

# American Software Third Quarter of Fiscal 2011 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,		
	2011	2010	Pct Chg.	2011	2010	Pct Chg.
Revenues:						
License	\$ 4,197	\$ 4,602	(9%)	\$ 11,257	\$ 12,325	(9%)
Services & other	8,711	8,349	4%	27,409	23,445	17%
Maintenance	7,460	6,879	8%	21,749	20,613	6%
Total Revenues	20,368	19,830	3%	60,415	56,383	7%
Cost of Revenues:						
License	1,609	934	72%	3,752	2,737	37%
Services & other	6,622	6,193	7%	19,830	16,499	20%
Maintenance	1,791	1,630	10%	5,292	5,180	2%
Severance expenses	-	-	nm	219	-	nm
Total Cost of Revenues	10,022	8,757	14%	29,093	24,416	19%
Gross Margin	10,346	11,073	(7%)	31,322	31,967	(2%)
Operating expenses:						
Research and development	2,447	2,209	11%	7,392	6,746	10%
Less: capitalized development	(526)	(602)	(13%)	(1,785)	(1,767)	1%
Sales and marketing	3,628	3,653	(1%)	10,781	11,182	(4%)
General and administrative	2,874	2,954	(3%)	8,765	9,650	(9%)
Provision/(Recovery) of doubtful accounts	2	(3)	nm	42	(301)	nm
Amortization of acquisition-related intangibles	135	87	55%	550	262	110%
Stock option compensation charge related to the Logility tender offer	-	-	nm	-	230	nm
Total Operating Expenses	8,560	8,298	3%	25,745	26,002	(1%)
Operating Earnings	1,786	2,775	(36%)	5,577	5,965	(7%)
Interest Income & Other, Net	466	243	92%	1,344	1,262	6%
Earnings Before Income Taxes and Noncontrolling Interest	2,252	3,018	(25%)	6,921	7,227	(4%)
Income Tax Expense	488	1,177	(59%)	2,310	2,762	(16%)
Net Earnings	\$ 1,764	\$ 1,841	(4%)	\$ 4,611	\$ 4,465	3%
Net earnings attributable to noncontrolling interests	-	-	nm	-	90	nm
Net Earnings attributable to American Software, Inc.	\$ 1,764	\$ 1,841	(4%)	\$ 4,611	\$ 4,375	5%
<b>Earnings per common share: (1)</b>						
Basic	\$ 0.07	\$ 0.07	0%	\$ 0.18	\$ 0.17	6%
Diluted	\$ 0.07	\$ 0.07	0%	\$ 0.18	\$ 0.17	6%
<b>Weighted average number of common shares outstanding:</b>						
Basic	25,807	25,321		25,684	25,316	
Diluted	26,309	25,947		26,061	25,881	
<b>Reconciliation of Adjusted Net Earnings:</b>						
Net Earnings	\$ 1,764	\$ 1,841		\$ 4,611	\$ 4,375	
Amortization of acquisition-related intangibles (2)	106	53		366	162	
Stock-based compensation (2)	193	126		566	372	
Severance expenses (2)	-	-		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	\$ 2,063	\$ 2,020	2%	\$ 5,677	\$ 5,593	2%
Adjusted Net Earnings per Diluted Share	\$ 0.08	\$ 0.08	0%	\$ 0.22	\$ 0.22	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 \$0.07 and \$0.18 for the three and nine months ended January 31, 2011, respectively. Diluted per share for Class B shares under the two-class method are \$0.07 and \$0.17 for the three and nine months ended January 31, 2010, respectively.

(2) - Tax affected using the effective tax rate for the three and nine months period ended January 31, 2011 and 2010.

(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>January 31,</u>	<u>April 30,</u>
	<u>2011</u>	<u>2010</u>
Cash and Short-term Investments	\$ 42,080	\$ 38,030
Accounts Receivable:		
Billed	9,979	8,721
Unbilled	3,458	2,419
Total Accounts Receivable, net	<u>13,437</u>	<u>11,140</u>
Prepays & Other	<u>2,778</u>	<u>3,373</u>
Current Assets	58,295	52,543
Investments - Non-current	10,393	15,849
PP&E, net	5,987	6,490
Capitalized Software, net	7,411	6,890
Goodwill	12,601	12,601
Other Intangibles, net	2,042	2,677
Other Non-current Assets	100	125
Total Assets	<u>\$ 96,829</u>	<u>\$ 97,175</u>
Accounts Payable	\$ 1,114	\$ 986
Accrued Compensation and Related costs	2,402	2,949
Dividend Payable	-	2,284
Other Current Liabilities	3,035	1,986
Deferred Tax Liability - Current	63	63
Deferred Revenues	<u>16,292</u>	<u>15,147</u>
Current Liabilities	22,906	23,415
Deferred Tax Liability - Long term	1,073	1,480
Shareholders' Equity	72,850	72,280
Total Liabilities & Shareholders' Equity	<u>\$ 96,829</u>	<u>\$ 97,175</u>