

American Software Third Quarter of Fiscal 2008 Results

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

	Third Quarter Ended			Nine Months Ended		
	January 31,			January 31,		
	2008	2007	Pct Chg.	2008	2007	Pct Chg.
Revenues:						
License	\$ 4,335	\$ 5,726	(24%)	\$ 14,261	\$ 14,432	(1%)
Services & other	10,611	8,577	24%	32,032	27,120	18%
Maintenance	7,127	7,175	(1%)	21,121	20,332	4%
Total Revenues	<u>22,073</u>	<u>21,478</u>	<u>3%</u>	<u>67,414</u>	<u>61,884</u>	<u>9%</u>
Cost of Revenues:						
License	1,386	1,415	(2%)	4,621	4,474	3%
Services & other	7,246	6,022	20%	22,520	18,965	19%
Maintenance	1,940	1,823	6%	5,581	5,391	4%
Write-down of capitalized software development costs	1,196	-	nm	1,196	-	nm
Total Cost of Revenues	<u>11,768</u>	<u>9,260</u>	<u>27%</u>	<u>33,918</u>	<u>28,830</u>	<u>18%</u>
Gross Margin	<u>10,305</u>	<u>12,218</u>	<u>(16%)</u>	<u>33,496</u>	<u>33,054</u>	<u>1%</u>
Operating expenses:						
Research and development	2,237	2,408	(7%)	7,131	7,036	1%
Less: capitalized development	(480)	(495)	(3%)	(1,635)	(1,678)	(3%)
Sales and marketing	4,085	3,560	15%	11,298	10,600	7%
General and administrative	2,813	3,694	(24%)	9,574	10,430	(8%)
Acquisition related amortization of intangibles	88	88	0%	263	263	0%
Total Operating Expenses	<u>8,743</u>	<u>9,255</u>	<u>(6%)</u>	<u>26,631</u>	<u>26,651</u>	<u>0%</u>
Operating Earnings	<u>1,562</u>	<u>2,963</u>	<u>(47%)</u>	<u>6,865</u>	<u>6,403</u>	<u>7%</u>
Interest Income & Other, Net	143	1,423	(90%)	2,722	3,494	(22%)
Earnings Before Income Taxes and Minority Interest	<u>1,705</u>	<u>4,386</u>	<u>(61%)</u>	<u>9,587</u>	<u>9,897</u>	<u>(3%)</u>
Income Tax Expense	461	1,635	(72%)	3,397	3,813	(11%)
Minority Interest Expense	107	248	(57%)	557	513	9%
Net Earnings	<u>\$ 1,137</u>	<u>\$ 2,503</u>	<u>(55%)</u>	<u>\$ 5,633</u>	<u>\$ 5,571</u>	<u>1%</u>
Earnings per common share: (1)						
Basic	<u>\$ 0.04</u>	<u>\$ 0.10</u>	<u>(60%)</u>	<u>\$ 0.22</u>	<u>\$ 0.23</u>	<u>(4%)</u>
Diluted	<u>\$ 0.04</u>	<u>\$ 0.10</u>	<u>(60%)</u>	<u>\$ 0.21</u>	<u>\$ 0.22</u>	<u>(5%)</u>
Weighted average number of common shares outstanding:						
Basic	25,562	24,676		25,406	24,573	
Diluted	26,449	25,859		27,125	25,693	
Reconciliation of Adjusted Net Earnings:						
Net Earnings	\$ 1,137	\$ 2,503		\$ 5,633	\$ 5,571	
Acquisition related amortization of intangibles (2)	64	55		170	162	
Stock-based compensation (2)	158	121		372	390	
Write-down of capitalized software development costs (2)	873	-		773	-	
Adjusted Net Earnings	<u>\$ 2,232</u>	<u>\$ 2,679</u>	<u>(17%)</u>	<u>\$ 6,948</u>	<u>\$ 6,123</u>	<u>13%</u>
Adjusted Net Earnings per Diluted Share	<u>\$ 0.08</u>	<u>\$ 0.10</u>	<u>(20%)</u>	<u>\$ 0.26</u>	<u>\$ 0.24</u>	<u>8%</u>

(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 \$0.04 and \$0.10 for the three months ended January 31, 2008 and 2007 and \$0.22 and \$0.23 for the nine months ended January 31, 2008 and 2007.

(2) - Tax affected
nm- not meaningful

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

	January 31, 2008	April 30, 2007
Cash and Short-term investments	\$ 74,896	\$ 72,769
Accounts Receivable:		
Billed	12,559	12,489
Unbilled	4,815	3,860
Total Accounts Receivable, net	17,374	16,349
Prepays & Other	3,251	2,560
Current Assets	95,521	91,678
PP&E, net	7,032	7,080
Capitalized Software, net	4,652	6,137
Goodwill	11,503	11,210
Other Intangibles	1,157	1,472
Non-current Assets	249	239
Total Assets	\$ 120,114	\$ 117,816
Accounts Payable	\$ 1,358	\$ 1,138
Other Current Liabilities	5,042	8,853
Dividend Payable	2,301	1,984
Deferred Tax Liability	697	911
Deferred Revenues	15,432	15,441
Current Liabilities	24,830	28,327
Deferred Tax Liability	1,224	1,697
Minority Interest	5,888	5,061
Shareholders' Equity	88,172	82,731
Total Liabilities & Shareholders' Equity	\$ 120,114	\$ 117,816