

American Software Fourth Quarter of Fiscal 2005 Results

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

| | Fourth Quarter Ended | | | Twelve Months Ended | | |
|-------------------------------------------------------------|----------------------|----------------|-------------|---------------------|-----------------|--------------|
| | April 30, | | | April 30, | | |
| | 2005 | 2004 | Pct Chg. | 2005 | 2004 | Pct Chg. |
| Revenues: | | | | | | |
| License | \$ 3,446 | \$ 2,957 | 17% | \$ 12,310 | \$ 12,353 | 0% |
| Services & other | 9,892 | 6,163 | 61% | 32,849 | 24,407 | 35% |
| Maintenance | 5,353 | 4,265 | 26% | 19,476 | 17,898 | 9% |
| Total Revenues | <u>18,691</u> | <u>13,385</u> | <u>40%</u> | <u>64,635</u> | <u>54,658</u> | <u>18%</u> |
| Cost of Revenues: | | | | | | |
| License | 999 | 1,054 | (5%) | 4,129 | 4,322 | (4%) |
| Services & other | 6,687 | 4,372 | 53% | 22,759 | 16,747 | 36% |
| Maintenance | 1,527 | 1,170 | 31% | 5,732 | 4,678 | 23% |
| Total Cost of Revenues | <u>9,213</u> | <u>6,596</u> | <u>40%</u> | <u>32,620</u> | <u>25,747</u> | <u>27%</u> |
| Gross Margin | <u>9,478</u> | <u>6,789</u> | <u>40%</u> | <u>32,015</u> | <u>28,911</u> | <u>11%</u> |
| Operating expenses: | | | | | | |
| Research and development | 2,013 | 1,777 | 13% | 7,698 | 7,601 | 1% |
| Less: capitalized development | (666) | (866) | (23%) | (2,750) | (3,398) | (19%) |
| Sales and marketing | 3,283 | 3,011 | 9% | 12,344 | 11,459 | 8% |
| General and administrative | 3,369 | 2,367 | 42% | 11,189 | 9,259 | 21% |
| Acquisition related amortization of intangibles | 87 | - | nm | 204 | - | nm |
| Charge for asset impairment | 703 | - | nm | 703 | - | nm |
| Total operating expenses | <u>8,789</u> | <u>6,289</u> | <u>40%</u> | <u>29,388</u> | <u>24,921</u> | <u>18%</u> |
| Operating income | <u>689</u> | <u>500</u> | <u>38%</u> | <u>2,627</u> | <u>3,990</u> | <u>(34%)</u> |
| Interest income & Other income (expense), net | 231 | (189) | nm | 2,299 | 2,055 | 12% |
| Minority interest | 28 | (8) | nm | 71 | (246) | nm |
| Income before income taxes | <u>948</u> | <u>303</u> | <u>213%</u> | <u>4,997</u> | <u>5,799</u> | <u>(14%)</u> |
| Income tax provision/(benefit) | <u>(501)</u> | <u>82</u> | <u>nm</u> | <u>(215)</u> | <u>82</u> | <u>nm</u> |
| Net Earnings | <u>\$ 1,449</u> | <u>\$ 221</u> | <u>556%</u> | <u>\$ 5,212</u> | <u>\$ 5,717</u> | <u>(9%)</u> |
| Earnings per common share: | | | | | | |
| Basic: | <u>\$ 0.06</u> | <u>\$ 0.01</u> | <u>500%</u> | <u>\$ 0.22</u> | <u>\$ 0.25</u> | <u>(12%)</u> |
| Diluted: | <u>\$ 0.06</u> | <u>\$ 0.01</u> | <u>500%</u> | <u>\$ 0.21</u> | <u>\$ 0.23</u> | <u>(9%)</u> |
| Weighted average number of common shares outstanding | | | | | | |
| Basic | 23,904 | 23,451 | | 23,734 | 22,851 | |
| Diluted | 25,218 | 25,337 | | 24,531 | 24,640 | |
| Reconciliation of Adjusted Net Income: | | | | | | |
| Net Earnings | \$ 1,449 | \$ 221 | 556% | \$ 5,212 | \$ 5,717 | (9%) |
| Charge for asset impairment | 703 | - | nm | 703 | - | nm |
| Acquisition related amortization of intangibles | 87 | - | nm | 204 | - | nm |
| Income tax provision/(benefit) | (501) | 82 | nm | (215) | 82 | nm |
| Adjusted Net Earnings | <u>\$ 1,738</u> | <u>\$ 303</u> | <u>474%</u> | <u>\$ 5,904</u> | <u>\$ 5,799</u> | <u>2%</u> |
| Adjusted Net Earnings per Diluted Share | <u>\$ 0.07</u> | <u>\$ 0.01</u> | <u>600%</u> | <u>\$ 0.24</u> | <u>\$ 0.24</u> | <u>0%</u> |

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nm- not meaningful

Consolidated Balance Sheet Information (in thousands) (Unaudited)

| | April 30, | |
|------------------------------------------|-------------------|------------------|
| | 2005 | 2004 |
| Cash and Short & Long term investments | \$ 59,080 | \$ 66,366 |
| Accounts Receivable: | | |
| Billed | 9,008 | 7,097 |
| Unbilled | 3,503 | 2,487 |
| Total Accounts Receivable, net | 12,511 | 9,584 |
| Prepays & Other | 2,592 | 876 |
| Non-current Assets | 28,264 | 20,410 |
| Total Assets | <u>\$ 102,447</u> | <u>\$ 97,236</u> |
| Accounts Payable | \$ 1,313 | \$ 678 |
| Other Current Liabilities | 7,360 | 5,589 |
| Deferred Revenues | 13,640 | 10,059 |
| Minority Interest | 3,985 | 4,457 |
| Shareholders' Equity | 76,149 | 76,453 |
| Total Liabilities & Shareholders' Equity | <u>\$ 102,447</u> | <u>\$ 97,236</u> |