

# American Software Second Quarter of Fiscal 2010 Results

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

	Second Quarter Ended			Six Months Ended		
	October 31,			October 31,		
	2009	2008	Pct Chg.	2009	2008	Pct Chg.
Revenues:						
License	\$ 3,579	\$ 3,794	(6%)	\$ 7,723	\$ 6,536	18%
Services & other	8,223	9,012	(9%)	15,096	18,343	(18%)
Maintenance	6,917	7,042	(2%)	13,734	14,167	(3%)
Total Revenues	18,719	19,848	(6%)	36,553	39,046	(6%)
Cost of Revenues:						
License	947	1,518	(38%)	1,803	2,806	(36%)
Services & other	5,682	6,290	(10%)	10,306	12,298	(16%)
Maintenance	1,839	1,808	2%	3,550	3,622	(2%)
Total Cost of Revenues	8,468	9,616	(12%)	15,659	18,726	(16%)
Gross Margin	10,251	10,232	0%	20,894	20,320	3%
Operating expenses:						
Research and development	2,308	2,358	(2%)	4,537	4,694	(3%)
Less: capitalized development	(606)	(516)	17%	(1,165)	(1,023)	14%
Sales and marketing	3,829	3,472	10%	7,529	7,268	4%
General and administrative	2,875	2,780	3%	6,696	5,875	14%
Provision/(Recovery) of doubtful accounts	22	54	(59%)	(298)	54	nm
Acquisition related amortization of intangibles	87	87	0%	175	174	1%
Stock option compensation charge related to the Logility tender offer	-	-	nm	230	-	nm
Total Operating Expenses	8,515	8,235	3%	17,704	17,042	4%
Operating Earnings	1,736	1,997	(13%)	3,190	3,278	(3%)
Interest Income (Expense) & Other, Net	401	(1,187)	nm	1,019	(1,323)	nm
Earnings Before Income Taxes and Noncontrolling Interest	2,137	810	164%	4,209	1,955	115%
Income Tax Expense	784	152	416%	1,585	600	164%
Net Earnings	\$ 1,353	\$ 658	106%	\$ 2,624	\$ 1,355	94%
Noncontrolling Interest Expense	-	188	nm	90	275	(67%)
Net Earnings attributable to American Software, Inc.	\$ 1,353	\$ 470	188%	\$ 2,534	\$ 1,080	135%
<b>Earnings per common share: (1)</b>						
Basic	\$ 0.05	\$ 0.02	150%	\$ 0.10	\$ 0.04	150%
Diluted	\$ 0.05	\$ 0.02	150%	\$ 0.10	\$ 0.04	150%
<b>Weighted average number of common shares outstanding:</b>						
Basic	25,324	25,357		25,313	25,375	
Diluted	26,003	25,860		25,857	25,931	
<b>Reconciliation of Adjusted Net Earnings:</b>						
Net Earnings	\$ 1,353	\$ 470		\$ 2,534	\$ 1,080	
Acquisition-related amortization of intangibles (2)	55	71		109	121	
Stock-based compensation (2)	130	167		242	290	
Stock option compensation charge related to the Logility tender offer (2)	-	-		141	-	
Expenses related to the Logility tender offer (3)	-	-		543	-	
Adjusted Net Earnings	\$ 1,538	\$ 708	117%	\$ 3,569	\$ 1,491	139%
Adjusted Net Earnings per Diluted Share	\$ 0.06	\$ 0.03	100%	\$ 0.14	\$ 0.06	133%

(1) - Basic per share amounts are the same for Class A and Class B shares. Diluted per share amounts for Class A shares are shown above. Diluted per share for Class B share amounts under the two-class method are \$0.05 and \$0.02 for the three months ended October 31, 2009 and 2008, respectively, and \$0.10 and \$0.04 for the six months ended October 31, 2009 and 2008, respectively.

(2) - Tax affected using the effective tax rate for the three and six month period ended October 31, 2009 and 2008.

(3) - Not tax affected due to no tax deduction recorded on these expenses

nm- not meaningful

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

	<u>October 31,</u>	<u>April 30,</u>
	<u>2009</u>	<u>2009</u>
Cash and Short-term Investments	\$ 41,533	\$ 54,000
Accounts Receivable:		
Billed	9,098	10,234
Unbilled	2,766	2,995
Total Accounts Receivable, net	<u>11,864</u>	<u>13,229</u>
Prepays & Other	2,992	2,886
Deferred Tax Asset	280	246
Current Assets	<u>56,669</u>	<u>70,361</u>
Investments - Non-current	14,822	17,094
PP&E, net	6,936	7,189
Capitalized Software, net	5,745	4,859
Goodwill	11,709	11,709
Other Intangibles, net	719	950
Other Non-current Assets	118	157
Total Assets	<u>\$ 96,718</u>	<u>\$ 112,319</u>
Accounts Payable	\$ 1,112	\$ 822
Accrued Compensation and Related costs	2,133	2,374
Dividend Payable	2,281	2,277
Other Current Liabilities	2,699	3,355
Deferred Revenues	14,153	16,101
Current Liabilities	<u>22,378</u>	<u>24,929</u>
Deferred Tax Liability - long term	1,163	1,163
American Software's Shareholders' Equity	73,177	79,839
Noncontrolling Interest in subsidiary	-	6,388
Total Shareholders' Equity	<u>73,177</u>	<u>86,227</u>
Total Liabilities & Shareholders' Equity	<u>\$ 96,718</u>	<u>\$ 112,319</u>