10,053	14%
Maintenance	1,640	1,342	22%	3,208	2,500	28%
Total Cost of Revenues	<u>8,609</u>	<u>7,568</u>	<u>14%</u>	<u>16,780</u>	<u>14,348</u>	<u>17%</u>
Gross Margin	<u>10,425</u>	<u>7,309</u>	<u>43%</u>	<u>19,020</u>	<u>14,234</u>	<u>34%</u>
Operating expenses:						
Research and development	2,219	1,850	20%	4,347	3,662	19%
Less: capitalized development	(616)	(711)	(13%)	(1,233)	(1,381)	(11%)
Sales and marketing	3,523	2,891	22%	6,635	5,786	15%
General and administrative	3,421	2,431	41%	6,576	4,754	38%
Acquisition related amortization of intangibles	87	38	129%	175	38	361%
Total operating expenses	<u>8,634</u>	<u>6,499</u>	<u>33%</u>	<u>16,500</u>	<u>12,859</u>	<u>28%</u>
Operating earnings	<u>1,791</u>	<u>810</u>	<u>121%</u>	<u>2,520</u>	<u>1,375</u>	<u>83%</u>
Interest income & Other, net	201	603	(67%)	1,318	1,236	7%
Earnings before income taxes and minority interest	<u>1,992</u>	<u>1,413</u>	<u>41%</u>	<u>3,838</u>	<u>2,611</u>	<u>47%</u>
Income tax provision	758	-	nm	1,482	-	nm
Minority interest	(421)	68	nm	(519)	20	nm
Net Earnings	<u>\$ 813</u>	<u>\$ 1,481</u>	<u>(45%)</u>	<u>\$ 1,837</u>	<u>\$ 2,631</u>	<u>(30%)</u>
<b>Earnings per common share:</b>						
Basic:	<u>\$ 0.03</u>	<u>\$ 0.06</u>	<u>(50%)</u>	<u>\$ 0.08</u>	<u>\$ 0.11</u>	<u>(27%)</u>
Diluted:	<u>\$ 0.03</u>	<u>\$ 0.06</u>	<u>(50%)</u>	<u>\$ 0.07</u>	<u>\$ 0.10</u>	<u>(30%)</u>
<b>Weighted average number of common shares outstanding</b>						
Basic	23,992	23,693		23,628	23,628	
Diluted	25,167	25,138		24,921	25,090	
<b>Reconciliation of Adjusted Net Income:</b>						
Net Earnings	\$ 813	\$ 1,481		\$ 1,837	\$ 2,631	
Acquisition related amortization of intangibles	87	38		175	38	
Writedown of minority investment	160	100		160	100	
Minority interest - Logility Tax Benefit	270	-		270	-	
Adjusted Net Earnings	<u>\$ 1,330</u>	<u>\$ 1,619</u>		<u>\$ 2,442</u>	<u>\$ 2,769</u>	
Adjusted Net Earnings per Diluted Share	<u>\$ 0.05</u>	<u>\$ 0.06</u>		<u>\$ 0.10</u>	<u>\$ 0.11</u>	

nm- not meaningful

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### Selected Balance Sheet Items (in thousands)

	October 31,	
	2005	2004
	<b>(Unaudited)</b>	
Cash and Short & Long term investments	\$ 57,172	\$ 54,975
Accounts Receivable:		
Billed	8,479	8,916
Unbilled	4,027	2,674
Total Accounts Receivable, net	12,506	11,590
Prepays & Other	2,643	2,835
PP&E, net	7,737	7,696
Capitalized Software, net	6,754	6,966
Goodwill	10,811	10,586
Other Intangibles	2,276	2,362
Deferred Income Taxes	393	-
Non-current Assets	1,505	1,491
Total Assets	\$ 101,797	\$ 98,501
Accounts Payable	\$ 887	\$ 1,461
Other Current Liabilities	7,111	6,486
Deferred Revenues	13,430	10,297
Minority Interest	3,355	4,022
Shareholders' Equity	77,014	76,235
Total Liabilities & Shareholders' Equity	\$ 101,797	\$ 98,501