

American Software Second Quarter of Fiscal 2007 Result:

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

	Second Quarter Ended			Six Months Ended		
	October 31,		Pct	October 31,		Pct
	2006	2005	Chg.	2006	2005	Chg.
Revenues:						
License	\$ 4,333	\$ 4,989	(13%)	\$ 8,706	\$ 8,433	3%
Services & other	9,280	8,114	14%	18,543	15,801	17%
Maintenance	6,612	5,931	11%	13,157	11,566	14%
Total Revenues	<u>20,225</u>	<u>19,034</u>	<u>6%</u>	<u>40,406</u>	<u>35,800</u>	<u>13%</u>
Cost of Revenues:						
License	1,605	1,008	59%	3,059	2,083	47%
Services & other	6,300	5,964	6%	12,944	11,493	13%
Maintenance	1,791	1,639	9%	3,568	3,207	11%
Total Cost of Revenues	<u>9,696</u>	<u>8,611</u>	<u>13%</u>	<u>19,571</u>	<u>16,783</u>	<u>17%</u>
Gross Margin	<u>10,529</u>	<u>10,423</u>	<u>1%</u>	<u>20,835</u>	<u>19,017</u>	<u>10%</u>
Operating expenses:						
Research and development	2,313	2,218	4%	4,628	4,346	6%
Less: capitalized development	(587)	(617)	(5%)	(1,183)	(1,234)	(4%)
Sales and marketing	3,523	3,524	0%	7,040	6,636	6%
General and administrative	3,427	3,413	0%	6,735	6,568	3%
Acquisition related amortization of intangibles	87	88	(1%)	175	175	0%
Total Operating Expenses	<u>8,763</u>	<u>8,626</u>	<u>2%</u>	<u>17,395</u>	<u>16,491</u>	<u>5%</u>
Operating Earnings	<u>1,766</u>	<u>1,797</u>	<u>(2%)</u>	<u>3,440</u>	<u>2,526</u>	<u>36%</u>
Interest Income & Other, Net	1,466	201	629%	2,071	1,318	57%
Earnings Before Income Taxes and Minority Interest	<u>3,232</u>	<u>1,998</u>	<u>62%</u>	<u>5,511</u>	<u>3,844</u>	<u>43%</u>
Income Tax Expense	(1,273)	(758)	68%	(2,178)	(1,482)	47%
Minority Interest Expense	(138)	(421)	(67%)	(265)	(519)	nm
Net Earnings	<u>\$ 1,821</u>	<u>\$ 819</u>	<u>122%</u>	<u>\$ 3,068</u>	<u>\$ 1,843</u>	<u>66%</u>
Earnings per common share:						
Basic:	<u>\$ 0.07</u>	<u>\$ 0.03</u>	<u>133%</u>	<u>\$ 0.13</u>	<u>\$ 0.08</u>	<u>63%</u>
Diluted:	<u>\$ 0.07</u>	<u>\$ 0.03</u>	<u>133%</u>	<u>\$ 0.12</u>	<u>\$ 0.07</u>	<u>71%</u>
Weighted average number of common shares outstanding:						
Basic	24,534	23,992		24,529	23,981	
Diluted	25,645	25,167		25,628	24,921	
Reconciliation of Adjusted Net Earnings:						
Net Earnings	\$ 1,821	\$ 819		\$ 3,068	\$ 1,843	
Acquisition related amortization of intangibles	87	88		175	175	
Write-down of minority investment	-	160		-	160	
Stock option expense	217	-		442	-	
Adjusted Net Earnings	<u>\$ 2,125</u>	<u>\$ 1,067</u>	<u>99%</u>	<u>\$ 3,685</u>	<u>\$ 2,178</u>	<u>69%</u>
Adjusted Net Earnings per Diluted Share	<u>\$ 0.08</u>	<u>\$ 0.04</u>	<u>100%</u>	<u>\$ 0.14</u>	<u>\$ 0.09</u>	<u>56%</u>

nm- not meaningful

American Software Second Quarter of Fiscal 2007 Results

AMERICAN SOFTWARE, INC.
Selected Balance Sheet Information
(In thousands)
(Unaudited)

	October 31,	
	2006	2005
Cash and Short & Long-term investments	\$ 65,212	\$ 57,172
Accounts Receivable:		
Billed	12,972	8,479
Unbilled	4,502	4,019
Total Accounts Receivable, net	17,474	12,498
Prepays & Other	2,909	2,642
PP&E, net	7,362	7,737
Capitalized Software, net	6,373	6,597
Goodwill	11,211	11,120
Other Intangibles	1,732	2,126
Deferred Income Tax Asset- long-term	-	394
Non-current Assets	295	1,505
Total Assets	<u>\$ 112,568</u>	<u>\$ 101,791</u>
Accounts Payable	\$ 1,109	\$ 887
Other Current Liabilities	6,423	5,124
Dividend Payable	1,967	1,680
Deferred Income Tax Liability -Short Term	174	294
Deferred Revenues	17,321	13,430
Current Liabilities	26,994	21,415
Deferred Income Tax Liability -Long Term	1,384	-
Minority Interest	4,467	3,339
Shareholders' Equity	79,723	77,037
Total Liabilities & Shareholders' Equity	<u>\$ 112,568</u>	<u>\$ 101,791</u>