UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549
FORM 10-Q

(X) QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended September 30, 2006

OR

( ) TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from ______________ to ________________

Commission file number 0-14112

JACK HENRY & ASSOCIATES, INC.

(Exact name of registrant as specified in its charter)

Delaware	43-1128385
(State or Other Jurisdiction of Incorporation)	I.R.S. Employer Identification No.)

663 Highway 60, P.O. Box 807, Monett, MO 65708

Address of Principle Executive Offices
(Zip Code)

417-235-6652

(Registrant's telephone number, including area code)

N/A

(Former name, former address and former fiscal year, if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.
Yes [X] No [ ]

Indicate by check mark whether the registrant is an accelerated filer (as defined in Rule 12b-2 of the Exchange Act).
Yes [X] No [ ]

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).
Yes [ ] No [X]

APPLICABLE ONLY TO CORPORATE ISSUERS

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

As of October 30, 2006, Registrant has 90,695,747 shares of common stock outstanding ($0.01 par value)

JACK HENRY & ASSOCIATES, INC.
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ITEM 1. FINANCIAL STATEMENTS

JACK HENRY & ASSOCIATES, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
(In Thousands, Except Share and Per Share Data)
(Unaudited)

	September 30, 2006	June 30, 2006
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$ 49,842	$ 74,139
Investments, at amortized cost	1,723	2,181
Receivables	118,768	180,295
Prepaid expenses and other	24,237	24,402
Prepaid cost of product	19,915	22,228
Deferred income taxes	3,310	3,165
Total current assets	217,795	306,410
PROPERTY AND EQUIPMENT, net	250,685	251,632
OTHER ASSETS:		
Prepaid cost of product	15,837	15,191
Computer software, net of amortization	47,353	43,840
Other non-current assets	9,351	9,285
Customer relationships, net of amortization	61,562	63,162
Trade names	4,009	4,009
Goodwill	214,512	212,538
Total other assets	352,624	348,025
Total assets	$ 821,104	$ 906,067
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Accounts payable	$ 5,351	$ 14,525
Accrued expenses	24,518	29,012
Accrued income taxes	9,185	3,312
Note payable and current maturities of capital lease	222	50,241
Deferred revenues	136,467	166,402
Total current liabilities	175,743	263,492
LONG TERM LIABILITIES:		
Deferred revenues	19,427	19,317
Deferred income taxes	49,570	47,430
Other long-term liabilities, net of current maturities	598	616
Total long term liabilities	69,595	67,363
Total liabilities	245,338	330,855
STOCKHOLDERS' EQUITY		
Preferred stock - $1 par value; 500,000 shares authorized, none issued	-	-
Common stock - $0.01 par value: 250,000,000 shares authorized; Shares issued at 09/30/06 were 94,234,158 Shares issued at 06/30/06 were 93,955,663	942	939
Additional paid-in capital	228,178	224,195
Retained earnings	418,250	401,849
Less treasury stock at cost 3,755,011 shares at 09/30/06, 2,766,062 shares at 06/30/06	(71,604)	(51,771)
Total stockholders' equity	575,766	575,212
Total liabilities and stockholders' equity	$ 821,104	$ 906,067

See notes to condensed consolidated financial statements

JACK HENRY & ASSOCIATES, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF INCOME
(In Thousands, Except Per Share Data)
(Unaudited)

	Three Months Ended September 30, 2006	Three Months Ended September 30, 2005
REVENUE		
License	$ 15,539	$ 16,908
Support and service	115,577	99,401
Hardware	19,499	20,674
Total	150,615	136,983
COST OF SALES		
Cost of license	556	851
Cost of support and service	73,050	64,237
Cost of hardware	13,702	15,340
Total	87,308	80,428
GROSS PROFIT	63,307	56,555
OPERATING EXPENSES		
Selling and marketing	11,966	11,440
Research and development	8,516	6,749
General and administrative	9,906	7,805
Total	30,388	25,994
OPERATING INCOME	32,919	30,561
INTEREST INCOME (EXPENSE)		
Interest income	1,556	443
Interest expense	(216)	(175)
Total	1,340	268
INCOME BEFORE INCOME TAXES	34,259	30,829
PROVISION FOR INCOME TAXES	12,847	11,407
NET INCOME	$ 21,412	$ 19,422
Diluted net income per share	$ 0.23	$ 0.21
Diluted weighted average shares outstanding	92,893	93,998
Basic net income per share	$ 0.24	$ 0.21
Basic weighted average shares outstanding	91,056	91,562

See notes to condensed consolidated financial statements

JACK HENRY & ASSOCIATES, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(In Thousands)
(Unaudited)

	Three Months Ended September 30, 2006	Three Months Ended September 30, 2005
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net Income	$ 21,412	$ 19,422
Adjustments to reconcile net income from operations to cash from operating activities:		
Depreciation	9,063	8,064
Amortization	2,855	2,589
Deferred income taxes	1,995	1,560
Expense for stock-based compensation	148	149
Other, net	1	(7)
Changes in operating assets and liabilities, net of acquisitions:		
Receivables	61,527	121,014
Prepaid expenses, prepaid cost of product, and other	1,718	130
Accounts payable	(9,174)	(10,164)
Accrued expenses	(4,494)	(4,422)
Income taxes	6,239	3,198
Deferred revenues	(29,825)	(33,626)
Net cash from operating activities	61,465	107,907
CASH FLOWS FROM INVESTING ACTIVITIES:		
Payment for acquisitions, net	(1,974)	-
Capital expenditures	(8,117)	(8,047)
Computer software developed	(4,768)	(3,969)
Proceeds from investments	2,110	1,000
Purchase of investments	(1,638)	(992)
Other, net	34	34
Net cash from investing activities	(14,353)	(11,974)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Note payable, net	(50,037)	(45,000)
Purchase of treasury stock	(19,833)	(6,334)
Dividends paid	(5,010)	(4,121)
Excess tax benefits from stock-based compensation	419	-
Proceeds from issuance of common stock upon exercise of stock options	2,886	3,287
Proceeds from sale of common stock, net	166	185
Net cash from financing activities	(71,409)	(51,983)
NET CHANGE IN CASH AND CASH EQUIVALENTS	$ (24,297)	$ 43,950
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	$ 74,139	$ 11,608
CASH AND CASH EQUIVALENTS, END OF PERIOD	$ 49,842	$ 55,558

Net cash paid for income taxes was $4,194 and $6,649 for the three months ended September 30, 2006 and 2005, respectively. The Company paid interest of $671 and $175 for the three months ended September 30, 2006 and 2005, respectively.

See notes to condensed consolidated financial statements

JACK HENRY & ASSOCIATES, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(In Thousands, Except Share and Per Share Amounts)
(Unaudited)

NOTE 1. NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

DESCRIPTION OF THE COMPANY

Jack Henry & Associates, Inc. and Subsidiaries ("JHA" or the "Company") is a leading provider of integrated computer systems that has developed and acquired a number of banking and credit union software systems. The Company's revenues are predominately earned by marketing those systems to financial institutions nationwide together with computer equipment (hardware) and by providing the conversion and software implementation services for financial institutions to utilize a JHA software system. JHA also provides continuing support and services to customers using in-house or outsourced systems.

CONSOLIDATION

The consolidated financial statements include the accounts of JHA and all of its subsidiaries, which are wholly-owned, and all significant intercompany accounts and transactions have been eliminated.

STOCK-BASED COMPENSATION

Our net income for the quarters ended September 30, 2006 and 2005 includes $148 and $149 of stock-based compensation costs, respectively.

The Restricted Stock Plan was adopted by the Company on November 1, 2005, for its employees. Up to 3,000,000 shares of common stock are available for issuance under the plan. Upon issuance, shares of restricted stock are subject to forfeiture and to restrictions which limit the sale or transfer of the shares during the restriction period. As of September 30, 2006, no restricted stock has been issued.

COMPREHENSIVE INCOME

Comprehensive income for the three-month periods ended September 30, 2006 and 2005 equals the Company's net income.

COMMON STOCK

The Board of Directors has authorized the Company to repurchase shares of its common stock. Under this authorization, the Company may finance its share repurchases with available cash reserves or short-term borrowings on its existing credit facility. The share repurchase program does not include specific price targets or timetables and may be suspended at any time. At June 30, 2006, there were 2,766,062 shares in treasury stock and the Company had the remaining authority to repurchase up to 2,224,554 shares. On August 25, 2006, the Company's Board of Directors approved an additional 5.0 million share increase to the stock repurchase authorization. During the first quarter of fiscal 2007, the Company repurchased 988,949 treasury shares for $19,833. The total cost of treasury shares at September 30, 2006 is $71,604. At September 30, 2006, there were 3,755,011 shares remaining in treasury stock and the Company had the authority to repurchase up to 6,235,605 shares.

INTERIM FINANCIAL STATEMENTS

The accompanying condensed consolidated financial statements have been prepared in accordance with the instructions to Form 10-Q of the Securities and Exchange Commission and in accordance with accounting principles generally accepted in the United States of America applicable to interim condensed consolidated financial statements, and do not include all of the information and footnotes required by accounting principles generally accepted in the United States of America for complete consolidated financial statements. The condensed consolidated financial statements should be read in conjunction with the Company's audited consolidated financial statements and accompanying notes, which are included in its Annual Report on Form 10-K

("Form 10-K") for the year ended June 30, 2006. The accounting policies followed by the Company are set forth in Note 1 to the Company's consolidated financial statements included in its Form 10-K for the fiscal year ended June 30, 2006.

In the opinion of management of the Company, the accompanying condensed consolidated financial statements reflect all adjustments necessary (consisting solely of normal recurring adjustments) to present fairly the results of operations, financial position and cash flows for each interim period shown.

The results of operations for the period ended September 30, 2006 are not necessarily indicative of the results to be expected for the entire year.

NOTE 2. ADDITIONAL INTERIM FOOTNOTE INFORMATION

The following additional information is provided to update the notes to the Company's annual consolidated financial statements for the developments during the three months ended September 30, 2006.

DEBT

The Company renewed a bank credit line on March 22, 2006 which provides for funding of up to $8,000 and bears interest at the prime rate (8.25% at September 30, 2006). The credit line expires March 22, 2007 and is secured by $1,000 of investments. At September 30, 2006, no amount was outstanding.

The Company obtained a bank credit line on April 28, 2006 which provides for funding of up to $5,000 and bears interest at the prime rate less 1% (7.25% at June 30, 2006). The credit line matures on April 30, 2008. At June 30, 2006, no amount was outstanding.

An unsecured revolving bank credit facility allows borrowing of up to $150,000 which may be increased by the Company at any time prior to April 20, 2008 to $225,000. The unsecured revolving bank credit facility bears interest at a rate equal to (a) LIBOR or (b) an alternate base rate (the greater of (a) the Federal Funds Rate plus 1/2% or (b) the Prime Rate), plus an applicable percentage in each case determined by the Company's leverage ratio. The unsecured revolving credit line terminates April 19, 2010. At June 30, 2006, the revolving bank credit facility balance was $50,000. At September 30, 2006, no amount was outstanding.

During fiscal year 2006, a capital lease obligation of $737 was incurred when the Company entered into a lease for the use of certain computer equipment. At June 30, 2006, $662 was outstanding, of which $241 is included in current maturities. At September 30, 2006, $611 was outstanding, of which $222 is included in current maturities.

COMMITMENTS AND CONTINGENCIES

On August 31, 2006, the Board of Directors approved bonus plans for its executive officers and general managers for the current fiscal year. Under the plan, bonuses will be paid following the end of the current fiscal year if earnings per share growth targets are achieved by the Company.

NOTE 3. RECENT ACCOUNTING PRONOUNCEMENTS

In May 2005, the FASB issued SFAS No. 154, "Accounting Changes and Error Corrections - a replacement of APB Opinion No. 20 and FASB Statement No.3" ("SFAS 154"). SFAS 154 changes the requirements for the accounting for, and reporting of, a change in accounting principle. SFAS 154 requires that a voluntary change in accounting principle be applied retrospectively with all prior period financial statements presented using the accounting principle. SFAS 154 is effective for accounting changes and corrections of errors in fiscal years beginning after December 15, 2005. The Company adopted SFAS 154 effective July 1, 2006. As there were no accounting changes or errors for the period ended September 30, 2006, the adoption had no impact on the Company's results of operations or financial condition.

In June 2006, the FASB issued FASB Interpretation No. 48, "Accounting for Uncertainty in Income Taxes, an Interpretation of FASB Statement No. 109" ("FIN 48"). FIN 48 clarifies the accounting for uncertainty in income taxes recognized in an enterprise's financial statements and prescribes a recognition threshold and measurement attribute for financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. This Interpretation also provides related guidance on derecognition, classification, interest and penalties, accounting in interim periods and disclosure. FIN 48 is effective for the Company beginning July 1, 2007. The Company is currently evaluating the impact of this Interpretation.

In September 2006, the SEC issued Staff Accounting Bulletin ("SAB") No. 108, "Considering the Effects of Prior Year Misstatements when Quantifying Misstatements in Current Year Financial Statements" ("SAB 108"). SAB 108 provides guidance on how prior year misstatements should be considered when quantifying misstatements in current year financial statements for purposes of assessing materiality. SAB 108 requires that a registrant assess the materiality of a current period misstatement by determining how the current period's balance sheet would be affected in correcting a misstatement without considering the year(s) in which the misstatement originated and how the current period's income statement is misstated, including the reversing effect of prior year misstatements. SAB 108 is effective for fiscal years ending after November 15, 2006. The cumulative effect of applying SAB 108 may be recorded by adjusting current year beginning balances of the affected assets and liabilities with a corresponding adjustment to the current year opening balance in retained earnings if certain criteria are met. The Company is currently evaluating the impact of SAB 108 and does not expect that the bulletin will have a material impact on the Company's condensed consolidated financial statements.

In September 2006, the FASB issued SFAS No. 157, "Fair Value Measurements" ("SFAS 157"). SFAS 157 defines fair value, establishes a framework for measuring fair value in GAAP and requires enhanced disclosures about fair value measurements. SFAS 157 does not require any new fair value measurements. SFAS 157 is effective for the Company beginning July 1, 2007. The Company is currently evaluating the impact of this pronouncement.

NOTE 4. SHARES USED IN COMPUTING NET INCOME PER SHARE

	Three Months Ended September 30,	
	2006	2005
Weighted average number of common shares outstanding - basic	91,056	91,562
Common stock equivalents	1,837	2,436
Weighted average number of common and common equivalent shares outstanding - diluted	92,893	93,998

Per share information is based on the weighted average number of common shares outstanding for the three month periods ended September 30, 2006 and 2005. Stock options have been included in the calculation of income per share to the extent they are dilutive. Non-dilutive stock options to purchase approximately 1,488 and 1,716 shares for the three-month periods ended September 30, 2006 and 2005, respectively, were not included in the computation of diluted income per common share.

NOTE 5. BUSINESS SEGMENT INFORMATION

The Company is a leading provider of integrated computer systems that perform data processing (both in-house and outsourced) for banks and credit unions. The Company's operations are classified into two business segments: bank systems and services and credit union systems and services. The Company evaluates the performance of its segments and allocates resources to them based on various factors, including prospects for growth, return on investment, and return on revenue.

	Three Months Ended September 30, 2006			Three Months Ended September 30, 2005		
	Bank	Credit Union	Total	Bank	Credit Union	Total
REVENUE						
License	$ 12,598	$ 2,941	$ 15,539	$ 12,317	$ 4,591	$ 16,908
Support and service	97,014	18,563	115,577	82,726	16,675	99,401
Hardware	15,098	4,401	19,499	16,377	4,297	20,674
Total	124,710	25,905	150,615	111,420	25,563	136,983

COST OF SALES						
Cost of license	544	12	556	313	538	851
Cost of support and service	59,549	13,501	73,050	51,933	12,304	64,237
Cost of hardware	10,444	3,258	13,702	12,117	3,223	15,340
Total	70,537	16,771	87,308	64,363	16,065	80,428
GROSS PROFIT	$ 54,173	$ 9,134	$ 63,307	$ 47,057	$ 9,498	$ 56,555

	September 30, 2006	June 30, 2006
Property and equipment, net		
Bank systems and services	$ 216,813	$ 217,438
Credit Union systems and services	33,872	34,194
Total	$ 250,685	$ 251,632
Identified intangible assets, net		
Bank systems and services	$ 273,846	$ 271,259
Credit Union systems and services	53,590	52,290
Total	$ 327,436	$ 323,549

NOTE 6. SUBSEQUENT EVENTS

On October 31, 2006, the Company's Board of Directors declared a quarterly cash dividend of $.055 per share of common stock, payable on December 5, 2006, to shareholders of record on November 16, 2006.

On November 1, 2006, the Company acquired all of the capital stock of Margin Maximizer Group, Inc., which does business as US Banking Alliance ("USBA"). USBA is a leading provider of loan and deposit pricing software and related consulting services to banks and credit unions. The purchase price was $26,785, paid in cash at closing.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

RESULTS OF OPERATIONS

Background and Overview

We provide integrated computer systems for in-house and outsourced data processing to commercial banks, credit unions and other financial institutions. We have developed and acquired banking and credit union application software systems that we market, together with compatible computer hardware, to these financial institutions. We also perform data conversion and software implementation services regarding our systems and provide continuing customer support services after the systems are implemented. For our customers who prefer not to make an up-front capital investment in software and hardware, we provide our full range of products and services on an outsourced basis through our six data centers and 23 item-processing centers located throughout the United States.

A detailed discussion of the major components of the results of operations for the three months ended September 30, 2006 follows. All amounts are in thousands and discussions compare the current three-month period ended, September 30, 2006, to the prior year three-month period ended September 30, 2005.

REVENUE

License Revenue	Three Months Ended September 30, 2006	2005	% Change
License	$ 15,539	$ 16,908	-8%
Percentage of total revenue	10%	12%	

License revenue represents the delivery of application software systems contracted with us by the customer. We license our proprietary software products under standard license agreements that typically provide the customer with a non-exclusive, non-transferable right to use the software on a single computer and for a single financial institution location.

The license revenue decrease in the quarter can be partially attributed to increasing demand by banks and credit unions for item and data processing delivered through our outsourcing offering instead of in-house. Outsourcing does not require software license agreements; therefore, the financial institution's initial capital outlay is dramatically reduced by the choice of this delivery alternative.

Support and Service Revenue	Three Months Ended September 30, 2006	Three Months Ended September 30, 2005	% Change
Support and service	$ 115,577	$ 99,401	+16%
Percentage of total revenue	77%	73%	

Quarter Over Quarter Change	$ Change	% Change
In-House Support & Other Services	$ 6,393	+14%
EFT Support	7,000	+47%
Outsourcing Services	1,656	+7%
Implementation Services	1,127	+9%
Total Increase	$ 16,176	

Support and services fees are generated from implementation services (including conversion, installation, implementation, configuration and training), annual support to assist the customer in operating their systems and to enhance and update the software, outsourced data processing services and ATM and debit card processing (EFT Support) services.

There was strong growth in all of the support and service revenue components for the quarter ended September 30, 2006. In-house support and other services increased primarily from additional software licenses installed during the previous twelve months. EFT support, including ATM and debit card transaction processing services and online bill payment services, experienced the largest percentage of growth. Our daily transaction counts are rapidly growing as we have added customers and as our customers continue to experience consistent organic growth in all three components of EFT support. Outsourcing services for banks and credit unions continue to drive revenue growth with the addition of new bank and credit union customers and our existing customers' growth in asset size and number of accounts. The growth in implementation services revenue is partially due to an increase in the number of license implementations.

Hardware Revenue	Three Months Ended September 30, 2006	Three Months Ended September 30, 2005	% Change
Hardware	$ 19,499	$ 20,674	-6%
Percentage of total revenue	13%	15%	

The Company has entered into remarketing agreements with several hardware manufacturers under which we sell computer hardware, hardware maintenance and related services to our customers. Revenue related to hardware sales is recognized when the hardware is shipped to our customers.

Hardware revenue decreased mainly due to a lower unit price of systems delivered for the current quarter as compared to the same period last year. Hardware revenue in the prior year's quarter was 15% of total revenue while hardware revenue in the current quarter is 13%. We expect this decrease as a percentage of total revenue to continue as the entire industry is experiencing the impact of rising equipment processing power and decreasing equipment prices. This is also impacted by increased demand for outsourcing services, as significant sales of hardware normally accompany only in-house sales.

BACKLOG

Our backlog increased 8% at September 30, 2006 to $222,400 ($69,700 in-house and $152,700 outsourcing) from $205,800 ($63,400 in-house and $142,400 outsourcing) at September 30, 2005.

COST OF SALES AND GROSS PROFIT

Cost of license represents the cost of software from third party vendors through remarketing agreements. These costs are recognized when license revenue is recognized. Cost of support and service represents costs associated with conversion and implementation efforts, ongoing support for our in-house customers, operation of our data and item processing centers providing services for our outsourced customers, ATM and debit card processing services and direct operating costs. These costs are recognized as they are incurred. Cost of hardware consists of the direct and related costs of purchasing the equipment from the manufacturers and delivery to our customers. These costs are recognized at the same time as the related hardware revenue is recognized. Ongoing operating costs to provide support to our customers are recognized as they are incurred.

Cost of Sales and Gross Profit	Three Months Ended September 30, 2006	Three Months Ended September 30, 2005	% Change
Cost of License	$ 556	$ 851	-35%
Percentage of total revenue	<1%	1%	
License Gross Profit	$ 14,983	$ 16,057	-7%
Gross Profit Margin	96%	95%	
Cost of support and service	$ 73,050	$ 64,237	+14%
Percentage of total revenue	49%	47%	
Support and Service Gross Profit	$ 42,527	$ 35,164	+21%
Gross Profit Margin	37%	35%	
Cost of hardware	$ 13,702	$ 15,340	-11%
Percentage of total revenue	9%	11%	
Hardware Gross Profit	$ 5,797	$ 5,334	+9%
Gross Profit Margin	30%	26%	
TOTAL COST OF SALES	$ 87,308	$ 80,428	9%
Percentage of total revenue	58%	59%	
TOTAL GROSS PROFIT	$ 63,307	$ 56,555	12%
Gross Profit Margin	42%	41%	

Cost of license decreased for the current quarter due to a decrease in the sales and delivery of third party software, compared to last year, which resulted in an increase in the license gross profit margin. Cost of support and service increased due to additional headcount and depreciation expense for new facilities and equipment as compared to last year. Cost of hardware decreased due to a decrease in hardware sales and a change in product sales mix during the current period. Hardware incentives and rebates received from vendors fluctuate quarterly due to changing thresholds established by the vendors.

Gross margin on license revenue increased to 96% for the current quarter compared to 95% in the same quarter last year due to a decrease in third party software sales and the related costs, which the gross margins on third party software, is significantly lower than our owned products. The gross profit margin increased to 37% from 35% in support and service, primarily due to a shift in sales mix toward services with slightly higher margins, such as our ATM and debit card processing services. Hardware gross margin in the first quarter of fiscal 2007 also increased from 26% to 30% in the first quarter of fiscal 2007, primarily due to sales mix and enhanced incentives and rebates received from vendors during the quarter.

OPERATING EXPENSES

Selling and Marketing	Three Months Ended September 30, 2006	Three Months Ended September 30, 2005	% Change
Selling and marketing	$ 11,966	$ 11,440	+5%

Percentage of total revenue	8%	8%

Dedicated sales forces, inside sales teams, technical sales support teams and channel partners conduct our sales efforts for our two market segments, and are overseen by regional sales managers. Our sales executives are responsible for pursuing lead generation activities for new core customers. Our account executives nurture long-term relationships with our client base and cross sell our many complementary products and services. Our inside sales team is responsible for marketing and sales of specific complementary products and services to our existing core customers.

For the three months ended September 30, 2006, selling and marketing expenses increased mainly due to increasing commission expenses related to the increase in services revenue. Selling and marketing expense remained even as a percentage of sales compared to the first quarter of last fiscal year at 8%.

Research and Development	Three Months Ended September 30,		% Change
	2006	2005	
Research and development	$ 8,516	$ 6,749	+26%
Percentage of total revenue	6%	5%	

We devote significant effort and expense to develop new software, service products and continually upgrade and enhance our existing offerings. Typically, we upgrade all of our core and complementary software applications once per year. We believe our research and development efforts are highly efficient because of the extensive experience of our research and development staff and because our product development is highly customer-driven.

Research and development expenses increased primarily due to employee related costs from increased headcount for ongoing development of new products and enhancements to existing products. Research and development expenses increased in the initial quarter of fiscal 2007 by 26% to 6% of sales up from 5% of sales in the prior fiscal year.

General and Administrative	Three Months Ended September 30,		% Change
	2006	2005	
General and administrative	$ 9,906	$ 7,805	+27%
Percentage of total revenue	7%	6%	

General and administrative expense increased for the quarter primarily due to higher employee costs related to a rise in headcount. In addition, during the second half of fiscal 2006, the Company converted to a new accounting software system which has resulted in higher depreciation and maintenance expenses compared to the same quarter a year ago. Also, in the first quarter of fiscal 2006, the new accounting system was being actively developed and a percentage of salaries were being capitalized. General and administrative expenses increased in the initial quarter of fiscal 2007 by 27% and increased as a percentage of sales from 6% in last year's quarter to 7% in the current quarter.

INTEREST INCOME (EXPENSE) - Net interest income for the three months ended September 30, 2006 reflects an increase of $1,072 when compared to the same period last year. Interest income increased $1,113 due to higher cash and cash equivalent and investment balances. Interest expense increased $41, due to borrowings on the revolving bank credit facility, which as of September 30, 2006 were paid in full.

PROVISION FOR INCOME TAXES - The provision for income taxes was $12,847 for the three months ended September 30, 2006 compared with $11,407 for the same period last year. For the current fiscal year, the rate of income taxes is currently estimated at 37.5% of income before income taxes compared to 37.0% as reported for the same quarter in fiscal 2006. The increase is attributable to the expiration of the Research and Experimentation Tax Credit.

NET INCOME - Net income increased 10% for the three months ended September 30, 2006. Net income for the first quarter of fiscal 2007 was $21,412 or $0.23 per diluted share compared to $19,422 or $0.21 per diluted share in the same period last year.

BUSINESS SEGMENT DISCUSSION

The Company is a leading provider of integrated computer systems that perform data processing (available for in-house or outsourced installations) for banks and credit unions. The Company's operations are classified into two business segments: bank systems and services ("Bank") and credit union systems and services ("Credit Union"). The Company evaluates the performance of its segments and allocates resources to them based on various factors, including prospects for growth, return on investment, and return on revenue.

Bank Systems and Services

	Three Months Ended September 30, 2006	2005	Percent Increase
Revenue	$ 124,710	$ 111,420	12%
Gross Profit	$ 54,173	$ 47,057	15%
Gross Profit Margin	43%	42%	

Revenue growth in bank systems and services is attributable to the significant increase in support and service revenue related to maintenance for in-house and outsourced customers, implementation services, and ongoing steady increase in ATM and debit card processing activity. License revenue increased slightly and hardware decreased primarily due to sales mix and products delivered during the quarter compared to the prior year. Bank segment gross margin increased to 43% from 42% last year.

Credit Union Systems and Services

	Three Months Ended September 30, 2006	2005	Percent Increase
Revenue	$ 25,905	$ 25,563	1%
Gross Profit	$ 9,134	$ 9,498	-4%
Gross Profit Margin	35%	37%	

Revenue in the credit union system and services segment grew in the support and service component directly relating to maintenance for in-house and outsourced customers, and ATM and debit card processing activity, which continues to expand in our credit union segment. This increase in support and services offset a decrease in license revenue. License revenue was impacted by a decrease in the number of new core installations during the quarter and due to the average size of those delivered was significantly smaller compared to a year ago. Hardware revenue increased slightly due to sales mix and the amount of hardware shipped during the quarter. Credit union gross profit decreased from the prior year and the gross profit margin decreased from 37% in last year's quarter to 35% in the current quarter. This decrease in gross profit is attributable to the decrease in license revenue which has substantially higher margins than the other revenue components.

FINANCIAL CONDITION

Liquidity

The Company's cash and cash equivalents decreased to $49,842 at September 30, 2006, from $74,139 million at June 30, 2006 and decreased from $55,558 at September 30, 2005. The decrease in the cash balance from June 30, 2006 is primarily due to the repayment of short term obligations and the purchase of treasury shares.

Cash provided by operations decreased to $61,465 for the three months ended September 30, 2006 as compared to $107,907 for the same period last year. The $46,442 decrease in cash generated from operations was impacted by a $1,990 increase in net income, an increase in depreciation and amortization of $1,265, while the net combined increase of deferred income taxes, loss on disposal of property and equipment, stock-based compensation, and other expenses totaled an additional $442. Primarily contributing to the decrease in operating cash flows is the change in operating assets and liabilities which includes a ($59,487) change in receivables. Collections of receivables contributed less cash to operations in the current quarter than last year's quarter due to the timing of certain annual software maintenance billings, which occurred earlier within the last fiscal quarter than in the prior year. Other changes in operating assets and liabilities which partially offset the change in receivables included changes to prepaid expenses, accounts payable and accrued expenses amounting to $2,506, changes in accrued income taxes equaled $3,041 and the change in deferred revenues $3,801.

Cash used in investing activities for the current quarter totaled $14,353. The largest use of cash was for capital expenditures in the amount of $8,117 for equipment and facilities, while cash used for software development used $4,768.

Financing activities used cash of $71,409 during the current quarter. Cash was used to repay a revolving bank credit facility of $50,000; $19,833 was used to purchase treasury stock, and $5,010 was used to fund dividends paid to stockholders. Cash used was offset by $3,471 from the proceeds for the issuance of stock for stock options exercised, excess tax benefits from stock-based compensation and the sale of common stock to the employee stock purchase plan.

Capital Requirements and Resources

The Company generally uses existing resources and funds generated from operations to meet its capital requirements. Capital expenditures totaling $8,117 and $8,047 for the three-month periods ended September 30, 2006 and 2005, respectively, were made primarily for additional equipment. These additions were funded from cash generated by operations. Total consolidated capital expenditures for the Company are not expected to exceed $50,000 for fiscal year 2007.

The Company renewed a bank credit line on March 22, 2006 which provides for funding of up to $8,000 and bears interest at the prime rate (8.25% at September 30, 2006). The credit line expires March 22, 2007 and is secured by $1,000 of investments. At September 30, 2006, no amount was outstanding.

The Company obtained a bank credit line on April 28, 2006 which provides for funding of up to $5,000 and bears interest at the prime rate less 1% (7.25% at September 30, 2006). The credit line matures on April 30, 2008. At September 30, 2006, no amount was outstanding.

An unsecured revolving bank credit facility allows borrowing of up to $150,000, which may be increased by the Company at any time prior to April 20, 2008 to $225,000. The unsecured revolving bank credit facility bears interest at a rate equal to (a) LIBOR or (b) an alternate base rate (the greater of (a) the Federal Funds Rate plus 1/2% or (b) the Prime Rate), plus an applicable percentage in each case determined by the Company's leverage ratio. The unsecured revolving credit line terminates April 19, 2010. At June 30, 2006, the revolving bank credit facility balance was $50,000. On August 23, 2006, the balance of $50,000 was paid in full. At September 30, 2006, no amount was outstanding on the revolving bank credit facility.

During fiscal year 2006, a capital lease obligation of $737 was incurred when the Company entered into a lease for the use of certain computer equipment. At June 30, 2006, $662 was outstanding, of which $241 is included in current maturities. At September 30, 2006, $611 was outstanding, of which $222 is included in current maturities.

The Board of Directors has authorized the Company to repurchase shares of its common stock. Under this authorization, the Company may finance its share repurchases with available cash reserves or short-term borrowings on its existing credit facility. The share repurchase program does not include specific price targets or timetables and may be suspended at any time. At June 30, 2006, there were 2,766,062 shares remaining in treasury stock and the Company had the remaining authority to repurchase up to 2,224,554 shares. On August 25, 2006, the Company's Board of Directors approved an additional 5.0 million share increase to the stock repurchase authorization. During the first quarter of fiscal 2007, the Company repurchased 988,949 treasury shares for $19,833. The total cost of treasury shares at September 30, 2006 is $71,604. At September 30, 2006, there were 3,755,011 shares in treasury stock and the Company had the authority to repurchase up to 6,235,605 additional shares.

Subsequent to September 30, 2006, the Company's Board of Directors declared a cash dividend of $.055 per share on its common stock payable on December 5, 2006, to stockholders of record on November 16, 2006. Current funds from operations are adequate for this purpose. The Board has indicated that it plans to continue paying dividends as long as the Company's financial condition continues to be favorable.

Critical Accounting Policies

The Company regularly reviews its selection and application of significant accounting policies and related financial disclosures. The application of these accounting policies requires that management make estimates and judgments. The estimates that affect the application of our most critical accounting policies and require our most significant judgments are outlined in Management's Discussion and Analysis of Financial Condition and Results of Operations - "Critical Accounting Policies" - contained in our annual report on Form 10-K for the year ended June 30, 2006.

Forward Looking Statements

The Management's Discussion and Analysis of Results of Operations and Financial Condition and other portions of this report contain forward-looking statements within the meaning of federal securities laws. Actual results are subject to risks and uncertainties, including both those specific to the Company and those specific to the industry, which could cause results to differ materially from those contemplated. The risks and uncertainties include, but are not limited to, the matters detailed at Risk Factors in its Annual Report on Form 10-K for the fiscal year ended June 30, 2006. Undue reliance should not be placed on the forward-looking statements. The Company does not undertake any obligation to publicly update any forward-looking statements.

CONCLUSION

The Company's results of operations and its financial position continue to be strong with increased earnings, increased gross margin growth, strong cash flow from operations and no debt as of and for the three months ended September 30, 2006. This reflects the continuing attitude of cooperation and commitment by each employee, management's ongoing cost control efforts and our commitment to deliver top quality products and services to the markets we serve.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Market risk refers to the risk that a change in the level of one or more market prices, interest rates, indices, volatilities, correlations or other market factors such as liquidity, will result in losses for a certain financial instrument or group of financial instruments. We are currently exposed to credit risk on credit extended to customers and interest risk on investments in U.S. government securities. We actively monitor these risks through a variety of controlled procedures involving senior management. We do not currently use any derivative financial instruments. Based on the controls in place, credit worthiness of the customer base and the relative size of these financial instruments, we believe the risk associated with these exposures will not have a material adverse effect on our consolidated financial position or results of operations.

ITEM 4. CONTROLS AND PROCEDURES

An evaluation was carried out under the supervision and with the participation of our management, including our Company's Chief Executive Officer (CEO) and Chief Financial Officer (CFO), of the effectiveness of the design and operations of our disclosure controls and procedures pursuant to Exchange Act Rules 13a-15 and 15d-15. Based upon that evaluation as of the end of the period covered by this report, the CEO and CFO concluded that our disclosure controls and procedures are effective in timely alerting them to material information relating to us (including our consolidated subsidiaries) required to be included in our periodic SEC filings. There was no change in the Company's internal control over financial reporting that occurred during the quarter ended September 30, 2006 that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting. There have not been any significant changes in our internal control over financial reporting or in other factors that could significantly affect these controls subsequent to the date of evaluation.

PART II. OTHER INFORMATION

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

(c) Issuer Purchases of Equity Securities

The following shares of the Company were repurchased during the quarter ended September, 30, 2006:

Period	Total Number of Shares Purchased	Average Price of Share	Total Number of Shares Purchased as Part of Publicly Announced Plans	Maximum Number of Shares that May Yet Be Purchased Under the Plans (1)

July 1-July 31, 2006	-	-	-	2,224,554
August 1-31, 2006	167,628	$ 18.64	167,628	7,056,926
September 1-30, 2006	821,321	$ 20.34	821,321	6,235,605
Total	988,949	$ 20.05	988,949	6,235,605

(1) Purchases made under the stock repurchase authorization approved by the Company's Board of Directors on October 4, 2002 with respect to 6.0 million shares, which was increased by 2.0 million shares on April 29, 2005. On August 25, 2006, the Company's Board of Directors approved an additional 5.0 million share increase to the stock repurchase authorization. These authorizations have no specific dollar or share price targets and no expiration dates.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

The Annual Meeting of the Stockholders of Jack Henry & Associates, Inc. was held on October 31, 2006 for the purpose of electing a board of directors and to approve the Company's 2006 Employee Stock Purchase Plan. Proxies for the meeting were solicited pursuant to Section 14 (a) of the Securities and Exchange Act of 1934 and there was no solicitation in opposition to management's recommendations. Management's nominees for director, all incumbents, were elected with the number of votes for and withheld as indicated below:

	For	Withheld
John W. Henry	83,571,309	3,160,866
Jerry D. Hall	82,942,380	3,789,795
Michael E. Henry	83,567,109	3,165,066
James J. Ellis	82,460,594	4,271,581
Joseph J. Maliekel	83,453,459	3,278,716
Craig R. Curry	83,650,434	3,081,741
Wesley A. Brown	84,125,539	2,606,636

A management proposal was also submitted to the stockholders for approval at the Annual Meeting. The Jack Henry & Associates, Inc. 2006 Employee Stock Purchase Plan will allow the Company to make available for purchase by employees up to 1 million shares of the Common Stock of the Company. The plan was approved by the following votes:

	For	Against	Withheld
Approve the 2006 Employee Stock Purchase Plan	72,024,930	747,175	161,845

ITEM 6. EXHIBITS

31.1 Certification of the Chief Executive Officer dated November 8, 2006.

31.2 Certification of the Chief Financial Officer dated November 8, 2006.

32.1 Written Statement of the Chief Executive Officer dated November 8, 2006.

32.2 Written Statement of the Chief Financial Officer dated November 8, 2006.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this quarterly report on Form 10-Q to be signed on its behalf by the undersigned thereunto duly authorized.

JACK HENRY & ASSOCIATES, INC.

Date: November 8, 2006

/s/ John F. Prim

John F. Prim
Chief Executive Officer

Date: November 8, 2006

/s/ Kevin D. Williams

Kevin D. Williams
Chief Financial Officer and Treasurer

EXHIBIT 31.1

CERTIFICATION

I, John F. Prim, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Jack Henry & Associates, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter, (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal controls over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information ; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls over financial reporting.

Date: November 8, 2006

/s/ John F. Prim

John F. Prim
Chief Executive Officer

EXHIBIT 31.2

CERTIFICATION

I, Kevin D. Williams, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Jack Henry & Associates, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter, (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal controls over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information ; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls over financial reporting.

Date: November 8, 2006

/s/ Kevin D. Williams

Kevin D. Williams
Chief Financial Officer

EXHIBIT 32.1

Written Statement of the Chief Executive Officer
Pursuant to 18 U.S.C. Section 1350

Solely for the purposes of complying with 18 U.S.C. Section 1350, I, the undersigned Chief Executive Officer of Jack Henry & Associates, Inc. (the "Company"), hereby certify that the Quarterly Report on Form 10-Q of the Company for the three months ended September 30, 2006 (the "Report") fully complies with the requirements of Section 13(a) of the Securities Exchange Act of 1934 and that information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: November 8, 2006

*/s/ John F. Prim

John F. Prim
Chief Executive Officer

* A signed original of this written statement required by Section 906 has been provided to Jack Henry & Associates, Inc. and will be retained by Jack Henry & Associates, Inc. and furnished to the Securities and Exchange Commission or its staff upon request.

EXHIBIT 32.2

Written Statement of the Chief Financial Officer
Pursuant to 18 U.S.C. Section 1350

Solely for the purposes of complying with 18 U.S.C. Section 1350, I, the undersigned Chief Financial Officer of Jack Henry & Associates, Inc. (the "Company"), hereby certify that the Quarterly Report on Form 10-Q of the Company for the three months ended September 30, 2006 (the "Report") fully complies with the requirements of Section 13(a) of the Securities Exchange Act of 1934 and that information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: November 8, 2006

*/s/ Kevin D. Williams

Kevin D. Williams
Chief Financial Officer

* A signed original of this written statement required by Section 906 has been provided to Jack Henry & Associates, Inc. and will be retained by Jack Henry & Associates, Inc. and furnished to the Securities and Exchange Commission or its staff upon request.