

American Software Third Quarter of Fiscal 2005 Results

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

	Third Quarter Ended			Nine Months Ended		
	January 31,			January 31,		
	2005	2004	Pct Chg.	2005	2004	Pct Chg.
Revenues:						
License	\$ 4,050	\$ 3,823	6%	\$ 9,154	\$ 9,396	(3%)
Services & other	8,541	6,277	36%	22,957	18,244	26%
Maintenance	5,061	4,541	11%	14,123	13,633	4%
Total Revenues	<u>17,652</u>	<u>14,641</u>	<u>21%</u>	<u>46,234</u>	<u>41,273</u>	<u>12%</u>
Cost of Revenues:						
License	1,335	1,103	21%	3,130	3,268	(4%)
Services & other	6,019	4,502	34%	16,072	12,375	30%
Maintenance	1,705	1,118	53%	4,205	3,508	20%
Total Cost of Revenues	<u>9,059</u>	<u>6,723</u>	<u>35%</u>	<u>23,407</u>	<u>19,151</u>	<u>22%</u>
Gross Margin	<u>8,593</u>	<u>7,918</u>	<u>9%</u>	<u>22,827</u>	<u>22,122</u>	<u>3%</u>
Operating expenses:						
Research and development	2,023	1,885	7%	5,685	5,824	(2%)
Less: capitalized development	(703)	(826)	(15%)	(2,084)	(2,532)	(18%)
Sales and marketing	3,307	2,899	14%	9,093	8,448	8%
General and administrative	3,066	2,494	23%	7,820	6,892	13%
Acquisition related amortization of intangibles	79	-	nm	117	-	nm
Total operating expenses	<u>7,772</u>	<u>6,452</u>	<u>20%</u>	<u>20,631</u>	<u>18,632</u>	<u>11%</u>
Operating income	<u>821</u>	<u>1,466</u>	<u>(44%)</u>	<u>2,196</u>	<u>3,490</u>	<u>(37%)</u>
Interest income & Other, net	832	755	10%	2,068	2,244	(8%)
Minority interest	(11)	(160)	(93%)	9	(238)	nm
Income before income taxes	<u>1,642</u>	<u>2,061</u>	<u>(20%)</u>	<u>4,273</u>	<u>5,496</u>	<u>(22%)</u>
Income tax provision	<u>286</u>	<u>-</u>	<u>-</u>	<u>286</u>	<u>-</u>	<u>-</u>
Net Earnings	<u>\$ 1,356</u>	<u>\$ 2,061</u>	<u>(34%)</u>	<u>\$ 3,987</u>	<u>\$ 5,496</u>	<u>(27%)</u>
Earnings per common share:						
Basic:	<u>\$ 0.06</u>	<u>\$ 0.09</u>	<u>(33%)</u>	<u>\$ 0.17</u>	<u>\$ 0.24</u>	<u>(29%)</u>
Diluted:	<u>\$ 0.05</u>	<u>\$ 0.08</u>	<u>(38%)</u>	<u>\$ 0.16</u>	<u>\$ 0.22</u>	<u>(27%)</u>
Weighted average number of common shares outstanding						
Basic	23,781	22,947		23,679	22,655	
Diluted	25,238	25,055		25,136	24,571	
Reconciliation of Adjusted Net Income:						
Net Income (loss)	\$ 1,356	\$ 2,061		\$ 3,987	\$ 5,496	
Demand Management Acquisition	(544)	-		(831)	-	
Adjusted Net Income	<u>\$ 1,900</u>	<u>\$ 2,061</u>		<u>\$ 4,818</u>	<u>\$ 5,496</u>	
Adjusted Net Income per Diluted Share	<u>\$ 0.08</u>	<u>\$ 0.08</u>		<u>\$ 0.19</u>	<u>\$ 0.22</u>	

nm- not meaningful

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Consolidated Balance Sheet Information (in thousands) (Unaudited)

	January 31,	
	2005	2004
Cash and Short & Long term investments	\$ 56,909	\$ 66,490
Accounts Receivable:		
Billed	11,220	6,529
Unbilled	2,881	2,380
Total Accounts Receivable, net	14,101	8,909
Prepays & Other	2,719	1,129
Non-current Assets	29,089	21,043
Total Assets	<u>\$ 102,818</u>	<u>\$ 97,571</u>
Accounts Payable	\$ 1,374	\$ 1,374
Other Current Liabilities	8,185	5,501
Deferred Revenues	13,055	9,250
Minority Interest	4,044	4,533
Shareholders' Equity	76,160	76,913
Total Liabilities & Shareholders' Equity	<u>\$ 102,818</u>	<u>\$ 97,571</u>