

American Software Second Quarter of Fiscal 2011 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,		
	2010	2009	Pct Chg.	2010	2009	Pct Chg.
Revenues:						
License	\$ 4,266	\$ 3,579	19%	\$ 7,060	\$ 7,723	(9%)
Services & other	9,467	8,223	15%	18,698	15,096	24%
Maintenance	7,220	6,917	4%	14,289	13,734	4%
Total Revenues	20,953	18,719	12%	40,047	36,553	10%
Cost of Revenues:						
License	1,450	947	53%	2,143	1,803	19%
Services & other	6,657	5,682	17%	13,208	10,306	28%
Maintenance	1,845	1,839	0%	3,501	3,550	(1%)
Severance expenses	219	-	nm	219	-	nm
Total Cost of Revenues	10,171	8,468	20%	19,071	15,659	22%
Gross Margin	10,782	10,251	5%	20,976	20,894	0%
Operating expenses:						
Research and development	2,537	2,308	10%	4,945	4,537	9%
Less: capitalized development	(628)	(606)	4%	(1,259)	(1,165)	8%
Sales and marketing	3,836	3,829	0%	7,153	7,529	(5%)
General and administrative	3,049	2,875	6%	5,891	6,696	(12%)
Provision/(Recovery) of doubtful accounts	12	22	(45%)	40	(298)	nm
Amortization of acquisition-related intangibles	201	87	131%	415	175	137%
Stock option compensation charge related to the Logility tender offer	-	-	nm	-	230	nm
Total Operating Expenses	9,007	8,515	6%	17,185	17,704	(3%)
Operating Earnings	1,775	1,736	2%	3,791	3,190	19%
Interest Income & Other, Net	637	401	59%	878	1,019	(14%)
Earnings Before Income Taxes and Noncontrolling Interest	2,412	2,137	13%	4,669	4,209	11%
Income Tax Expense	938	784	20%	1,822	1,585	15%
Net Earnings	\$ 1,474	\$ 1,353	9%	\$ 2,847	\$ 2,624	8%
Net earnings attributable to noncontrolling interests	-	-	nm	-	90	(100%)
Net Earnings attributable to American Software, Inc.	\$ 1,474	\$ 1,353	9%	\$ 2,847	\$ 2,534	12%
Earnings per common share: (1)						
Basic	\$ 0.06	\$ 0.05	20%	\$ 0.11	\$ 0.10	10%
Diluted	\$ 0.06	\$ 0.05	20%	\$ 0.11	\$ 0.10	10%
Weighted average number of common shares outstanding:						
Basic	25,706	25,324		25,623	25,313	
Diluted	25,986	26,003		25,955	25,857	
Reconciliation of Adjusted Net Earnings:						
Net Earnings	\$ 1,474	\$ 1,353		\$ 2,847	\$ 2,534	
Amortization of acquisition-related intangibles (2)	123	55		253	109	
Stock-based compensation (2)	151	130		490	242	
Severance expenses (2)	134	-		134	-	
Stock option compensation charge related to the Logility tender offer (2)	-	-		-	141	
Expenses related to the Logility tender offer (3)	-	-		-	543	
Adjusted Net Earnings	\$ 1,882	\$ 1,538	22%	\$ 3,724	\$ 3,569	4%
Adjusted Net Earnings per Diluted Share	\$ 0.07	\$ 0.06	17%	\$ 0.14	\$ 0.14	0%

(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 shares under the two-class method are \$0.06 and \$0.11 for the three and six months ended October 31, 2010, respectively. Diluted per share for Class B shares under the two-class method are \$0.05 and \$0.10 for the three and six months ended October 31, 2009, respectively.

(2) - Tax affected using the effective tax rate for the three and six months period ended October 31, 2010 and 2009.

(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>2010</u>	<u>April 30,</u> <u>2010</u>
Cash and Short-term Investments	\$ 37,448	\$ 38,030
Accounts Receivable:		
Billed	10,106	8,721
Unbilled	3,345	2,419
Total Accounts Receivable, net	<u>13,451</u>	<u>11,140</u>
Prepays & Other	2,967	3,373
Current Assets	<u>53,866</u>	<u>52,543</u>
Investments - Non-current	13,945	15,849
PP&E, net	6,192	6,490
Capitalized Software, net	7,514	6,890
Goodwill	12,601	12,601
Other Intangibles, net	2,203	2,677
Other Non-current Assets	98	125
Total Assets	<u>\$ 96,419</u>	<u>\$ 97,175</u>
Accounts Payable	\$ 854	\$ 986
Accrued Compensation and Related costs	2,065	2,949
Dividend Payable	2,320	2,284
Other Current Liabilities	3,378	1,986
Deferred Tax Liability - Current	63	63
Deferred Revenues	14,269	15,147
Current Liabilities	<u>22,949</u>	<u>23,415</u>
Deferred Tax Liability - Long term	1,073	1,480
Shareholders' Equity	72,397	72,280
Total Liabilities & Shareholders' Equity	<u>\$ 96,419</u>	<u>\$ 97,175</u>