

American Software Third Quarter of Fiscal 2007 Result:

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,		
	2007	2006	Pct Chg.	2007	2006	Pct Chg.
Revenues:						
License	\$ 5,726	\$ 4,952	16%	\$ 14,432	\$ 13,385	8%
Services & other	8,577	9,110	(6%)	27,120	24,911	9%
Maintenance	7,175	6,306	14%	20,332	17,872	14%
Total Revenues	<u>21,478</u>	<u>20,368</u>	<u>5%</u>	<u>61,884</u>	<u>56,168</u>	<u>10%</u>
Cost of Revenues:						
License	1,415	747	89%	4,474	2,830	58%
Services & other	6,022	7,110	(15%)	18,965	18,603	2%
Maintenance	1,823	1,769	3%	5,391	4,976	8%
Total Cost of Revenues	<u>9,260</u>	<u>9,626</u>	<u>(4%)</u>	<u>28,830</u>	<u>26,409</u>	<u>9%</u>
Gross Margin	<u>12,218</u>	<u>10,742</u>	<u>14%</u>	<u>33,054</u>	<u>29,759</u>	<u>11%</u>
Operating expenses:						
Research and development	2,408	2,280	6%	7,036	6,626	6%
Less: capitalized development	(495)	(537)	(8%)	(1,678)	(1,771)	(5%)
Sales and marketing	3,560	3,675	(3%)	10,600	10,311	3%
General and administrative	3,694	3,117	19%	10,430	9,685	8%
Acquisition related amortization of intangibles	88	88	0%	263	263	0%
Total Operating Expenses	<u>9,255</u>	<u>8,623</u>	<u>7%</u>	<u>26,651</u>	<u>25,114</u>	<u>6%</u>
Operating Earnings	<u>2,963</u>	<u>2,119</u>	<u>40%</u>	<u>6,403</u>	<u>4,645</u>	<u>38%</u>
Interest Income & Other, Net	1,423	1,371	4%	3,494	2,689	30%
Earnings Before Income Taxes and Minority Interest	4,386	3,490	26%	9,897	7,334	35%
Income Tax Expense	(1,635)	(1,277)	28%	(3,813)	(2,759)	38%
Minority Interest Expense	(248)	(226)	10%	(513)	(745)	nm
Net Earnings	<u>\$ 2,503</u>	<u>\$ 1,987</u>	<u>26%</u>	<u>\$ 5,571</u>	<u>\$ 3,830</u>	<u>45%</u>
Earnings per common share:						
Basic:	<u>\$ 0.10</u>	<u>\$ 0.08</u>	<u>25%</u>	<u>\$ 0.23</u>	<u>\$ 0.16</u>	<u>44%</u>
Diluted:	<u>\$ 0.10</u>	<u>\$ 0.08</u>	<u>25%</u>	<u>\$ 0.22</u>	<u>\$ 0.15</u>	<u>47%</u>
Weighted average number of common shares outstanding:						
Basic	24,676	24,088		24,573	24,017	
Diluted	25,859	25,349		25,693	25,229	
Reconciliation of Adjusted Net Earnings:						
Net Earnings	\$ 2,503	\$ 1,987		\$ 5,571	\$ 3,830	
Acquisition related amortization of intangibles(1)	88	88		263	263	
Write-down of minority investment(1)	-	-		-	160	
Stock option expense (1)	194	-		635	-	
Adjusted Net Earnings	<u>\$ 2,785</u>	<u>\$ 2,075</u>	<u>34%</u>	<u>\$ 6,469</u>	<u>\$ 4,253</u>	<u>52%</u>
Adjusted Net Earnings per Diluted Share	<u>\$ 0.11</u>	<u>\$ 0.08</u>	<u>38%</u>	<u>\$ 0.25</u>	<u>\$ 0.17</u>	<u>47%</u>

nm- not meaningful

(1) - Not income tax affected

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

	<u>January 31,</u>	
	<u>2007</u>	<u>2006</u>
Cash and Short & Long-term investments	\$ 69,918	\$ 58,511
Accounts Receivable:		
Billed	12,415	12,734
Unbilled	3,730	3,937
Total Accounts Receivable, net	<u>16,145</u>	<u>16,671</u>
Prepays & Other	2,591	3,009
PP&E, net	7,201	7,789
Capitalized Software, net	6,233	6,857
Goodwill	11,211	11,120
Other Intangibles	1,602	2,016
Non-current Assets	278	1,565
Total Assets	<u>\$ 115,179</u>	<u>\$ 107,538</u>
Accounts Payable	\$ 1,093	\$ 845
Other Current Liabilities	7,880	7,447
Dividend Payable	1,979	1,694
Deferred Income Tax Liability	462	76
Deferred Revenues	16,055	14,754
Current Liabilities	<u>27,469</u>	<u>24,816</u>
Deferred Income Tax Liability	1,845	377
Minority Interest	4,748	3,904
Shareholders' Equity	81,117	78,441
Total Liabilities & Shareholders' Equity	<u>\$ 115,179</u>	<u>\$ 107,538</u>