

**American Software First Quarter of Fiscal 2006
Estimated Results**

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

	First Quarter Ended		
	July 31,		
	2005	2004	Pct Chg.
Revenues:			
License	\$ 3,443	\$ 2,557	35%
Services & other	7,688	6,779	13%
Maintenance	5,635	4,369	29%
Total Revenues	<u>16,766</u>	<u>13,705</u>	<u>22%</u>
Cost of Revenues:			
License	1,030	903	14%
Services & other	5,529	4,719	17%
Maintenance	1,568	1,158	35%
Total Cost of Revenues	<u>8,127</u>	<u>6,780</u>	<u>20%</u>
Gross Margin	<u>8,639</u>	<u>6,925</u>	<u>25%</u>
Operating expenses:			
Research and development	2,128	1,812	17%
Less: capitalized development	(617)	(670)	(8%)
Sales and marketing	3,111	2,895	7%
General and administrative	3,160	2,323	36%
Acquisition related amortization of intangibles	87	-	nm
Total operating expenses	<u>7,869</u>	<u>6,360</u>	<u>24%</u>
Operating earnings	<u>770</u>	<u>565</u>	<u>36%</u>
Interest income & Other, net	1,117	633	76%
Earnings before income taxes and minority interest	1,887	1,198	58%
Income tax provision/(benefit)	675	-	nm
Minority interest	(105)	(48)	119%
Net Earnings	<u>\$ 1,107</u>	<u>\$ 1,150</u>	<u>(4%)</u>
Earnings per common share:			
Basic:	<u>\$ 0.05</u>	<u>\$ 0.05</u>	<u>--</u>
Diluted:	<u>\$ 0.04</u>	<u>\$ 0.05</u>	<u>(20%)</u>
Weighted average number of common shares outstanding			
Basic	23,970	23,563	
Diluted	25,104	25,058	
Reconciliation of Adjusted Net Income:			
Net Earnings (loss)	\$ 1,107	\$ 1,150	(4%)
Acquisition related amortization of intangibles	87	-	nm
Adjusted Net Earnings	<u>\$ 1,194</u>	<u>\$ 1,150</u>	<u>4%</u>
Adjusted Net Earnings per Diluted Share	<u>\$ 0.05</u>	<u>\$ 0.05</u>	<u>0%</u>

nm- not meaningful

Preliminary - See press release narrative

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**Selected Balance Sheet Items
(in thousands)
(Preliminary and Unaudited)**

	July 31,	
	<u>2005</u>	<u>2004</u>
Cash and Short & Long term investments	\$ 57,740	\$ 67,134
Accounts Receivable:		
Billed	9,410	5,546
Unbilled	3,429	3,069
Total Accounts Receivable, net	<u>12,839</u>	<u>8,615</u>
Deferred Revenues	14,304	9,987

Preliminary - See press release narrative