

# American Software Third Quarter of Fiscal 2010 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,		
	2010	2009	Pct Chg.	2010	2009	Pct Chg.
<b>Revenues:</b>						
License	\$ 4,602	\$ 4,722	(3%)	\$ 12,325	\$ 11,258	9%
Services & other	8,349	8,386	0%	23,445	26,729	(12%)
Maintenance	6,879	6,932	(1%)	20,613	21,099	(2%)
Total Revenues	<u>19,830</u>	<u>20,040</u>	<u>(1%)</u>	<u>56,383</u>	<u>59,086</u>	<u>(5%)</u>
<b>Cost of Revenues:</b>						
License	934	1,064	(12%)	2,737	3,870	(29%)
Services & other	6,193	5,925	5%	16,499	18,223	(9%)
Maintenance	1,630	1,778	(8%)	5,180	5,400	(4%)
Total Cost of Revenues	<u>8,757</u>	<u>8,767</u>	<u>0%</u>	<u>24,416</u>	<u>27,493</u>	<u>(11%)</u>
Gross Margin	<u>11,073</u>	<u>11,273</u>	<u>(2%)</u>	<u>31,967</u>	<u>31,593</u>	<u>1%</u>
<b>Operating expenses:</b>						
Research and development	2,209	2,247	(2%)	6,746	6,941	(3%)
Less: capitalized development	(602)	(482)	25%	(1,767)	(1,505)	17%
Sales and marketing	3,653	3,829	(5%)	11,182	11,097	1%
General and administrative	2,954	3,203	(8%)	9,650	9,077	6%
Provision/(Recovery) of doubtful accounts	(3)	255	(101%)	(301)	309	nm
Amortization of acquisition-related intangibles	87	87	0%	262	262	0%
Stock option compensation charge related to the Logility tender offer	-	-	nm	230	-	nm
Total Operating Expenses	<u>8,298</u>	<u>9,139</u>	<u>(9%)</u>	<u>26,002</u>	<u>26,181</u>	<u>(1%)</u>
Operating Earnings	<u>2,775</u>	<u>2,134</u>	<u>30%</u>	<u>5,965</u>	<u>5,412</u>	<u>10%</u>
Interest Income (Expense) & Other, Net	243	(195)	nm	1,262	(1,518)	nm
Earnings Before Income Taxes and Noncontrolling Interest	<u>3,018</u>	<u>1,939</u>	<u>56%</u>	<u>7,227</u>	<u>3,894</u>	<u>86%</u>
Income Tax Expense	<u>1,177</u>	<u>952</u>	<u>24%</u>	<u>2,762</u>	<u>1,552</u>	<u>78%</u>
Net Earnings	<u>\$ 1,841</u>	<u>\$ 987</u>	<u>87%</u>	<u>\$ 4,465</u>	<u>\$ 2,342</u>	<u>91%</u>
Noncontrolling Interest Expense	-	212	nm	90	487	(82%)
Net Earnings attributable to American Software, Inc.	<u>\$ 1,841</u>	<u>\$ 775</u>	<u>138%</u>	<u>\$ 4,375</u>	<u>\$ 1,855</u>	<u>136%</u>
<b>Earnings per common share: (1)</b>						
Basic	<u>\$ 0.07</u>	<u>\$ 0.03</u>	<u>133%</u>	<u>\$ 0.17</u>	<u>\$ 0.07</u>	<u>143%</u>
Diluted	<u>\$ 0.07</u>	<u>\$ 0.03</u>	<u>133%</u>	<u>\$ 0.17</u>	<u>\$ 0.07</u>	<u>143%</u>
<b>Weighted average number of common shares outstanding:</b>						
Basic	25,321	25,279		25,316	25,343	
Diluted	25,947	25,599		25,881	25,791	
<b>Reconciliation of Adjusted Net Earnings:</b>						
Net Earnings	\$ 1,841	\$ 775		\$ 4,375	\$ 1,855	
Amortization of acquisition-related intangibles (2)	53	71		162	157	
Stock-based compensation (2)	126	167		372	373	
Stock option compensation charge related to the Logility tender offer (2)	-	-		141	-	
Expenses related to the Logility tender offer (3)	-	-		543	-	
Adjusted Net Earnings	<u>\$ 2,020</u>	<u>\$ 1,013</u>	<u>99%</u>	<u>\$ 5,593</u>	<u>\$ 2,385</u>	<u>135%</u>
Adjusted Net Earnings per Diluted Share	<u>\$ 0.08</u>	<u>\$ 0.04</u>	<u>100%</u>	<u>\$ 0.22</u>	<u>\$ 0.09</u>	<u>144%</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 \$0.07 and \$0.03 for the three months ended January 31, 2010 and 2009, respectively, and \$0.17 and \$0.07 for the nine months ended January 31, 2010 and 2009, respectively.

(2) - Tax affected using the effective tax rate for the three and nine month period ended January 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>January 31,</u> <u>2010</u>	<u>April 30,</u> <u>2009</u>
Cash and Short-term Investments	\$ 39,570	\$ 54,000
Accounts Receivable:		
Billed	11,508	10,234
Unbilled	3,106	2,995
Total Accounts Receivable, net	<u>14,614</u>	<u>13,229</u>
Prepays & Other	2,745	2,886
Deferred Tax Asset	342	246
Current Assets	<u>57,271</u>	<u>70,361</u>
Investments - Non-current	14,185	17,094
PP&E, net	6,652	7,189
Capitalized Software, net	6,252	4,859
Goodwill	11,709	11,709
Other Intangibles, net	602	950
Other Non-current Assets	118	157
Total Assets	<u>\$ 96,789</u>	<u>\$ 112,319</u>
Accounts Payable	\$ 760	\$ 822
Accrued Compensation and Related costs	2,628	2,374
Dividend Payable	2,281	2,277
Other Current Liabilities	3,355	3,355
Deferred Revenues	13,869	16,101
Current Liabilities	<u>22,893</u>	<u>24,929</u>
Deferred Tax Liability - long term	1,163	1,163
American Software's Shareholders' Equity	72,733	79,839
Noncontrolling Interest in subsidiary	-	6,388
Total Shareholders' Equity	<u>72,733</u>	<u>86,227</u>
Total Liabilities & Shareholders' Equity	<u>\$ 96,789</u>	<u>\$ 112,319</u>