

American Software First Quarter of Fiscal 2007 Results

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

	First Quarter Ended		
	July 31,		
	2006	2005	Pct Chg.
Revenues:			
License	\$ 4,373	\$ 3,444	27%
Services & other	9,263	7,687	21%
Maintenance	6,545	5,635	16%
Total Revenues	<u>20,181</u>	<u>16,766</u>	<u>20%</u>
Cost of Revenues:			
License	1,454	1,075	35%
Services & other	6,644	5,529	20%
Maintenance	1,777	1,568	13%
Total Cost of Revenues	<u>9,875</u>	<u>8,172</u>	<u>21%</u>
Gross Margin	<u>10,306</u>	<u>8,594</u>	<u>20%</u>
Operating expenses:			
Research and development	2,315	2,128	9%
Less: capitalized development	(596)	(617)	(3%)
Sales and marketing	3,517	3,112	13%
General and administrative	3,308	3,155	5%
Acquisition related amortization of intangibles	88	87	1%
Total Operating Expenses	<u>8,632</u>	<u>7,865</u>	<u>10%</u>
Operating Earnings	<u>1,674</u>	<u>729</u>	<u>130%</u>
Interest Income & Other, Net	605	1,117	(46%)
Earnings Before Income Taxes and Minority Interest	2,279	1,846	23%
Income Tax Expense	(905)	(724)	25%
Minority Interest Expense	(127)	(98)	30%
Net Earnings	<u>\$ 1,247</u>	<u>\$ 1,024</u>	<u>22%</u>
Earnings per common share:			
Basic:	<u>\$ 0.05</u>	<u>\$ 0.04</u>	<u>25%</u>
Diluted:	<u>\$ 0.05</u>	<u>\$ 0.04</u>	<u>25%</u>
Weighted average number of common shares outstanding:			
Basic	24,508	23,970	
Diluted	25,266	25,064	
Reconciliation of Adjusted Net Earnings:			
Net Earnings	\$ 1,247	\$ 1,024	
Acquisition related amortization of intangibles	88	87	
Stock option expense	225	-	
Adjusted Net Earnings	<u>\$ 1,560</u>	<u>\$ 1,111</u>	<u>40%</u>
Adjusted Net Earnings per Diluted Share	<u>\$ 0.06</u>	<u>\$ 0.04</u>	<u>50%</u>

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nm- not meaningful

AMERICAN SOFTWARE, INC.		
Selected Balance Sheet Information		
(In thousands)		
(Unaudited)		
	July 31,	
	2006	2005
Cash and Short & Long-term investments	\$ 63,925	\$ 57,740
Accounts Receivable:		
Billed	10,505	9,410
Unbilled	3,701	3,429
Total Accounts Receivable, net	14,206	12,839
Prepays & Other	2,303	1,938
Deferred Income Tax Asset-short-term	96	-
PP&E, net	7,510	7,924
Capitalized Software, net	6,500	7,128
Goodwill	11,120	10,343
Other Intangibles	1,839	3,112
Deferred Income Tax Asset- long-term	-	714
Non-current Assets	1,439	1,533
Total Assets	<u>\$ 108,938</u>	<u>\$ 103,271</u>
Accounts Payable	\$ 866	\$ 1,061
Other Current Liabilities	6,573	5,347
Dividend Payable	1,716	1,679
Deferred Income Tax Liability -Short Term	-	121
Deferred Revenues	15,050	14,304
Current Liabilities	24,205	22,512
Deferred Income Tax Liability -Long Term	1,060	-
Minority Interest	4,344	3,419
Shareholders' Equity	79,329	77,340
Total Liabilities & Shareholders' Equity	<u>\$ 108,938</u>	<u>\$ 103,271</u>