UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

(Mark One)

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

For the fiscal year ended June 30, 2004

OR

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

For the transition period from _______________ to _______________

Commission Number 0-14112

JACK HENRY AND ASSOCIATES, INC.
(Exact name of registrant as specified in its charter)

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

663 Highway 60, P.O. Box 807, Monett, MO 65708
(Address of Principal Executive Offices)

Registrant's telephone number, including area code: (417) 235-6652

Securities registered pursuant to Section 12(b) of the Act: None

Securities registered pursuant to Section 12(g) of the Act:

Common Stock ($.01 par value)
(Title of Class)

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 if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. [ ]

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

As of August 17, 2004, the Registrant had 90,268,193 shares of Common Stock outstanding ($.01 par value). On that date, the aggregate market value of the Common Stock held by persons other than those who may be deemed affiliates of Registrant was $1,338,115,095 (based on the average of the reported high and low sales prices on NASDAQ on such date).

DOCUMENTS INCORPORATED BY REFERENCE

Certain sections of the Company's Notice of Annual Meeting of Stockholders and Proxy Statement for its 2004 Annual Meeting of Stockholders (the "Proxy Statement"), as described in the footnotes to the Table of Contents below, are incorporated by reference into Part III of this Report.

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(1) Proxy Statement section entitled "Equity Compensation Plan Information"
(2) Proxy Statement sections entitled "Election of Directors", "Corporate Governance," "Audit Committee Report," "Executive Officers and Significant Employees," and "Section 16(a) Beneficial Ownership Reporting Compliance."
(3) Proxy Statement sections entitled "Executive Compensation", "Compensation Committee Report", and "Company Performance."
(4) Proxy Statement sections entitled "Stock Ownership of Certain Stockholders," "Election of Directors," and "Equity Compensation Plan Information."
(5) Proxy Statement section entitled "Certain Relationships and Related Transactions."
(6) Proxy Statement sections entitled "Audit Committee Report" and "Independent Registered Public Accounting Firm - Audit and Non-Audit Fees."

PART I

Item 1. Business

Jack Henry & Associates, Inc. ("JHA" or the "Company") is a leading provider of integrated computer systems providing data processing and management information to banks, credit unions and other financial institutions in the United States. The Company was formed in 1976 and made its initial public offering in 1985. Since formation, JHA has grown by developing highly specialized products and services for its financial institution customers, acquiring organizations that complemented and added to the infrastructure of the Company and adding new customers.

We offer a complete, integrated suite of data processing system solutions to improve our customers' management of their entire back-office and customer/member interaction processes. We believe our solutions enable our financial institution customers to provide better service to their customers and compete more effectively against other banks, credit unions, and alternative financial institutions. Our customers either install and use our systems in-house or outsource these operations to us. We perform data conversion and hardware and software installation for the implementation of our systems and applications. We also provide continuing customer support services to ensure proper product performance and reliability, which provides us with continuing client relationships and recurring revenue. For our customers who prefer not to acquire hardware and software, we provide outsourcing services through seven data centers and seventeen item-processing centers located across the United States.

Our gross revenue has grown from $239.8 million in fiscal 2000 to $467.4 million in fiscal 2004, representing a compound annual growth rate over this five-year period of 18%. Net income from continuing operations has grown from $34.4 million in fiscal 2000 to $62.3 million in fiscal 2004, a compound annual growth rate of 14%.

Industry Background

According to the Automation in Banking 2004 report, United States financial institutions, including commercial banks, thrifts and credit unions, increased spending on hardware, software, services and telecommunications to $42.4 billion in calendar 2003 from $36.6 billion in calendar 1999, representing a compound annual growth rate of 4%. The increase of industry spending was 2% from December 31, 2002 to December 31, 2003.

In an article in June 2004, the Silicon Valley Biz Ink, Financial Services News, IDC of Silicon Valley, a premier advisory firm in the information technology and telecommunications industries, conducted a survey of banks regarding the role of information technology and future strategic priorities within the industry. The top bank survey responses were meeting regulatory requirements, managing customer relationships, managing risks, reducing costs and attracting new customers.

The Federal Deposit Insurance Corporation ("FDIC") reported there were approximately 9,200 commercial and savings banks in the United States as of December 31, 2003. Our primary market segment, bank systems and services, which represented approximately 82% of our total revenues in fiscal 2004, is commercial banks with less than $30.0 billion in assets, of which there were approximately 9,140 at December 31, 2003. Consolidation within the banking and savings services industry has resulted in a 3% compound annual decline in the population of commercial banks from calendar years 1999 and 2003. Even with the decline in the population, there was a 7% compound annual increase in their aggregate assets between calendar year 1999 and 2003. Comparing years 2003 and 2002, new bank charters increased 27%, while mergers decreased 22%.

Our other market segment is credit union systems and services within the United States. The National Credit Union Association reported there were 9,400 credit unions in the United States as of December 31, 2003. This segment represented approximately 18% of our total revenues in fiscal 2004. These are primarily cooperative, not-for-profit financial institutions organized to promote savings and provide credit to their members. Although the number of these credit unions has declined at a 3% compound annual rate between calendar year 1999 and 2003, their aggregate assets have increased at a compound annual growth rate of 9% to $610.2 billion at December 31, 2003.

According to Callahan and Associates, 2004 Credit Union Technology Survey, Credit Unions participating in the survey are looking for technology enhancements in customer relationship management to expand member services and generate product usage, enhance credit union websites and home banking platforms and upgrade ATMs for imaging and Check 21 capability. According to the respondents, 72% indicated their technology-spending budget for the upcoming year included security upgrades dealing with the internet.

We believe that commercial and regional banks and credit unions play an important role with the geographic and demographic communities and the customers they serve. Typically, customers and members of these financial institutions rely on them because of their ability to provide personalized, relationship-based service and their focus on retail, commercial and business needs. We believe these core strengths will allow our financial institution customers to effectively compete with other banks, credit unions and alternative financial institutions. In order to succeed and to maintain strong customer relationships, we believe these banks and credit unions must continue to:

* focus on excellence in delivery to customers and members of their primary products and service offerings;

* sell more products and services to existing customers through utilization of customer relationship management ("CRM") products;

* implement advanced technologies and services, such as Internet banking services, imaging, and platform automation;

* use advanced technologies in back-office processes to improve operating efficiency and control costs, while increasing service and lowering costs to their customers; and

* integrate products and services into their core, complementary service offerings and data processing infrastructure, to provide competitive products and services to their customers and members.

* manage risks by implementing technology that monitors and tracks transactions for fraud and criminal behavior.

According to Automation in Banking 2004, in calendar 2003 approximately 55% of all commercial banks and 65% of all credit unions utilized in-house hardware and software systems to perform all of their core systems and data processing functions. Off-site data processing centers provided system services on an outsourced basis for 45% of all banks and 31% of all credit unions. We have expanded our outsourcing services and capacity to include all of our core solution products.

Internet banking, bill payment, and other services for individuals, plus cash management, Automated Clearing House ("ACH") management and other services for the commercial customers of financial institutions continue to grow rapidly within the industry.

Passage of the Check Truncation Act (Check 21) will impact industry practices with respect to clearing checks. Under the new legislation, a new electronic image instrument will now be recognized and known as "the substitute check" or "image replacement document" ("IRD"). This will pave the way for widespread adoption of clearing electronic images of checks as opposed to the current practice of physically sending a check to the draw on bank for payment.

Our Solution

We are a single-source provider of a comprehensive and flexible suite of integrated products and services that address the information technology and data processing needs of financial institutions on various hardware platforms and operating systems. Our business derives revenues from three primary sources of revenue:

* sales of software licenses;

* support and service fees which include installation services; and

* hardware sales.

We develop software applications designed primarily for use on hardware supporting IBM and UNIX/NT operating systems. Our marketed product and service offerings are centered on five proprietary software applications, each comprising the core data processing and information management functions of a commercial bank or credit union. Any of these core systems can be utilized either through an in-house or outsourced delivery method depending on the financial institution's management style and philosophy. Key functions of each of our core software applications include deposits, loans, general ledger, and customer information file. Our software applications make extensive use of parameters allowing our customers to tailor the software to their needs without needing to customize or program the software. Our software applications are designed to provide maximum flexibility in meeting our customer data processing requirements within a single, integrated system. To complement our core software applications, we provide a variety of complementary products and services for use on an in-house or an outsourced basis by financial institutions.

We believe our solutions provide strategic advantages to our customers by enabling them to:

* Implement Advanced Technologies with Full Functionality. Our comprehensive suite of products and services is designed to meet our customers' information technology needs through custom-tailored solutions using proprietary software products. Our clients can either perform these functions themselves on an in-house basis through the installation of our hardware and software systems or outsource those functions to us.

* Rapidly Deploy New Products and Services. Once a financial institution has implemented our core software, either in-house or on an outsourced basis, we can quickly and efficiently install additional applications and functions. This allows our customers to rapidly deploy new products and services.

* Focus on Customer Relationships. Our products and services allow our customers to stay focused on their primary business of gaining, maintaining and expanding their customer relationships while providing the latest financial products and services.

* Access Outsourcing Solutions to Improve Operating Efficiency. Customers utilizing our outsourcing solutions benefit from access to all of our products and services without having to maintain personnel to develop, update and run these systems and without having to make large up-front capital expenditures to implement these advanced technologies.

Our Strategy

Our objective is to grow our revenue and earnings organically, supplemented by strategic acquisitions. The key components of our business strategy are to:

* Provide High Quality, Value-Added Products and Services to Our Clients. We compete on the basis of providing our customers with the highest-value products and services in the market. We believe we have achieved a reputation as a premium product and service provider.

* Continue to Expand Our Product and Service Offerings. We continually upgrade our core software applications and expand our complementary product and service offerings to respond to technological advances and the changing requirements of our clients. For example, we offer several turn-key solutions that enable financial institutions to rapidly deploy sophisticated new products and services. Our integrated solutions enable our customers to offer competitive services relative to larger banks and alternative financial institutions. We intend to continue to expand our range of Internet solutions and other products and services.

* Expand Our Existing Customer Relationships. We seek to increase the information technology products and services we provide to those customers that do not utilize our full range of products and services. In this way, we are able to increase revenues from current customers with minimal additional sales and marketing expenses.

* Expand Our Customer Base. We seek to establish long-term relationships with new customers through our sales and marketing efforts and selected acquisitions. As of June 30, 2004, we had over 5,900 customers, up from 2,850 in 2000.

* Build Recurring Revenue. We enter into contracts with customers to provide services that meet their information technology needs. We provide ongoing software support for our in-house customers. Additionally, we provide data processing for our outsourcing customers and ATM and debit card transaction switching services, both on contracts that typically extend for periods of five to ten years.

* Maximize Economies of Scale. We strive to develop and maintain a sufficiently large client base to create economies of scale, enabling us to provide value-priced products and services to our clients while expanding our operating margins.

* Attract and Retain Capable Employees. We believe attracting and retaining high-quality employees is essential to our continued growth and success. Our corporate culture focuses on the needs of employees, a strategy we believe has resulted in low employee turnover. In addition, we selectively use employee stock options to serve as a strong incentive and retention tool.

Our Acquisitions

To complement and accelerate our internal growth, we selectively acquire companies that provide us with one or more of the following:

* new customers;

* products and services to complement our existing offerings;

* additional outsourcing capabilities; and/or

* entry into new markets related to financial institutions.

When evaluating acquisition opportunities, we focus on companies with a strong employee base and management team and excellent customer relationships. Since the start of our fiscal year 2000, we have completed the following acquisitions:

Fiscal Year	Company or Product Name	Products and Services
2004	Call Report Analyzer, Y9	Regulatory Reporting
2004	e-ClassicSystems, Inc.	Software products to manage ATM networks
2004	PowerPay.ach, .rck, and .arc	Suite of Automated Clearing House products
2004	Yellow Hammer Software, Inc.	Fraud Protection for financial institutions
2003	National Bancorp Data Services, LLC	Item Processing services
2003	Credit Union Solutions, Inc.	Data processing systems and services for smaller credit unions
2002	Transcend Systems Group	Customer Relationship Management software and related services
2002	System Legacy Solutions	Image data conversion systems
2000	Symitar Systems, Inc.	Data processing systems and services for credit unions
2000	Sys-Tech, Inc.	Uninterruptible power supply systems and computer facilities design
2000	BancData Systems	Data processing services
2000	Open Systems Group	UNIX/NT-based data processing systems for banks

Our Products and Services

Changing technologies, business practices and financial products have resulted in issues of compatibility, scalability and increased complexity for the hardware and software used in many financial institutions. We have responded to these issues by developing a fully integrated suite of products and services consisting of core software systems, hardware, complementary products, and services.

We provide our full range of products and services to financial institutions on either an in-house or outsourced basis. For those customers who prefer to purchase systems for their in-house facilities, we contract to sell computer hardware, licenses for core and complementary software and contract to provide installation, data conversion, training and ongoing support, and other services.

We also offer our full suite of software products and services on an outsourced basis to customers who do not wish to maintain, update, and run these systems or to make large up-front capital expenditures to implement these advanced technologies. Our principal outsourcing service is the delivery of mission-critical data processing services using our data centers located within the United States. We provide our outsourcing services through an extensive national data and service center network, comprised of 7 data centers and 17 item-processing centers. We monitor and maintain our network on a seven-day, 24-hour basis. Customers typically pay monthly fees on service contracts of up to 5 years for these services.

Information regarding the classification of our business into separate segments serving the banking and credit union industries is set forth in Note 13 to the Consolidated Financial Statements (see item 8 below).

Hardware Systems

Our software operates on a variety of hardware systems. We have entered into remarketing agreements with IBM Corporation, Avnet, Inc. and other hardware providers which allow us to purchase hardware at a discount and sell (remarket) it to our customers together with our software applications. We currently sell the IBM eServer systems (iSeries, pSeries and xSeries); IBM workstations; Dell servers and workstations; NCR, BancTec and Unisys check transports; and a variety of other devices that complement our software solutions.

We have a long-term strategic relationship with IBM, dating to the initial design of our first core software applications more than 20 years ago. In addition to our remarketing agreement with IBM, which we regularly renew, we have been named a "Premier Business Partner'' of IBM for the last twelve consecutive years. Our relationship with IBM provides us with a substantial and ongoing source of revenue.

Core Software Applications

Each of our core software systems consists of several fully-integrated application modules, such as deposits, loans, general ledger, and the customer information file, which is a centralized file containing customer data for all applications. We can custom-tailor these modules utilizing parameters determined by our customers. The applications can be connected to a wide variety of peripheral hardware devices used in financial institutions' operations. Our software is designed to provide maximum flexibility in meeting our customers' data processing requirements within a single system to minimize data entry and improve efficiencies.

For our customers who choose to acquire in-house capabilities, we generally license our core system under standard license agreements, which provide the customer with a fully paid, nonexclusive, nontransferable right to use the software on a single computer and at a single location. These same systems can be delivered on an outsourced basis as well.

Our core software applications are differentiated broadly by size of customer, scalability, functionality, customer competitive environment and, to a lesser extent, cost. Our core applications include:

Bank Systems and Services Segment

* Silverlake System[R], which operates on the IBM iSeries and is used primarily by banks with total assets up to $30.0 billion;

* CIF 20/20[R], which operates on the IBM iSeries and is used primarily by banks with total assets up to $300.0 million;

* Core Director[R], which operates on hardware supporting a UNIX/NT environment and is used by banks employing client-server technology.

Credit Union Systems and Services Segment

* Episys[R], which operates on the IBM pSeries with a UNIX/NT operating system and is used primarily by credit unions with total assets greater than $50.0 million. According to Callahan and Associates 2004 Credit Union Directory, our Episys[R] core product is the most installed data processing solution among the top 25 largest credit unions in the United States.

* Cruise[TM], which operates on the IBM xSeries and is used primarily by credit unions with total assets under $50.0 million.

Complementary Products and Services

To enhance our core software applications, we provide a number of complementary products and services, including:

* 4|sight[TM] item image solution is our new generation of imaging products, which allows our customers to create and store digital check images for inclusion in monthly statements, facilitate their customer support services and leverage their investments with system integration.

* Automated Teller Machine ("ATM") Network Solutions provide the tools to manage and the equipment needed to run all aspects of ATM networks nationwide. The newest product ATM Manager Pro[TM] provides a suite of software products to enable financial institutions and independent companies to manage the complete operations, accounting, and measure profitability of their ATM network. (See section of ATM Network Solutions for detailed information).

* Centurion Disaster Recovery[R] provides multi-tiered disaster recovery protection, including comprehensive disaster planning and procedures.

* Customer Relationship Management Solutions includes ARGOKeys, a suite of platform automation solutions for clients using our Silverlake core systems. ARGOKeys is a joint product delivered through our alliance with ARGO Data Resource Corporation ("ARGO"). Another offering is Synapsys[TM]; a Windows[R] based sales and marketing performance solution. (See section on Customer Relationship Management for detailed information).

* Eyewire[TM] generates and delivers customer statements and notices electronically.

* FormSmart[R] provides day-to-day operating forms, year-end tax forms

and other printing and office supplies.

* Fraud Detective[R] provides a suite of software products to protect financial institutions from fraudulent activity, such as money laundering, and kiting.

* Intellix is a consulting service specifically for our bank system and services segment. Services assist customers to fully utilize their core software products.

* Internet Banking Solutions for banks and credit unions has many modules included in the suite of products allowing financial institutions to offer online banking and e-commerce to their customers and members. (See section on Internet Banking Solutions for detailed information).

* InTouch Voice Response[TM] provides a fully-automated interactive voice response system for 24-hour telephone-based customer account management.

* Matrix Network Services [SM] provides network design, implementation, security and related consulting services to financial institutions.

* OnTarget[TM] provides a fully integrated deposit platform, lending platform, and teller solution for our Core Director and Banker II customers through a partnering alliance with ARGO.

* PinPoint Report Retrieval[R] enables system-wide storage and retrieval of computer-generated reports for simplified information access.

* Silhouette Document Imaging[R] utilizes digital storage and retrieval technology to provide online instant access to document images, such as loan documents and signature cards.

* Streamline Platform Automation[R] is a fully automated new account origination and documentation preparation solution that integrates new customer data, including signature cards, disclosure statements, and loan applications into the core customer data files on a real-time basis.

* SuperIMAGE[R] is a check image system that provides enhanced integration, automation, and dependability in item imaging.

* Sys-Tech [SM] provides design consultation necessary to determine the appropriate back-up power for in-house, and data center systems.

* TimeTrack Payroll System [TM] is a fully integrated payroll accounting and human resources software system.

* Vertex Teller Automation System[TM] is an online teller automation system that enables tellers to process transactions more efficiently and with greater accuracy.

Other software products such as proof of deposit, secondary market loan servicing, account reclassification, and investment sweeps further complement our core systems.

Installation and Training

Although not a requirement of the software contract, the majority of our customers contract with us for installation and training services in connection with their purchase of in-house systems. The complete installation process of a core system typically includes planning, design, data conversion, hardware set-up, and testing. At the culmination of this installation process, one of our installation teams travels to our customer's facilities to ensure the smooth transfer of data to the new system. Separate charges for installation fees are billed to our customers on either a fixed fee or hourly charge model depending on the system, with full pass-through to our customers of travel and other expenses. Installation and training services are also required in connection with new outsourcing customers, and are billed separately at the time of installation.

Both in connection with installation of new systems and on an ongoing basis, our customers require, and we provide, extensive training services and programs related to our products and services. Training is provided in our regional training centers, at meetings and conferences, onsite at our customers' location, or online with JHA Webex. Training can be customized to meet our customers' requirements. The large majority of our customers acquire training services from us, both to improve their employees' proficiency and productivity and to make full use of the functionality of our systems. Generally, training services are paid for on an hourly basis, however, we have recently been successful in marketing annual subscriptions for training services, representing blocks of training time that can be used by our customers in a flexible fashion and the related revenue is recognized as the services are provided.

Support and Services

Following the installation of our integrated software and hardware systems at a customer site, we provide ongoing software support services to assist our customers in operating the systems. We also offer support services for hardware, primarily through our hardware suppliers, providing customers who have contracted for this service with "one-call'' system support covering hardware and software applications.

Support is provided through a 24-hour telephone service available to our customers seven days a week. Our experienced support staff can resolve most questions and problems quickly. For more complicated issues, our staff, with our customers' permission and assistance, can log on to our customers' systems remotely. We maintain our customers' software largely through releases which contain improvements and incremental additions. Updates are issued also when required by changes in applicable laws and regulations. We provide support services on our core systems as well as our complementary software products.

Nearly all of our in-house customers contract for annual support services from us. These services are a significant source of recurring revenue, and are contracted for on an annual basis and are typically priced at approximately 18 to 20% of the particular software product's license fee. These fees will increase as our customers' asset base increases and as they increase the level of functionality of their system by purchasing additional complementary products. Software support fees are generally billed at June 30 and are paid in advance for the entire fiscal year, with pro-ration for new contracts that start during the year at the time of final conversion. Hardware support fees are also paid in advance for the entire contract period that ranges from one to five years. Most contracts automatically renew annually unless our customer or we give notice of termination at least 60 days prior to expiration. Identical support is provided to our outsourced customers by the same support personnel, but is included as part of their overall monthly fees and therefore not billed separately.

Internet Banking Solutions

We provide a suite of fully integrated Internet products and services that enables financial institutions to offer Internet banking and e-commerce solutions to their customers and members. Our offerings include:

* DirectLine[TM] allows NetTeller customers to offer a direct connect service utilizing personal financial management tools for their customers;

* MemberConnect Web[TM], an Internet-based home banking system for credit union members;

* NetTeller[R], an Internet-based home banking system for individual customers and commercial cash management for business customers of banks;

* PowerPay[TM] , which allows customers to pay bills online.

ACH Solutions

We provide a suite of ACH payment solutions for financial insitituons and their commercial customers. Our offerings include:

* PowerPay.ach allows processing of ACH transactions for businesses, including all electronic payments, direct deposit payroll, and the conversion of checks to electronic items;

* PowerPay.arc is a web enabled software solution that businesses use for converting checks they receive in the mail or in a drop box into ACH items, and

* PowerPay.rck allows the conversion of NSF paper checks into ACH items.

ATM Solutions

We provide a suite of ATM solutions that offers financial institutions the ability to manager all aspects of their ATM and debit card transactions. Our offerings include:

* ATM Manager Pro, a stand-alone product, provides the reporting and operational analysis tools for ATM owners from small to very large deplorers to properly manage their ATM network;

* PassPort.atm[TM] can drive and monitor all types of lease lines and dial-up ATM's, along with the switch processing services connecting financial institutions to regional and national networks;

* PassPort.dc[TM] allows financial institutions to issue, support, and manage signature based Visa[R] Check or MasterMoney[TM] debit cards worldwide;

* PassPort.pro[TM] provides all the capabilities a financial institution needs for online authorization as well as for driving and monitoring its own network of hundreds of ATMs.

Customer Relationship Management

We offer two different CRM solutions for our customers:

* Synapsys[TM] is a powerful stand-alone tool integrated with our strategic core products and provides an enterprise-wide relationship management solution for both retail and commercial customers that integrates sales management, customer profiling, automated sales tracking, profitability assessment, lead generation, and referral tracking capabilities. Its client/server system allows users to download data from existing in-house and external processing systems;

* ARGOKeys[TM] is the ARGO/JHA joint solution for our Silverlake customers' that provides an enterprise wide branch sales and automation solution, including a deposit platform, a lending platform with an advanced automated decision module, and a complete CRM solution, all of which is fully integrated with our core and teller systems.

Research and Development

We devote significant effort and expense to develop new software, service products and continually upgrade and enhance our existing offerings. Typically, we upgrade our core software applications and complementary services 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. Through our regular contact with customers at user group meetings, sales contacts and our ongoing maintenance services, our customers inform us of the new products and functionalities they desire. Research and development expenses for fiscal 2004, 2003, and 2002 were $23.7 million, $15.9 million, $12.5 million, respectively.

Sales and Marketing

Our primary markets consist of commercial banks and credit unions.

Dedicated sales forces, inside sales teams, and technical sales support teams conduct our sales efforts for our two market segments, and are overseen by regional sales managers. Our dedicated sales executives are responsible for pursuing lead generation activities for new core solutions. Our account executives nurture long-term relationships with our client base and cross sell our many complementary products and services. Our inside sales force markets specific complementary products to our existing customers. All sales force personnel have responsibility for a specific territory. The sales support teams write business proposals and contracts and prepare responses to request-for-proposals regarding our software and hardware solutions. All of our sales professionals receive a base salary and performance-based commission compensation.

Our marketing efforts consist of sponsorship and attendance at trade shows, e-mail newsletters, print media advertisement placements, telemarketing, and national and regional marketing campaigns. We also conduct a number of national user group meetings each year, which enable us to keep in close contact with our customers and demonstrate new products and services to them.

We have 18 installations in the Caribbean. Our international sales have accounted for less than 1% of our total revenues in each of the three years ended June 30, 2004, 2003, and 2002.

Backlog

Our backlog consists of contracted in-house products and services (prior to delivery) and the remaining portion of outsourcing contracts, which are typically for five-year periods and represents the minimum guaranteed payments over the remainder of the contract period. Our backlog at June 30, 2004 was $67.2 million for in-house products and services and $124.1 million for outsourcing services, with a total backlog of $191.3 million. Of the $124.1 million amount of the backlog for outsourcing service at June 30, 2004, approximately $90.5 million is not expected to be realized in our current fiscal year due to the long-term nature of many of our outsourcing service contracts. Backlog at June 30, 2003 was $69.4 million for in-house products and services and $113.7 million for outsourcing services, with a total backlog of $183.1 million. Our backlog is subject to seasonal variations and can fluctuate quarterly due to various factors, including slower contract processing rates during the summer months.

Competition

The market for companies providing technology solutions to financial institutions is competitive and fragmented, and we expect continued competition from both existing competitors and companies entering our existing or future markets. Some of our current competitors have longer operating histories, larger customer bases, and greater financial resources. The principal competitive factors affecting the market for our services include comprehensiveness of the applications, features and functionality, flexibility and ease of use, customer support, references from existing customers and price. We compete with large vendors that offer transaction processing products and services to financial institutions, including Fidelity National Financial Inc., Fiserv, Inc., Intercept Inc., and Metavante. In addition, we compete with a number of providers that offer one or more specialized products or services. There has been significant consolidation among providers of information technology products and services to financial institutions, and we believe this consolidation will continue in the future.

Intellectual Property, Patents, and Trademarks

Although we believe that our success depends upon our technical expertise more than on our proprietary rights, our future success and ability to compete depends in part upon our proprietary technology. We have registered or filed applications for our primary trademarks. Most of our technology is not patented. Instead, we rely on a combination of contractual rights and copyrights, trademarks and trade secrets to establish and protect our proprietary technology. We generally enter into confidentiality agreements with our employees, consultants, resellers, customers, and potential customers. We restrict access to and distribution of our source code and further limit the disclosure and use of other proprietary information. Despite our efforts to protect our proprietary rights, unauthorized parties may attempt to copy or otherwise obtain or use our products or technology. We cannot be sure the steps taken by us in this regard will be adequate to prevent misappropriation of our technology or that our competitors will not independently develop technologies that are substantially equivalent or superior to our technology.

Government Regulation

The financial services industry is subject to extensive and complex federal and state regulation. Our current and prospective customers, which consist of financial institutions such as commercial banks and credit unions, operate in markets that are subject to substantial regulatory oversight and supervision. We must ensure our products and services work within the extensive and evolving regulatory requirements applicable to our customers, including those under the federal truth-in-lending and truth-in-savings rules, usury laws, the Equal Credit Opportunity Act, the Fair Housing Act, the Electronic Funds Transfer Act, the Fair Credit Reporting Act, the Bank Secrecy Act, the USA Patriot Act, the Gramm-Leach-Bliley Act, and the Community Reinvestment Act. The compliance of our products and services with these requirements depends on a variety of factors including the particular functionality, the interactive design and the classification of customers. Our customers must assess and determine what is required of them under these regulations and they contract with us to ensure that our products and services conform to their regulatory needs. It is not possible to predict the impact any of these regulations could have on our business in the future.

The Sarbanes-Oxley Act of 2002 implemented a variety of regulations that are intended to restore the public faith in the financial information that is publicized by corporate entities. For our fiscal year ending June 2005, we will be impacted by these rules through assessing and testing our internal control over financial reporting.

We are not chartered by the Office of the Comptroller of Currency, the Board of Governors of the Federal Reserve System, the National Credit Union Administration or other federal or state agencies that regulate or supervise depository institutions. The services provided by our OutLink Data Centers are subject to examination by the Federal Financial Institution Examination Council regulators under the Bank Service Company Act. On occasion, these services are also subject to examination by state banking authorities.

We provide outsourced data and item processing through our geographically dispersed OutLink Data Centers, electronic transaction processing through PassPort ATM and Transaction Processing Solutions, Internet banking through NetTeller online banking, and bank business recovery services through Centurion Disaster Recovery. We are a service provider to financial institutions and our operations are governed by the same regulatory requirements as those imposed on financial institutions. As to these data processing services, we are subject to periodic review by federal depository institution regulators who have broad supervisory authority to remedy any shortcomings identified in such reviews.

Employees

As of June 30, 2004 and 2003, we had 2,533 and 2,257 full time employees respectively. Our employees are not covered by a collective bargaining agreement and there have been no labor-related work stoppages. We consider our relationship with our employees to be good.

Available Information

Our internet website is easily accessible to the public at www.jackhenry.com. Our key corporate governance documents and our Code of Conduct addressing matters of business ethics are available in the "Investor Relations" portion of the website, together with archives of press releases and other materials. Our Annual Report on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K, and other filings and amendments thereto that we make with the U.S. Securities Exchange Commission (the "SEC") are available free of charge on the website as soon as reasonably practicable after such reports have been filed with or furnished to the SEC.

RISK FACTORS

The Company's business and the results of its operations are affected by numerous factors and uncertainties, some of which are beyond our control. The following is a description of some of the important risk factors and uncertainties that may cause the actual results of the Company's operations in future periods to differ materially from those currently expected or desired.

Changes within the banking and credit union industry could reduce demand for our products. In the current environment of low interest rates, the profit margins of commercial banks and credit unions have narrowed. As the economy has stumbled, loan demand has slackened and loan defaults have increased. As a result, many banks and credit unions have slowed or stopped their capital spending, including spending on computer software and hardware, affecting both sales to new customers and upgrade/complimentary product sales to existing customers.

We may not be able to manage growth. We have grown both internally and through acquisitions. Our expansion has and will continue to place significant demands on our administrative, operational, financial and management personnel and systems. We cannot assure you that we will be able to enhance and expand our product lines, manage costs, adapt our infrastructure and modify our systems to accommodate future growth.

If we fail to adapt our products and services to changes in technology, we could lose existing customers and be unable to attract new business. The markets for our software and hardware products and services are characterized by changing customer requirements and rapid technological changes. These factors and new product introductions by our existing competitors or by new market entrants could reduce the demand for our existing products and services and we may be required to develop or acquire new products and services. Our future success is dependent on our ability to enhance our existing products and services in a timely manner and to develop or acquire new products and services. If we are unable to develop or acquire new products and services as planned, or fail to achieve timely market acceptance of our new or enhanced products and services, we may incur unanticipated expenses, lose sales or fail to achieve anticipated revenues.

Acquisitions may be costly and difficult to integrate. We have acquired several businesses and will continue to explore possible business combinations in the future. We may not be able to successfully integrate acquired companies. We may encounter problems in connection with the integration of new businesses including: financial control and computer system compatibility; unanticipated costs; unanticipated quality or customer problems with acquired products or services; diversion of management's attention; adverse effects on existing business relationships with suppliers and customers; loss of key employees; and significant amortization expenses related to identifiable intangible assets. Without additional acquisitions, we may not be able to grow and to develop new products and services as quickly as we have in the past to meet competitive challenges. If our integration strategies fail, our business, financial condition and results of operations could be materially and adversely affected.

If our strategic relationship with IBM were terminated, it could have a negative impact on the continuing success of our business. We have developed a strategic relationship with IBM. As part of this collaborative relationship, we market and sell IBM hardware and equipment to our customers under an IBM Business Partner Agreement and resell maintenance on IBM hardware products to our customers. Much of our software is designed to be compatible with the IBM hardware that is run by a majority of our customers. If IBM were to terminate or fundamentally modify our strategic relationship, our relationship with our customers and our revenues and earnings would suffer. We could also lose software market share or be required to redesign existing products or develop new products that would be compatible with the hardware used by our customers.

Competition may result in price reductions and decreased demand for our products and services. We expect competition in the markets we serve will remain vigorous. We compete on the basis of product quality, reliability, performance, ease of use, quality of support and pricing. We cannot guarantee that we will be able to compete successfully with our existing competitors or with companies entering our markets in the future. Certain of our competitors have strong financial, marketing and technological resources and, in some cases, a larger customer base than we do. They may be able to adapt more quickly to new or emerging technologies or to devote greater resources to the promotion and sale of their products and services.

The loss of key employees could adversely affect our business. We depend to a significant extent on the contributions and abilities of our senior management. Our Company has grown significantly in recent years and our management remains concentrated in a small number of key employees. If we lose one or more of our key employees, we could suffer a loss of sales and delays in new product development, and management resources would have to be diverted from other activities to compensate for this loss. We do not have employment agreements with any of our executive officers; however, we currently have a management succession plan in place.

Consolidation of financial institutions could reduce the number of our customers and potential customers. Our primary market consists of approximately 9,140 commercial banks (includes savings & loans) and 9,400 credit unions. The number of commercial banks and credit unions has decreased because of mergers and acquisitions over the last decade and is expected to continue to decrease as more consolidation occurs, which will reduce our number of potential customers. Because of this consolidation, some of our existing customers could terminate, or refuse to renew their contracts with us and potential customers could break off negotiations with us.

The services we provide to our customers are subject to government regulation that could hinder our ability to develop portions of our business or impose additional constraints on the way we conduct our operations. The financial services industry is subject to extensive and complex federal and state regulation. As a supplier of services to financial institutions, some of our operations are examined by the Office of the Comptroller of the Currency, the Federal Reserve Board and the Federal Deposit Insurance Corporation, among other regulatory agencies. These agencies regulate services we provide and the manner in which we operate, and we are required to comply with a broad range of applicable laws and regulations. In addition, existing laws, regulations, and policies could be amended or interpreted differently by regulators in a manner that has a negative impact on our existing operations or that limits our future growth or expansion. Our customers are also regulated entities, and the form and content of actions by regulatory authorities could determine both the decisions they make concerning the purchase of data processing and other services and the timing and implementation of these decisions. The development of financial services over the Internet has raised concerns with respect to the use, confidentiality, and security of private customer information. Regulatory agencies, Congress and state legislatures are considering numerous regulatory and statutory proposals to protect the interests of consumers and to require compliance by the industry with standards and policies that have not been defined.

Network or Internet security problems could damage our reputation and business. We rely on standard network and Internet security systems, most of which we license from third parties, to provide the security and authentication necessary to effect secure transmission of data. Computer networks and the Internet are vulnerable to unauthorized access, computer viruses and other disruptive problems. In addition, advances in computer capabilities, new discoveries in the field of cryptography or other events or developments may render our security measures inadequate. Someone who is able to circumvent security measures could misappropriate proprietary information or cause interruptions in our operations or those of our customers. Security risks may result in liability to us and also may deter financial institutions from purchasing our products. We may need to expend significant capital or other resources protecting against the threat of security breaches or alleviating problems caused by breaches. Eliminating computer viruses and alleviating other security problems may result in interruptions, delays or cessation of service to users, any of which could harm our business.

As technology becomes less expensive and more advanced, purchase prices of hardware may decline and our revenues and profits from remarketing arrangements may decrease. Computer hardware technology is rapidly developing. Hardware manufacturers are producing less expensive and more powerful equipment each year, and we expect this trend to continue into the future. As computer hardware becomes less expensive, revenues and profits derived from our hardware remarketing may decrease and become a smaller portion of our revenues and profits.

An operational failure in our outsourcing facilities could cause us to lose customers. Damage or destruction that interrupts our provision of outsourcing services could damage our relationship with certain customers and may cause us to incur substantial additional expense to repair or replace damaged equipment. Although we have installed back-up systems and procedures to prevent or reduce disruption, we cannot assure you that we will not suffer a prolonged interruption of our transaction processing services. In the event that an interruption of our network extends for more than several hours, we may experience data loss or a reduction in revenues by reason of such interruption. In addition, a significant interruption of service could have a negative impact on our reputation and could lead our present and potential customers to choose service providers other than us.

If others claim that we have infringed their intellectual property rights, we could be liable for significant damages. We do not believe that any of our products or services infringe the proprietary rights of third parties. We cannot be sure, however, that others will not make infringement claims, and we have agreed to indemnify many of our customers against those claims. We anticipate that the number of infringement claims will increase as the number of software solutions and services increases and the functionality of our products and services expands. Any of those claims, whether with or without merit, could be time-consuming, result in costly litigation and may not be resolved on terms favorable to us.

Expansion of services to non-traditional customers could expose us to new risks. Some of our recent acquisitions include business lines that are marketed outside our traditional, regulated, and litigation-averse base of financial institution customers. These non-regulated customers may entail greater operational, credit and litigation risks than we have faced before and could result in increases in bad debts and litigation costs

Competitive pressures in our industry or general economic conditions may require that we reduce our prices or offer other favorable terms to customers on our products and services which could result in lower margins and reduce net income. We compete with a variety of software vendors in all of our major product lines. Some of our competitors may have advantages over us due to their size, product lines, greater marketing resources, or exclusive intellectual property rights. If competitors offer more favorable pricing, payment or other contractual terms, warranties, or functionality, or if general economic conditions decline such that customers are less willing or able to pay the cost of our products, we may need to lower prices or offer other favorable terms in order to successfully compete.

If requirements relating to the accounting treatment for employee stock options are changed, we may be forced to change our business practices or our earnings may be affected. We currently account for the issuance of stock options under APB Opinion No. 25, "Accounting for Stock issued to Employees." Certain proposals related to accounting for the grant of an employee stock option as an expense are currently under consideration by accounting standards organizations and governmental authorities. If such proposals are adopted, our earnings will be negatively impacted. As a result, we may decide to reduce the number of stock options granted to employees or to grant options to fewer employees. This could affect our ability to retain existing employees and attract qualified candidates, and also could increase the cash compensation we would have to pay them.

Increases in service revenue as a percentage of total revenues may decrease overall margins. We continue to experience a trend of a greater proportion of our products being sold as outsourcing services rather than in-house licenses. We realize lower margins on service revenues than on license revenues. Thus, if service revenue increases as a percentage of total revenue, our gross margins would be lower and our operating results may be impacted.

Item 2. Properties

We own approximately 153 acres located in Monett, Missouri on which we maintain eight office and shipping & receiving and maintenance buildings. We also own buildings in Houston, Texas; Allen, Texas; Albuquerque, New Mexico; Birmingham, Alabama; Angola, Indiana; Lenexa, Kansas; Shawnee Mission, Kansas; Rogers, Arkansas; Oklahoma City, Oklahoma and San Diego, CA. Our owned facilities represent approximately 692,000 square feet of office space in nine states. We have 34 leased office facilities in 21 states, which total approximately 240,000 square feet. All of the space is utilized for normal business purposes.

Of these facilities, leased office space totaling approximately 44,500 in one facility is devoted primarily to serving our credit union business segment, with the remainder of our leased and all owned facilities primarily devoted to serving our bank business segment. We have purchased a building in San Diego, CA with approximately 93,000 square feet, that when occupied in the future, will replace the leased building in San Diego, CA specifically for the credit union segment of our business.

We own seven aircraft, which are utilized for business purposes. Many of our customers are located in communities that do not have an easily accessible commercial airline service. We primarily use our airplanes in connection with installation, sales of systems and internal requirements for day-to-day operations. Transportation costs for installation and other customer services are billed to our customers. We lease property, including real estate and related facilities, at the Monett, Missouri municipal airport.

Item 3. Legal Proceedings

We are subject to various routine legal proceedings and claims arising in the ordinary course of business. We do not expect that the results in any of these legal proceedings will have a material adverse effect on our business, financial condition, results of operations or cash flows.

Item 4. Submission of Matters To a Vote of Security Holders

None.

PART II

Item 5. Market for Registrant's Common Equity and Related Stockholder Matters

The Company's common stock is quoted on the Nasdaq National Market under the symbol "JKHY". The following table sets forth, for the periods indicated, the high and low sales price per share of the common stock as reported by the Nasdaq National Market.

Fiscal 2004	High	Low
First Quarter	$19.75	$16.25
Second Quarter	22.04	17.46
Third Quarter	21.00	17.70
Fourth Quarter	20.16	17.70

Fiscal 2003	High	Low
First Quarter	$17.22	$11.76
Second Quarter	13.71	7.24
Third Quarter	14.89	9.90
Fourth Quarter	18.32	10.34

The Company established a practice of paying quarterly dividends at the end of fiscal 1990 and has paid dividends with respect to every quarter since that time. Quarterly dividends per share paid on the common stock for the two most recent fiscal years ended June 30, 2004 and 2003 are as follows:

Fiscal 2004	Dividend
First Quarter	$0.035
Second Quarter	0.035
Third Quarter	0.040
Fourth Quarter	0.040

Fiscal 2003	Dividend
First Quarter	$0.035
Second Quarter	0.035
Third Quarter	0.035
Fourth Quarter	0.035

The declaration and payment of any future dividends will continue to be at the discretion of our Board of Directors and will depend upon, among other factors, our earnings, capital requirements, contractual restrictions, and operating and financial condition. The Company does not currently foresee any changes in its dividend practices.

Information regarding the Company's equity compensation plans is set forth under the caption "Equity Compensation Plan Information" in the Company's definitive Proxy Statement and is incorporated herein by reference.

On August 17, 2004, there were approximately 49,909 holders of the Company's common stock. On that same date the last sale price of the common shares as reported on NASDAQ was $17.96 per share.

Item 6. Selected Financial Data

Selected Financial Information*
(In Thousands, Except Per Share Data)

Income Statement Data	YEAR ENDED JUNE 30, 2004	2003	2002	*2001	*2000
Revenue (1)	$467,415	$404,627	$396,657	$366,903	$239,841
Income from continuing operations	$ 62,315	$ 49,397	$ 57,065	$ 55,631	$ 34,350
Loss from discontinued operations	$ -	$ -	$ -	$ -	$ 332
Net income	$ 62,315	$ 49,397	$ 57,065	$ 55,631	$ 34,018
Diluted income per share:					
Income from continuing operations	$ 0.68	$ 0.55	$ 0.62	$ 0.61	$ 0.40
Loss from discontinued operations	$ 0.00	$ 0.00	$ 0.00	$ 0.00	$ 0.00
Net income	$ 0.68	$ 0.55	$ 0.62	$ 0.61	$ 0.40
Dividends declared per share	$ 0.15	$ 0.14	$ 0.13	$ 0.11	$ 0.09
Balance Sheet Data					
Working capital	$ 85,818	$ 70,482	$ 67,321	$ 65,032	$(47,990)
Total assets	$653,614	$548,575	$486,142	$433,121	$321,082
Long-term debt	$ -	$ -	$ -	$ 228	$ 320
Stockholders' equity	$442,918	$365,223	$340,739	$302,504	$154,545

* Selected financial information for 2000 has been restated to include an acquisition that had been accounted for as pooling-of-interests as if it had occurred at the beginning of the earliest period reported. Revenue for the years ended June 30, 2001 and 2000 have been restated for the adoption of Emerging Issues Task Force Issue No. 01-14, "Income Statement Characterization of Reimbursements Received for 'Out of Pocket' Expenses Incurred".

(1) Revenue includes license sales, support and service revenues, and hardware sales, less returns and allowances.

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion and analysis should be read in conjunction with the "Selected Financial Data" and the consolidated financial statements and related notes included elsewhere in this report.

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 installation for the implementation of our systems and provide continuing customer support services after the systems are installed. 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 seven data centers and 17 item-processing centers located throughout the United States.

We derive revenues from three primary sources of revenue:

- sales of software licenses;
- support and service fees, which include installation services; and
- hardware sales.

Over the last five fiscal years, our revenues have grown from $239.8 million in fiscal 2000 to $467.4 million in fiscal 2004. Income from continuing operations has grown from $34.4 million in fiscal 2000 to $62.3 million in fiscal 2004. This growth has resulted primarily from internal expansion supplemented by strategic acquisitions, allowing us to develop and acquire new products and services and expand the number of customers who use our core software systems to approximately 2,340 as of June 30, 2004.

Since the start of our fiscal year 2000, we have completed twelve accretive acquisitions. Eleven of these acquisitions were accounted for using the purchase method of accounting and our consolidated financial statements include the results of operations of the acquired companies from their respective acquisition dates. The remaining acquisition was accounted for using the pooling-of-interests method.

License revenue represents the sale and 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. In revenue arrangements with multiple elements, the components are all separately and independently priced within the related contracts. Allocation of revenue is consistent with pricing when each product or service is sold separately establishing Vendor Specific Objective Evidence ("VSOE"). Generally, a deposit is payable upon execution of the license agreement with additional payments due at specified times after contract signing. We recognize software license revenue upon delivery and acceptance of the software and documentation.

Support and services fees are generated from installation services contracted with us by the customer, ongoing support services to assist the customer in operating the systems and to enhance and update the software, and from providing outsourced data processing services and ATM and debit card processing services. We recognize installation services revenue as services are performed under hourly contracts and at the completion of the installations under fixed fee contracts. Revenues from software support are generated pursuant to annual agreements and are recognized ratably over the life of the agreements. Outsourcing services are performed through data and item centers. Revenues from outsourced item and data processing and ATM and debit card processing services are derived from monthly usage fees typically under five-year service contracts with our customers. We recognize the revenues under these contracts as services are performed.

Cost of license fees represents the third party vendor costs associated with license fee revenue.

Cost of services represents costs associated with conversion and installation efforts, ongoing support for our in-house customers, operation of our data and item centers providing services for our outsourced customers, ATM and debit card processing services, and direct operation costs. These costs are recognized as they are incurred.

We have entered into remarketing agreements with several hardware manufacturers under which we sell computer hardware and related services to our customers. Revenues from hardware sales are recognized when the manufacturers ship the hardware directly to our customers. 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 revenue.

We have two business segments: bank systems and services and credit union systems and services. The respective segments include all related license, support and service, and hardware sales along with the related cost of sales.

RESULTS OF OPERATIONS

FISCAL 2004 COMPARED TO FISCAL 2003

Fiscal year 2004 showed strong growth in revenues and improved gross and operating margins, which allowed us to leverage a 16% increase in revenues to a 26% increase in net income.

REVENUE - Revenues increased 16% from $404.6 million in fiscal 2003 to $467.4 million in fiscal 2004. Fiscal 2004 license revenue increased 30% to $62.6 million from $48.3 million. Support and service revenue increased 20% to $311.3 million from $260.5 million in fiscal 2003. In fiscal 2004, hardware revenue decreased by 2%, to $93.5 million from $95.9 million.

License revenue grew by $14.3 million dollars compared to last fiscal year due to increased delivery of software relating to the timing of installations. Support and service revenue, which includes outsourcing, in-house support, ATM and debit card processing, and installation services increased by $50.8 million and contributed to 67% of fiscal revenues compared with 64% in fiscal 2003. The increase reflects an increase of $23.8 million for in-house support, a 19% increase from fiscal 2003. In-house support increased due to our continued installation of core and complementary products during the fiscal year, for which most of these customers contract for ongoing support service, beginning upon final installation. Outsourcing services grew by $11.8 million, which reflects a 17% increase in fiscal 2004 due to growth in volume with existing customers and installations of new customers which led to expansion of our data centers. ATM and debit card processing services realized growth of $9.6 million for the year with an increase of 36%. We began offering these services to the credit union segment this year, which contributed to the growth. Installation services grew by $5.6 million or 15% over the prior year correlating to the increase of license revenue. Recurring revenue (support and service revenue less installation services) increased to 57% of total revenue in fiscal 2004 from 55% of total fiscal 2003 revenue.

Support and Services Revenue (in millions)	Fiscal 2004 Compared to Fiscal 2003	
	Dollar Increase	Percent Increase
In-House Support	$23.8	19%

Outsourcing Services	$11.8	17%
ATM and Debit Card Services	$9.6	36%
Installation Services	$5.6	15%
Total Increase	$50.8	20%

Hardware revenue remained relatively flat year over year, while decreasing to 20% of revenues compared with 24% of fiscal 2003 revenues primarily due to the increase in our license revenue and expansion and growth in our support and service revenue for the year.

COST OF SALES - Cost of sales increased 11% for the year, from $251.3 million in fiscal 2003 to $279.4 million in fiscal 2004. Cost of support and service increased 17% to $207.7 million from $178.3 million in fiscal 2003. The increase is primarily due to a 12% increase in employee related expenses for increased headcount and a 24% increase in depreciation and amortization expense included in the cost of support and service. This is due mainly to our efforts to continue improving operating efficiencies by investing and upgrading technology equipment. Both fiscal years' cost of support and service remained constant at 44% of total revenue. Cost of license increased 22%, from $3.9 million in fiscal 2003 to $4.7 million in fiscal 2004, mainly due to obligations to third party vendors for the software we resell. Cost of hardware decreased 3% to $67.0 million or 14% of total revenue in fiscal year 2004 from $69.1 million or 17% of revenue in 2003 fiscal year. The decrease in cost of hardware correlates to the decrease in hardware revenue.

GROSS PROFIT - Gross profit increased 23% to $188.0 million in fiscal 2004 from $153.3 million in fiscal 2003. The gross margin for fiscal 2004 was 40% compared to 38% for fiscal 2003. Gross profit on license revenue increased $13.5 million or 30% in fiscal 2004. Gross margin on license revenue remained consistent at 92% for both fiscal years. The gross profit improvement is due to a significant increase in the delivery of the Company's core and complementary software licenses. For fiscal year 2004, delivery of third party license revenue and cost remained flat when compared with fiscal 2003.

Gross profit for support and service increased $21.4 million or 26% in fiscal year 2004 compared to fiscal 2003. Support and service gross margin improved to 33% this year from 32% in the prior year. The increase is primarily due to increased volumes, increased number of customers, and continued leveraging of resources of employees and equipment in our outsourcing and ATM/Debit card processing services.

Hardware gross margin for fiscal year 2004 and fiscal 2003 remained even at 28%.

OPERATING EXPENSES - Operating expenses increased 17% for the current year, with the majority of the increase generated from research and development expenses. Research and development expenses increased 49% to $23.7 million for fiscal 2004, compared to $15.9 million for fiscal 2003. The increase is primarily attributable to a 45% increase in employee related expenses. The increase includes standard salary increases along with additional employee headcount for ongoing development of new products and enhancements to existing products in both segments of our business.

Selling and marketing expenses increased 17% to $36.0 million in 2004 compared to $30.7 million for fiscal year 2003. The increase relates to higher employee related expenses in fiscal 2004 compared with fiscal 2003, which is relatively in line with the growth in revenue. General and administrative expenses remained flat at $29.5 million for both fiscal years. This is due to overall cost control measures implemented throughout the year.

INTEREST INCOME (EXPENSE) - Interest income (expense) increased from $0.5 million in fiscal 2003 to $0.9 million in fiscal 2004. Interest income increased 60% from $0.6 million to $1.0 million due to higher invested balances. Interest expense decreased 3% from $110,000 in fiscal year 2003 to $107,000 in fiscal 2004.

PROVISION FOR INCOME TAXES - The provision for income taxes was $37.4 million or 37.5% of income before income taxes in fiscal 2004 compared with $28.4 million, or 36.5% of income before income taxes in fiscal 2003. The increase in the percentage for fiscal 2004 is due to changes in various state tax laws and the allocation of income amongst states.

NET INCOME - Net income increased 26% from $49.4 million, or $0.55 per diluted share in fiscal 2003 to $62.3 million, or $0.68 per diluted share in fiscal 2004.

FISCAL 2003 COMPARED TO FISCAL 2002

Fiscal year 2003 was a profitable but challenging year due to being one of the most difficult markets the technology industry has seen in more than a decade. Revenue was relatively flat compared to the prior year with decreased gross margins primarily due to a 7% increase in cost of sales, which resulted in a 13% decrease in net income

REVENUE - Revenues increased 2% from $396.7 million in fiscal 2002 to $404.6 million in fiscal 2003. Compared to fiscal 2002, license fees decreased 27%, support and service revenues increased 14%, and hardware sales decreased 5%.

Reflecting the strength in new outsourcing business, revenues from support and services continues to grow, increasing to 64% of revenues in 2003 compared to 58% of 2002 revenues. The increase is composed of $10.8 million or 17% increase in outsourcing services, $5.2 million or 24% growth in ATM and debit card processing services, $16.4 million or 16% growth in in-house support and, a slight decrease of $0.6 million or 2% for installation services. Recurring revenue (support and service revenue less installation services) increased to 55% of total revenue in fiscal 2003 from 47% of total fiscal 2002 revenue.

Continued softness in banking core system sales negatively impacted revenues from license fees and hardware sales in 2003. For the year, license fees dropped 27% to $48.3 million or 12% of total 2003 revenues, compared to $66.6 million, or 17% of 2002 revenues. The decrease is due to the overall reduced number of software licenses delivered during the year in our bank segment. Hardware revenue decreased 5% to $95.9 million or 24% of fiscal 2003 revenues compared with $101.3 million or 26% of fiscal 2002 revenues. This decline is primarily attributable to the decrease in software sales which typically drives the sale of related hardware.

COST OF SALES - Cost of sales increased 7% during the fiscal year, primarily due to a 9% increase in employee related expenses included in cost of services. Cost of license increased 55%, from $2.5 million in fiscal 2002 to $3.9 million in fiscal 2003, primarily due to obligations to third party vendors for the software we resell. Cost of services increased 10% to $178.3 million or 44% of revenue in fiscal 2003 compared to $161.5 million or 41% of revenue in the fiscal 2002, which is in line with the increase in revenue. Cost of hardware decreased 3% from $71.4 million or 18% of revenue in year 2002 to $69.1 million or 17% of revenue in current 2003 fiscal year.

GROSS PROFIT - Gross profit decreased 5% from $161.2 million in fiscal 2002 to $153.3 million in fiscal 2003. The total gross margin for fiscal 2003 was 38% compared to 41% for fiscal 2002. Gross profit on license sales decreased $19.7 million or 31% and gross margin decreased from 96% in fiscal 2002 to 92% in fiscal 2003. The decrease in gross profit was due to the overall weakness in the capital goods market and the reduction in the margin is primarily due to the decrease in license revenue, which is our highest margin revenue.

Gross profit for support and services increased $15.0 million or 22% in fiscal year 2003 compared to fiscal 2002. Support and service margins continue to strengthen to 32% this year from 29% in the prior year. The increase is primarily due to increased volumes, increased number of customers, and continued leveraging of resources in our outsourcing and ATM/Debit card processing services.

Hardware gross margin for the current fiscal year 2003 was 28%, compared to 30% margin in fiscal year 2002. The decrease in hardware margin for the year is primarily attributable to the sales mix of products. In fiscal 2003 our hardware sales included a higher percentage of servers and personal computers related to networks than in 2002. Network hardware has a significantly lower margin than midrange hardware and reader sorters. Another contributing factor to lower gross margin has been reduced vendor incentives in fiscal 2003.

OPERATING EXPENSES - Operating expenses increased 2% for the current year, with the majority of the increase generated from research and development expenses. Research and development expenses went up by 27% to $15.9 million for fiscal 2003 as compared to $12.5 million for fiscal 2002. The increase is primarily attributable to a 27% increase in employee related expenses for ongoing development of new products and enhancements to existing products in both segments of our business. Selling and marketing annual expenses increased 4% to $30.7 million in 2003 compared to $29.4 million for fiscal year 2002. General and administrative expenses decreased 10% to $29.5 million this year from $32.7 million in fiscal year 2002, mainly due from ongoing efforts to control expenses by management.

INTEREST INCOME (EXPENSE) - Interest income (expense) decreased from $1.8 million in fiscal 2002 to $0.5 million in fiscal 2003. Interest income decreased 69% from $2.0 million to $0.6 million due to lower interest rates on investments. Interest expense decreased $81,000 from $191,000 in fiscal year 2002 to $110,000 in fiscal 2003. The decrease is due to short term borrowings being paid off in January 2002, with no additional borrowings since that date.

PROVISION FOR INCOME TAXES - The provision for income taxes was $28.4 million or 36.5% of income before income taxes in fiscal 2003, compared with $31.4 million, or 36% of income before income taxes in fiscal 2002. The increase in the tax rate in the current fiscal year is due to changes in effective state income tax rates.

NET INCOME - Net income decreased 13% from $57.1 million, or $.62 per diluted share in fiscal 2002 to $49.4 million, or $.55 per diluted share in fiscal 2003.

Business Segment Discussion

Bank Systems and Services
(in millions)

	2004	2003	2002	2004 Increase/ Decrease	2003 Increase/ Decrease
Revenue	$382.1	$343.1	$339.3	11%	1%
Gross Profit	$154.6	$135.0	$143.6	15%	-6%
Gross Profit Margin	40%	39%	42%		

Revenues in the bank systems and services business segment increased 11% to $382.1 million in fiscal 2004 from $343.1 million in fiscal 2003. This increase was primarily due to improved license sales for most products and continued growth in support and service revenue. Gross profit in this business segment increased 15% to $154.6 million or 40% gross margin in fiscal 2004 from $135.0 million or 39% gross margin for the year ended June 30, 2003. The increase in gross profit is primarily due to increases in revenue combined with improved procedures, leverage of infrastructure and overall cost controls.

Revenues in the bank systems and services business segment increased 1% from $339.3 million in fiscal 2002 to $343.1 million in fiscal 2003. Gross profit in this business segment decreased 6% from $143.6 million or 42% gross margin in fiscal 2002 to $135.0 million or 39% gross margin for the year ended June 30, 2003. This decline in gross profit is primarily due to the industry trend of an overall decrease in capital spending for the fiscal year and is reflected by the significant decrease in software and hardware revenues offset somewhat by the increase in services revenue. The decrease in gross margin is primarily due to the significant reduction in license revenue, which is our highest margin revenue

Credit Union Systems and Services
(in millions)

	2004	2003	2002	2004 Increase	2003 Increase
Revenue	$85.3	$61.5	$57.3	39%	7%
Gross Profit	$33.3	$18.3	$17.7	82%	3%
Gross Profit Margin	39%	30%	31%		

Revenues in the credit union systems and services business segment increased to $85.3 million in fiscal 2004 from $61.5 million in fiscal 2003, representing a 39% increase. This increase was primarily due to improved license sales and strong growth in support and service revenue from new services introduced this year. Gross profit in this business segment increased from $18.3 million or 30% gross profit margin in fiscal 2003 to $33.3 million or 39% gross profit margin for the year ended June 30, 2004. The credit union segment margin growth is primarily due to additional products and services sold which carry a higher gross profit margin, continued leverage of existing resources, improved processes and procedures combined with overall cost controls.

Revenues in the credit union systems and services business segment increased from $57.3 million in fiscal 2002 to $61.5 million in fiscal 2003, representing a 7% increase. Gross profit in this business segment increased from $17.7 million or 31% gross profit margin in fiscal 2002 to $18.3 million or 30% gross profit margin for the year ended June 30, 2003. Despite the sluggish economy, the credit union segment was able to achieve growth in revenue and maintain a consistent gross margin. The increase in revenue was due to additional core customers during the year and expanded product offerings in this segment.

Liquidity and Capital Resources

We have historically generated positive cash flow from operations and have generally used existing resources and funds generated from operations to meet capital requirements. We expect this trend to continue in the future.

The Company's cash and cash equivalents increased to $53.8 million at June 30, 2004, from $32.0 million at June 30, 2003. Cash provided by operations increased $13.9 million to $112.8 million for the fiscal year ended June 30, 2004 as compared to $98.9 million for the fiscal year ended June 30, 2003. The increase consists of an increase in net income of $12.9 million, an increase in depreciation and amortization expense of $3.3 million, a $2.4 million decrease in deferred income taxes, an increase in loss on disposal of property and equipment of $2.3 million, and a decrease of $0.7 million in other expenses. There was an increase of $0.6 million in the change of trade receivables, prepaid expenses, accounts payable and accrued expenses, plus an increase of $10.4 million in the change in accrued income taxes and a decrease of $12.5 in the change in deferred revenues.

Cash used in investing activities for the fiscal year ended June 2004 was $100.0 million, which included capital expenditures of $49.1 million, primarily for an office building in San Diego, CA, a new facility in Birmingham, AL, and building infrastructure within the company. Acquisitions of four businesses which expanded our product offerings and expanded our potential market, used $48.3 million, while $4.4 million was used for software development costs. Financing activities generated cash of $9.0 million, primarily from the proceeds from issuance of stock upon exercise of stock options less dividends paid of $13.4 million.

On September 21, 2001, the Company's Board of Directors approved a stock buyback of the Company's common stock of up to 3.0 million shares, and approved an increase to 6.0 million shares on October 4, 2002. The buyback has been funded with cash from operations. As of June 30, 2003, 3,012,933 shares had been purchased for $49,218,870. No shares were repurchased during fiscal 2004. During fiscal 2004 there were 2,009,694 shares and 37,776 shares reissued from treasury stock for the shares exercised in the employee stock option plan and the employee stock purchase plan, respectively. At June 30, 2004, there were 315,651 shares remaining in treasury stock.

During fiscal 2003, 501,740 shares and 60,249 shares were reissued from treasury stock for the shares exercised in the employee stock option plan and the employee stock purchase plan, respectively.

We currently have a bank credit line that provides for funding of up to $8.0 million and bears interest at the prime rate (4 1/4 % at June 30, 2004). There were no outstanding amounts during the years ended and as of June 30, 2004 and 2003.

Subsequent to June 30, 2004, the Company's Board of Directors declared a cash dividend of $.04 per share on its common stock payable on September 21, 2004, to stockholders of record on September 8, 2004. 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 picture continues to be favorable.

Contractual Obligations and Other Commitments

At June 30, 2004, the Company's total off-balance sheet contractual obligations were $10.9 million. This balance consists of $4.0 million of long-term operating leases for various facilities which expire from 2005 to 2009 and the remaining $6.9 million is for purchase commitments related to property and equipment.

Recent Accounting Pronouncements

Effective November 22, 2002, the Emerging Issues Task Force ("EITF") reached a consensus regarding EITF Issue No. 02-16, Accounting by a Customer, Including a Reseller, for Cash Consideration Received from a Vendor. This consensus requires that payments from a vendor be classified as a reduction to the price of the vendor's goods and taken as a reduction to cost of sales unless the payments are (1) a reimbursement for costs incurred to sell the product or (2) a payment for assets or services provided. The consensus also requires that payments from a vendor be recognized as a reduction to cost of sales on a rational and systematic basis. This consensus is effective for fiscal years beginning after December 15, 2002 (July 1, 2003 for JHA). The adoption of this consensus on July 1, 2003 did not have a material impact on the Company's consolidated financial position or results of operations.

In January and December 2003, the Financial Accounting Standards Board ("FASB") issued Interpretation No. 46 ("FIN 46") and No. 46, revised ("FIN 46R"), Consolidation of Variable Interest Entities, ("VIE"). These statements, which address accounting for entities commonly known as special-purpose or off-balance-sheet entities, require consolidation of certain interest or arrangements by virtue of holding a controlling financial interest in such entities. Certain provisions of FIN 46R related to interests in special-purposes entities were applicable for the period ended March 31, 2004. The Company has considered the application of FIN 46 and FIN 46R to certain business relationships, and concluded that the adoption of this new method of accounting for variable interest entities did not and is not expected to have a material impact on the consolidated results of operations and financial position.

In May 2003, the FASB issued Statement of Financial Accounting Standards ("SFAS") No. 150, Accounting for Certain Financial Instruments with Characteristics of both Liabilities and Equity. SFAS No. 150 establishes standards for how an issuer classifies and measures certain financial instruments with characteristics of both liabilities and equity. SFAS No. 150 requires classification of a financial instrument that is within its scope as a liability, or an asset in some circumstances. SFAS No. 150 is effective for financial instruments entered into or modified after May 31, 2003, and was therefore effective for the Company on July 1, 2003. The adoption of this standard did not have a material impact on the Company's financial statements.

In December 2003, the Securities and Exchange Commission ("SEC") issued Staff Accounting Bulletin ("SAB") No. 104, Revenue Recognition. SAB No. 104 supercedes SAB No. 101, Revenue Recognition in Financial Statements. The primary purpose of SAB No. 104 is to rescind accounting guidance contained in SAB No. 101 related to multiple element revenue arrangements, superceded as a result of the issuance of EITF Issue No. 00-21. Additionally, SAB No. 104 rescinds the SEC's Revenue Recognition in Financial Statements Frequently Asked Questions and Answers ("the FAQ") issued with SAB No. 101 that has been codified in SEC Topic 13, Revenue Recognition. Selected portions of the FAQ have been incorporated into SAB No. 104. While the wording of SAB No. 104 has changed to reflect the issuance of EITF Issue No. 00-21, the revenue recognition principles of SAB No. 101 remain largely unchanged by the issuance of SAB No. 104. The adoption of SAB No. 104 did not have a material impact on the Company's financial statements.

Critical Accounting Policies

We prepare our consolidated financial statements in accordance with accounting principles generally accepted in the United States. The significant accounting policies are discussed in Note 1 to the consolidated financial statements. Certain of these accounting policies as discussed below require management to make estimates and assumptions about future events that could materially affect the reported amounts of assets, liabilities, revenues and expenses and disclosure of contingent assets and liabilities. Actual results may differ from these estimates under different assumptions or conditions.

We record revenue in accordance with Statement of Position (SOP) 97-2, Software Revenue Recognition, as amended. We recognize revenue from sales of hardware, software and services and from arrangements involving multiple elements of each of the above. Revenue for multiple element arrangements is recorded based on contractual amounts, which are determined based upon the price charged when sold separately. Revenue is not recognized until persuasive evidence of an arrangement exists, delivery has occurred, the fee is fixed and determinable, and collectibility is probable. Sales of hardware and equipment are recorded when title and risk of loss transfers. Licensing revenues are recorded upon delivery and acceptance of the software. Service fees for training and installation are recognized as the services are provided. Support revenues are recorded evenly over the related contract period.

As discussed previously in the overview, the Company has established VSOE separately for all the individual components of licensing, installation, support, and hardware and recognizes revenue separately for the various components. The components are all independently priced and consistent with pricing when each element is sold separately. There are no rights of return, conditions of acceptance or price protections in our contracts.

The calculation of depreciation and amortization expense is based on the estimated economic lives of the underlying property, plant and equipment and intangible assets, which have been examined for their useful life and determined that no impairment exists. We believe it is unlikely that any significant changes to the useful lives of our tangible and intangible assets will occur in the near term, but rapid changes in technology or changes in market conditions could result in revisions to such estimates that could materially affect the carrying value of these assets and the Company's future consolidated operating results. All long lived assets are tested for valuation and potential impairment on a scheduled periodic basis.

Forward Looking Statements

Except for the historical information contained herein, the matters discussed in the Management's Discussion and Analysis of Financial Condition and Results of Operations 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 in "Risk Factors" in Item 1 of the Company's 2004 Form 10-K annual report filed with the Securities and Exchange Commission. 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.

Potential risks and uncertainties which could adversely affect the Company include: the financial health of the banking industry, our ability to continue or effectively manage growth, adapting our products and services to changes in technology, changes in our strategic relationships, price competition, loss of key employees, consolidation in the banking industry, increased government regulation, network or internet security problems, declining computer hardware prices, and operational problems in our outsourcing facilities.

Item 7A. 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 instruments will not have a material adverse effect on our consolidated financial position or results of operations.

Item 8. Financial Statements and Supplementary Data

Index to Financial Statements

Financial Statement Schedules

There are no schedules included because they are not applicable or the required information is shown in the consolidated financial statements or notes thereto.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Board of Directors of

Jack Henry & Associates, Inc.:

We have audited the accompanying consolidated balance sheets of Jack Henry & Associates, Inc. and Subsidiaries (the "Company") as of June 30, 2004 and 2003, and the related consolidated statements of income, changes in stockholders' equity, and cash flows for each of the three years in the period ended June 30, 2004. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such consolidated financial statements present fairly, in all material respects, the financial position of Jack Henry & Associates, Inc. and Subsidiaries at June 30, 2004 and 2003, and the results of their operations and their cash flows for each of the three years in the period ended June 30, 2004, in conformity with accounting principles generally accepted in the United States of America.

/s/ DELOITTE & TOUCHE LLP

St. Louis, Missouri
August 24, 2004

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

	YEAR ENDED JUNE 30,		
	2004	2003	2002
REVENUE			
License	$ 62,593	$ 48,284	$ 66,576
Support and service	311,287	260,452	228,744
Hardware	93,535	95,891	101,337
Total	467,415	404,627	396,657
COST OF SALES			
Cost of license	4,738	3,890	2,509
Cost of support and service	207,730	178,256	161,523
Cost of hardware	66,969	69,145	71,405
Total	279,437	251,291	235,437
GROSS PROFIT	187,978	153,336	161,220
OPERATING EXPENSES			
Selling and marketing	35,964	30,664	29,380
Research and development	23,674	15,892	12,526
General and administrative	29,534	29,509	32,668
Total	89,172	76,065	74,574
OPERATING INCOME	98,806	77,271	86,646
INTEREST INCOME (EXPENSE)			
Interest income	1,006	630	2,018
Interest expense	(107)	(110)	(191)
Total	899	520	1,827
INCOME BEFORE INCOME TAXES	99,705	77,791	88,473
PROVISION FOR INCOME TAXES	37,390	28,394	31,408
NET INCOME	$ 62,315	$ 49,397	$ 57,065
Diluted net income per share	$ 0.68	$ 0.55	$ 0.62
Diluted weighted average shares outstanding	91,859	89,270	92,367
Basic net income per share	$ 0.70	$ 0.56	$ 0.64
Basic weighted average shares outstanding	89,325	87,866	89,316

See notes to consolidated financial statements

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

	JUNE 30, 2004	JUNE 30, 2003
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$ 53,758	$ 32,014
Investments, at amortized cost	998	998
Trade receivables	169,873	150,951
Prepaid expenses and other	14,023	13,816
Prepaid cost of product	19,086	18,483
Deferred income taxes	1,320	1,000
Total	259,058	217,262
PROPERTY AND EQUIPMENT, net	215,100	196,046
OTHER ASSETS:		
Prepaid cost of product	6,758	10,021
Computer software, net of amortization	18,382	12,500
Other non-current assets	5,791	5,146
Customer relationships, net of amortization	61,368	59,358
Trade names	4,029	3,699
Goodwill	83,128	44,543
Total	179,456	135,267
Total assets	$ 653,614	$ 548,575
LIABILITES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Accounts payable	$ 9,171	9,617
Accrued expenses	21,509	17,250
Accrued income taxes	6,258	421
Deferred revenues	136,302	119,492
Total	173,240	146,780
DEFERRED REVENUES	8,694	12,732
DEFERRED INCOME TAXES	28,762	23,840
Total liabilities	210,696	183,352
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 6/30/04 and 6/30/03 were 90,519,856	905	905
Additional paid-in capital	175,706	169,299
Retained earnings	271,433	233,396
Less treasury stock at cost 315,651 shares at 6/30/04, 2,363,121 shares at 6/30/03	(5,126)	(38,377)
Total stockholders' equity	442,918	365,223
Total liabilities and stockholders' equity	$ 653,614	$ 548,575

See notes to consolidated financial statements

JACK HENRY & ASSOCIATES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
(In Thousands, Except Share and Per Share Data)

	YEAR ENDED JUNE 30, 2004	2003	2002
PREFERRED SHARES:	-	-	-
COMMON SHARES:			
Shares, beginning of year	90,519,856	90,519,856	88,846,710
Shares issued upon exercise of stock options	-	-	1,523,446
Shares issued for Employee Stock Purchase Plan	-	-	31,962
Shares issued in acquisition	-	-	117,738
Shares, end of year	90,519,856	90,519,856	90,519,856
COMMON STOCK - PAR VALUE $.01 PER SHARE:			
Balance, beginning of year	$ 905	$ 905	$ 888
Shares issued upon exercise of stock options	-	-	15
Shares issued for Employee Stock Purchase Plan	-	-	1
Shares issued in acquisition	-	-	1
Balance, end of year	$ 905	$ 905	$ 905
ADDITIONAL PAID-IN CAPITAL:			
Balance, beginning of year	$ 169,299	$ 168,061	$ 145,211
Shares issued upon exercise of stock options	21,661	3,539	13,650
Shares issued for Employee Stock Purchase Plan	719	771	792
Shares issued in acquisition	-	-	2,399
Tax benefit on exercise of stock options	6,408	1,227	6,992
Cost of treasury shares reissued	(22,381)	(4,299)	(983)
Balance, end of year	$ 175,706	$ 169,299	$ 168,061
RETAINED EARNINGS:			
Balance, beginning of year	$ 233,396	$ 201,162	$ 156,405
Net income	62,315	49,397	57,065
Reissuance of treasury shares	(10,870)	(4,873)	(682)
Dividends (2004-$0.15 per share; 2003-$0.14 per share; 2002-$0.13 per share)	(13,408)	(12,290)	(11,626)
Balance, end of year	$ 271,433	$ 233,396	$ 201,162
TREASURY STOCK:			
Balance, beginning of year	$ (38,377)	$ (29,389)	$ -
Purchase of treasury shares	-	(18,165)	(31,054)
Reissuance of treasury shares upon exercise of stock options	32,638	8,187	1,601
Reissuance of treasury shares for Employee Stock Purchase Plan	613	990	64
Balance, end of year	(5,126)	$ (38,377)	$ (29,389)
TOTAL STOCKHOLDERS' EQUITY	$ 442,918	$ 365,223	$ 340,739

See notes to consolidated financial statements

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

	YEAR ENDED JUNE 30,		
	2004	2003	2002
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net Income	$ 62,315	$ 49,397	$ 57,065
Adjustments to reconcile net income from continuing operations to cash from operating activities:			
Depreciation	26,790	24,025	20,885
Amortization	6,750	6,169	6,585
Deferred income taxes	5,588	7,940	7,793
(Gain) Loss on disposal of property and equipment	2,293	(29)	428
Other, net	(69)	671	(486)
Changes in operating assets and liabilities, net of acquisitions:			
Trade receivables	(17,897)	(19,675)	(14,858)
Prepaid expenses, prepaid cost of product, and other	1,636	(647)	(1,621)
Accounts payable	(471)	555	(8,795)
Accrued expenses	3,414	5,896	1,546
Income taxes (including tax benefit of $6,408, $1,227, and $6,992 from exercise of stock options).	11,787	1,428	7,428
Deferred revenues	10,673	23,131	13,971
Net cash from operating activities	112,809	98,861	89,941
CASH FLOWS FROM INVESTING ACTIVITIES:			
Capital expenditures	(49,141)	(45,958)	(49,509)
Purchase of investments	(3,991)	(3,988)	(2,987)
Purchase of customer contracts	-	(304)	-
Proceeds from sale of property and equipment	971	38	24
Proceeds from investments	4,633	4,000	3,000
Computer software developed	(4,409)	(5,162)	(1,895)
Payment for acquisitions, net	(48,288)	(6,537)	(11,111)
Other, net	188	(561)	250
Net cash from investing activities	(100,037)	(58,472)	(62,228)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds from issuance of common stock upon exercise of stock options	21,661	3,539	13,666
Proceeds from sale of common stock, net	719	776	792
Dividends paid	(13,408)	(12,290)	(11,626)
Principal payments on long-term debt	-	-	(315)
Purchase of treasury stock	-	(18,165)	(31,054)
Net cash from financing activities	8,972	(26,140)	(28,537)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	$ 21,744	$ 14,249	$ (824)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	$ 32,014	$ 17,765	$ 18,589
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 53,758	$ 32,014	$ 17,765

See notes to consolidated financial statements

(Amounts In Thousands, Except Share and Per Share Amounts)

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 or acquired several banking and credit union software systems. The Company's revenues are predominately earned by marketing those systems to financial institutions nationwide along with the computer equipment (hardware) and by providing the conversion and software installation services for a financial institution to utilize a JHA software system. JHA also provides continuing support and services to customers using the systems either in-house or outsourced.

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 OPTIONS

As permitted under Statement of Financial Accounting Standards ("SFAS") No. 123, Accounting for Stock-Based Compensation ("SFAS No.123"), the Company has elected to follow Accounting Principles Board Opinion ("APB") No. 25, Accounting for Stock Issued to Employees ("APB No. 25"), in accounting for stock-based awards to employees. Under APB No. 25, the Company generally recognizes no compensation expense with respect to such awards, since the exercise price of the stock options awarded are equal to the fair market value of the underlying security on the grant date.

Pro forma information regarding net income and earnings per share is required in financial statements for periods beginning after December 15, 2002, by SFAS No. 148, Accounting for Stock-Based Compensation-Transition and Disclosure, an amendment of FASB Statement No. 123, for awards granted after December 31, 1994, as if the Company had accounted for its stock-based awards to employees under the fair value method of SFAS No. 123. The fair value of the Company's stock-based awards to employees was estimated as of the date of the grant using a Black-Scholes option pricing model. The Company's pro forma information is as follows:

	Year Ended June 30,		
	2004	2003	2002
Net income, as reported	$ 62,315	$ 49,397	$ 57,065
Deduct: Total stock-based employee compensation expense determined under fair value based method for all awards, net of related tax effects	7,187	6,572	9,394
Pro forma net income	$ 55,128	$ 42,825	$ 47,671
Diluted net income per share			
As reported	$ 0.68	$ 0.55	$ 0.62
Pro forma	$ 0.60	$ 0.48	$ 0.52
Basic net income per share			
As reported	$ 0.70	$ 0.56	$ 0.64
Pro forma	$ 0.62	$ 0.49	$ 0.53

The weighted average fair value of options granted was $7.43, $4.68 and $10.63 for 2004, 2003, and 2002 respectively using the Black-Scholes option pricing model.

	Year Ended June 30,		
	2004	2003	2002
Assumptions:			
Expected life (years)	3.88	4.35	3.10
Volatility	53%	55%	55%
Risk free interest rate	1.6%	1.3%	3.2%
Dividend yield	0.75%	1.16%	0.78%

USE OF ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

REVENUE RECOGNITION

In October 1997, the Accounting Standards Executive Committee of the American Institute of Certified Public Accountants ("AcSEC") issued Statement of Position ("SOP") 97-2, Software Revenue Recognition. The Company adopted SOP 97-2 effective July 1, 1998. SOP 97-2 generally requires revenue earned on software arrangements involving multiple elements to be allocated to each element based on the relative fair values of the elements.

The Securities and Exchange Commission ("SEC") issued Staff Accounting Bulletin ("SAB") No. 104, Revenue Recognition, on December 17, 2003. SAB No. 104 provides the SEC Staff's views on selected revenue recognition issues and was adopted by the Company in the fourth fiscal quarter of fiscal year 2004. The adoption of SAB No. 104 did not have a material effect on the Company's consolidated financial statements.

For multiple element arrangements, the Company has established Vendor Specific Objective Evidence ("VSOE") separately for all the individual components of licensing, installation, support, and hardware and recognizes revenue separately for the various components. The components are all independently priced and consistent with pricing when each element is sold separately. There are no rights of return, condition of acceptance or price protection in the Company's sales contracts.

The Company's various sources of revenue and the methods of revenue recognition are as follows:

License - Licensing fees are recognized upon delivery and acceptance of the software. All software of the Company is sold unmodified. Cost of licenses purchased and remarketed are reported as cost of license in cost of sales. These revenues include reimbursements for out of pocket expenses incurred.

Software installation and related services - Fees for these services are recognized as the services are performed on hourly contracts and at completion and acceptance on fixed-fee contracts. These revenues include reimbursements for out of pocket expenses incurred.

Support and service - Fees from these contracts are recognized ratably over the life of the in-house support or outsourcing service contract. Regulatory requirement changes and technical enhancements to the software are specifically referenced and included in the annual support contracts.

Hardware - Revenues from sales of hardware are recognized upon direct shipment to the Company's customers from the supplier. Costs of items purchased and remarketed are reported as cost of hardware in cost of sales. Revenues and related costs of hardware maintenance are recognized ratably over the life of the contract.

RECLASSIFICATION

Where appropriate, prior year's financial information has been reclassified to conform to the current year's presentation.

PREPAID COST OF PRODUCT

Costs for remarketed hardware and software maintenance contracts, which are prepaid, are recognized ratably over the life of the contract, generally one to five years, with the related revenue amortized from deferred revenues.

DEFERRED REVENUES

Deferred revenues consist primarily of prepaid annual software support fees and prepaid hardware maintenance fees. Hardware maintenance contracts are multi-year; therefore, the deferred revenue and maintenance are classified in accordance with the terms of the contract. Software and hardware deposits received are also reflected as deferred revenues.

COMPUTER SOFTWARE DEVELOPMENT

The Company capitalizes new product development costs incurred from the point at which technological feasibility has been established through the point at which the product is ready for general availability. Software development costs that are capitalized are evaluated on a product-by-product basis annually and are assigned an estimated economic life based on the type of product, market characteristics, and maturity of the market for that particular product. The Company's amortization policy for these capitalized costs is to amortize the costs in accordance with SFAS No. 86, Accounting for the Costs of Computer Software to be Sold, Leased, or Otherwise Marketed. Generally, these costs are initially amortized on a straight-line basis, and are monitored on a regular basis to assess that the amortization method is still appropriate and that the remaining estimated life of the asset is reasonable (generally five to ten years).

CASH EQUIVALENTS

The Company considers all highly liquid investments with maturities of three months or less at the time of acquisition to be cash equivalents.

INVESTMENTS

The Company invests its cash that is not required for current operations primarily in U.S. government securities and money market accounts. The Company has the positive intent and ability to hold its debt securities until maturity and accordingly, these securities are classified as held-to-maturity and are carried at historical cost adjusted for amortization of premiums and accretion of discounts. Premiums and discounts are amortized and accreted, respectively, to interest income using the level-yield method over the period to maturity. The held-to-maturity securities typically mature in less than one year. Interest on investments in debt securities is included in income when earned.

The amortized cost of held-to-maturity securities is $998 at June 30, 2004 and 2003. Fair market values of these securities did not differ significantly from amortized cost due to the nature of the securities and minor interest rate fluctuations during the periods.

PROPERTY AND EQUIPMENT AND INTANGIBLE ASSETS

Property and equipment is stated at cost and depreciated principally using the straight-line method over the estimated useful lives of the assets.

Intangible assets consist of goodwill, customer relationships, computer software, and trade names acquired in business acquisitions. The amounts are amortized, with the exception of goodwill and trade names, over an estimated economic benefit period, generally five to twenty years, using the straight-line method.

The Company reviews its long-lived assets and identifiable intangible assets with finite lives for impairment whenever events or changes in circumstances have indicated that the carrying amount of its assets might not be recoverable. The Company evaluates goodwill and trade names for impairment of value on an annual basis and between annual tests if events or changes in circumstances indicate that the asset might be impaired.

COMPREHENSIVE INCOME

Comprehensive income for each of the three years ended June 30, 2004 equals the Company's net income.

BUSINESS SEGMENT INFORMATION

In accordance with SFAS No. 131, Disclosure About Segments of an Enterprise and Related Information, the Company's operations are classified as two business segments: bank systems and services and credit union systems and services (see Note 13). Revenue by type of product and service is presented on the face of the consolidated statements of income. Substantially all the Company's revenues are derived from operations and assets located within the United States of America.

COMMON STOCK

On September 21, 2001, the Company's Board of Directors approved a stock buyback of the Company's common stock of up to 3.0 million shares, and approved an increase on October 4, 2002 to 6.0 million shares. Through June 30, 2004, 3,012,933 shares had been purchased for $49,219. No shares were repurchased during fiscal 2004. At June 30, 2003, 2,363,121 shares remained in treasury stock. During fiscal 2004, 2,009,694 shares and 37,776 shares were reissued from treasury stock for shares exercised in the employee stock option plan and the employee stock purchase plan, respectively. At June 30, 2004, 315,651 shares remained in treasury stock.

INCOME PER SHARE

Per share information is based on the weighted average number of common shares outstanding during the year. Stock options have been included in the calculation of income per diluted share to the extent they are dilutive. The difference between basic and diluted weighted average shares outstanding is the dilutive effect of outstanding stock options (see Note 10).

INCOME TAXES

Deferred tax liabilities and assets are recognized for the tax effects of differences between the financial statement and tax bases of assets and liabilities. A valuation allowance would be established to reduce deferred tax assets if it is more likely than not that a deferred tax asset will not be realized.

RECENT ACCOUNTING PRONOUNCEMENTS

Effective November 22, 2002, the Emerging Issues Task Force ("EITF") reached a consensus regarding EITF Issue No. 02-16, Accounting by a Customer, Including a Reseller, for Cash Consideration Received from a Vendor. This consensus requires that payments from a vendor be classified as a reduction to the price of the vendor's goods and taken as a reduction to cost of sales unless the payments are (1) a reimbursement for costs incurred to sell the product or (2) a payment for assets or services provided. The consensus also requires that payments from a vendor be recognized as a reduction to cost of sales on a rational and systematic basis. This consensus is effective for fiscal years beginning after December 15, 2002. The adoption of this consensus by JHA on July 1, 2003 did not have a material impact on the Company's consolidated financial position or results of operations.

In January and December 2003, the Financial Accounting Standards Board ("FASB") issued Interpretation No. 46 ("FIN 46") and No. 46, revised ("FIN 46R"), Consolidation of Variable Interest Entities, ("VIEs"). These statements, which address accounting for entities commonly known as special-purpose or off-balance-sheet entities, require consolidation of certain interest or arrangements by virtue of holding a controlling financial interest in such entities. Certain provisions of FIN 46R related to interests in special-purposes entities were applicable for the period ended March 31, 2004. The Company has considered the application of FIN 46 and FIN 46R to certain business relationships, and concluded that the adoption of this new method of accounting for variable interest entities did not have a material impact on the consolidated results of operations and financial position.

In May 2003, the FASB issued SFAS No. 150, Accounting for Certain Financial Instruments with Characteristics of both Liabilities and Equity. SFAS No. 150 establishes standards for how an issuer classifies and measures certain financial instruments with characteristics of both liabilities and equity. SFAS No. 150 requires classification of a financial instrument that is within its scope as a liability, or an asset in some circumstances. SFAS No. 150 is effective for financial instruments entered into or modified after May 31, 2003, and was therefore effective for the Company on July 1, 2003. The adoption of this standard did not have a material impact on the Company's financial statements.

NOTE 2: FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair values for held-to-maturity securities are based on quoted market prices. For all other financial instruments, including amounts receivable or payable and short-term borrowings, fair values approximate carrying value, based on the short-term nature of the assets and liabilities and the variability of the interest rates on the borrowings.

NOTE 3: PROPERTY AND EQUIPMENT

The classification of property and equipment, together with their estimated useful lives is as follows:

	June 30, 2004	June 30, 2003	Estimated Useful Life
Land	$ 9,458	$ 9,750	
Land improvements	16,418	16,050	5-20 years
Buildings	73,087	73,660	25-30 years
Equipment and furniture	108,703	104,528	5-8 years
Aircraft and equipment	49,478	48,542	8-10 years
Construction in progress	32,218	4,834	
	$ 289,362	$ 257,364	
Less accumulated depreciation	74,262	61,318	
Propery and equipment, net	$ 215,100	$ 196,046	

At June 30, 2004, the Company had commitments of $6,900 to purchase property and equipment.

NOTE 4: OTHER ASSETS

Changes in the carrying amount of goodwill for the years ended June 30, 2004 and 2003, by reportable segments, are:

	Banking Systems and Services	Credit Union Systems and Services	Total
Balance, as of July 1, 2002	$ 25,495	$ 14,840	$ 40,335
Goodwill acquired during the year	1,819	2,389	4,208
Balance, as of June 30, 2003	$ 27,314	$ 17,229	$ 44,543
Goodwill acquired during the year	38,585	-	38,585
Balance, as of June 30, 2004	$ 65,899	$ 17,229	$ 83,128

Information regarding other identifiable intangible assets is as follows:

	June 30, 2004			June 30, 2003		
	Carrying Amount	Accumulated Amortization	Net	Carrying Amount	Accumulated Amortization	Net
Customer relationships	$ 96,254	$(34,886)	$61,368	$89,212	$(29,854)	$59,358
Trade names	4,029	-	4,029	3,699	-	3,699
Totals	$100,283	$(34,886)	$65,397	$92,911	$(29,854)	$63,057

Trade names have been determined to have indefinite lives and are no longer amortized. Customer relationships have lives ranging from five to 20 years.

Computer software includes the unamortized cost of software products developed or acquired by the Company, which are capitalized and amortized over three to five years.

Following is an analysis of the computer software capitalized:

	Carrying Amount	Accumulated Amortization	Total
Balance, July 1, 2002	$ 12,470	$ (4,971)	$ 7,499
Acquired software	1,222	-	1,222
Capitalizated development cost	5,162	-	5,162
Amortization expense	-	(1,383)	(1,383)
Balance, June 30, 2003	$ 18,854	$ (6,354)	$ 12,500
Acquired software	3,191	-	3,191
Capitalizated development cost	4,409	-	4,409
Amortization expense	-	(1,718)	(1,718)
Balance, June 30, 2004	$ 26,454	$ (8,072)	$ 18,382

Amortization expense for all intangible assets was $6,750, $6,169, and $6,585 for the fiscal years ended June 30, 2004, 2003, and 2002, respectively. The estimated aggregate future amortization expense for each of the next five years for all intangible assets remaining as of June 30, 2004, is as follows:

Year	Customer Relationships	Software	Total
2005	$ 5,377	$ 2,830	$ 8,207
2006	5,123	2,528	7,651
2007	4,648	2,250	6,898
2008	4,358	2,228	6,586
2009	4,248	1,737	5,985

NOTE 5: LINES OF CREDIT

The Company's credit line provides for funding of up to $8,000 and bears interest at the prime rate (4 1/4 % at June 30, 2004). The credit line expires March 22, 2005, and is secured by $1,000 of investments with the remainder unsecured. There were no outstanding amounts during the years ended and at June 30, 2004, or 2003.

The Company paid interest of $107, $110, and $126 in 2004, 2003, and 2002, respectively.

NOTE 6: LEASE COMMITMENTS

The Company leases certain property under operating leases which expire over the next six years. As of June 30, 2004, net future minimum lease payments under non-cancelable terms are as follows: $2,038, $880, $517, $326, $207 in 2005, 2006, 2007, 2008, and 2009, respectively. Rent expense for all operating leases amounted to $4,233, $3,921, and $3,965 in 2004, 2003, and 2002, respectively.

NOTE 7: INCOME TAXES

The provision for income taxes consists of the following:

	Year ended June 30,		
	2004	2003	2002
Current:			
Federal	$ 28,096	$ 19,001	$ 22,387
State	3,706	1,453	1,228
Deferred:			
Federal	5,306	7,577	7,548
State	282	363	245
	$ 37,390	$ 28,394	$ 31,408

The tax effects of temporary differences related to deferred taxes shown on the balance sheets were:

	June 30,	
	2004	2003
Deferred tax assets:		
Carryforwards (operating losses)	$ 1,094	$ 155
Expense reserves (bad debts, insurance, franchise tax and vacation)	754	705
Intangible assets	583	680
Other, net	565	295
	$ 2,996	$ 1,835
Deferred tax liabilities:		
Accelerated tax depreciation	(22,992)	(19,450)
Accelerated tax amortization	(7,446)	(5,225)
	(30,438)	(24,675)
Net deferred tax liability	$(27,442)	$(22,840)

The deferred taxes are classified on the balance sheets as follows:

	June 30,	
	2004	2003
Deferred income taxes (current)	$ 1,320	$ 1,000
Deferred income taxes (long-term)	(28,762)	(23,840)
	$(27,442)	$(22,840)

The following analysis reconciles the statutory federal income tax rate to the effective income tax rates reflected above:

	Year Ended June 30,		
	2004	2003	2002
Computed "expected" tax expense (benefit)	35.0%	35.0%	35.0%
Increase (reduction) in taxes resulting from:			
State income taxes, net of federal income tax beneefits	4.0%	2.5%	2.0%
Research and development credit	-1.5%	-1.0%	-1.5%
	37.5%	36.5%	35.5%

Net operating loss carryforwards of $3,343 (from acquisitions) expire through the year 2019. The Company paid income taxes of $20,314, $19,025, and $15,900 in 2004, 2003, and 2002, respectively.

The Company's federal income tax returns for the years ended June 30, 1999 - June 30, 2001, are currently under examination by the Internal Revenue Service ("IRS"). In connection with the examination of these returns, the IRS is proposing to disallow research & experimentation ("R&E") credits claimed on these returns. The complete disallowance of these credits would increase the Company's federal income tax liability by approximately $1,500 plus interest. The Company believes that the R&E credits claimed for these years are appropriate and is currently contesting the disallowance of these credits. While there can be no assurance that the Company would prevail in contesting any disallowance, it believes the facts or the relevant tax law does not support any such disallowance. Consequently, the Company has not accrued any liability in connection with this matter.

NOTE 8: INDUSTRY AND SUPPLIER CONCENTRATIONS

The Company sells its products to banks, credit unions, and financial institutions throughout the United States and generally does not require collateral. All billings to customers are due net 30 days from date of billing. Reserves (which are insignificant at June 30, 2004 and 2003) are maintained for potential credit losses.

In addition, the Company purchases most of its computer hardware and related maintenance for resale in relation to installation of JHA software systems from one supplier. There are a limited number of hardware suppliers for these required materials. If these relationships were terminated, it could have a significant negative impact on the future operations of the Company.

NOTE 9: STOCK OPTION PLANS

The Company currently issues options under two stock option plans: the 1996 Stock Option Plan ("1996 SOP") and the Non-Qualified Stock Option Plan ("NSOP").

1996 SOP

The 1996 SOP was adopted by the Company on October 29, 1996, for its employees. Terms and vesting periods of the options are determined by the Compensation Committee of the Board of Directors when granted and for options outstanding include vesting periods up to four years. Shares of common stock are reserved for issuance under this plan at the time of each grant, which must be at or above fair market value of the stock at the grant date. The options terminate 30 days after termination of employment, three months after retirement, one year after death or 10 years after grant. In October 2002, the stockholders approved an increase in the number of stock options available from 13.0 million to 18.0 million shares.

On April 11, 2003, the Company granted approximately 3,670,000 stock options to approximately 2,100 full time employees, or 94% of all full time employees as of that date. The options were issued at the exercise price of $10.84 per share, which represented the fair market value of the stock as of that date and vest in two equal portions based on stock price performance or on specific dates. The two portions vested and became fully exercisable when the Company's common stock achieved a closing market price of 125% or more and 150% or more, respectively, of the exercise price for 10 consecutive trading days. Such options fully vested during the first quarter of fiscal year 2004. As of June 30, 2004, there were 2,373,706 shares available for future grants under the plan from the 18,000,000 shares approved by the stockholders.

NSOP

The NSOP was adopted by the Company on October 31, 1995, for its outside directors. Options are exercisable beginning six months after grant at an exercise price equal to 100% of the fair market value of the stock at the grant date. The options terminate upon surrender of the option, upon the expiration of one year following notification of a deceased optionee, or 10 years after grant. 1,200,000 shares of common stock have been reserved for issuance under this plan with a maximum of 300,000 for each director. As of June 30, 2004, there were 485,833 shares available for future grants under the plan.

Changes in stock options outstanding are as follows:

	Number of Shares	Weighted Average Exercise Price
Outstanding July 1, 2001	11,289,799	$ 12.68
Granted	618,116	23.26
Forfeited	(82,500)	22.26
Exercised	(1,607,846)	8.50
Outstanding June 30, 2002	10,217,569	13.90

Granted	3,897,150	10.92
Forfeited	(313,925)	17.89
Exercised	(501,740)	7.04
Expired	1,200	6.39
Outstanding June 30, 2003	13,300,254	13.19
Granted	192,167	18.65
Forfeited	(98,391)	21.59
Exercised	(2,009,694)	10.78
Outstanding June 30, 2004	11,384,336	$ 13.64

For the year ended June 30, 2004, 2,009,694 shares and 37,776 shares were reissued from treasury stock for shares exercised in the employee stock option plan and the employee stock purchase plan (See Note 11), respectively.

For the year ended June 30, 2003, 501,740 shares and 60,249 shares were reissued from treasury stock for shares exercised in the employee stock option plan and the employee stock purchase plan (See Note 11), respectively.

Following is an analysis of stock options outstanding and exercisable as of June 30, 2004:

Range of Exercise Prices	Shares		Weighted-Average Remaining Contractural Life in Years	Weighted-Average Exercise Price	
	Outstanding	Exercisable	Outstanding	Outstanding	Exercisable
$ 1.67 - $ 6.03	1,972,440	1,972,440	2.16	$ 4.50	$ 4.50
$ 6.04 - $10.75	1,145,133	1,145,133	4.48	9.16	9.16
$10.76 - $10.84	2,278,437	2,278,437	8.78	10.84	10.84
$10.85 - $16.53	370,949	237,676	6.65	12.01	11.81
$16.54 - $16.87	3,645,960	3,645,960	5.76	16.88	16.88
$16.88 - $31.00	1,971,417	1,627,584	7.01	22.93	23.45
$ 1.67 - $31.00	11,384,336	10,907,230	5.86	$13.64	$13.44

NOTE 10: EARNINGS PER SHARE

The following table reflects the reconciliation between basic and diluted net income per share:

	Year ended June 30, 2004			2003			2002		
	Net Income	Weighted Average Shares	Per Share Amount	Net Income	Weighted Average Shares	Per Share Amount	Net Income	Weighted Average Shares	Per Share Amount
Basic Income Per Share:									
Net income available to stockholders	$62,315	89,325	$0.70	$49,397	87,866	$0.56	57,065	$89,316	$0.64
Effect of dilutive securities:									
Stock options	-	2,534	0.02	-	1,404	0.01	-	3,051	0.02
Diluted Income Per Share:									
Net income available to common stockholders	$62,315	91,859	$0.68	$49,397	89,270	$0.55	$57,065	92,367	$0.62

Stock options to purchase approximately 1,758,583 shares for fiscal 2004, 5,972,949 shares for fiscal 2003, and 690,858 shares for fiscal 2002, were not dilutive and therefore, were not included in the computations of diluted income per common share amounts.

NOTE 11: EMPLOYEE BENEFIT PLANS

Employee Stock Purchase Plan - The Company established an employee stock purchase plan on January 1, 1996. The plan allows the majority of employees the opportunity to directly purchase shares of the Company. Purchase prices for all participants are based on the closing bid price on the last business day of the month.

The Company has two plans, the Employee Stock Ownership Plan (the "ESOP" Plan) and the 401(k) Retirement Savings Plan (the "Plan"). Both plans are subject to the Employee Retirement Income Security Act of 1975 ("ERISA") as amended.

Under the Plan, the Company matches 100% of full time employee contributions up to 5% of compensation subject to a maximum of $5. Employees must be 18 years of age and be employed for at least six months. Under the ESOP plan, employees must be 21 years of age and employed full time for at least six months. Under the ESOP Plan and the Plan, the Company has the option of making a discretionary contribution; however, none has been made for any of the three most recent fiscal years. The total matching contributions for the Plan were $4,487, $4,139, and $3,862 for fiscal 2004, 2003, and 2002, respectively.

NOTE 12: BUSINESS ACQUISITIONS

PURCHASE TRANSACTIONS

Fiscal 2004 Acquisitions

On February 2, 2004, the Company acquired all of the common stock of Yellow Hammer Software, Inc. ("YHS"). The purchase price for YHS was allocated to the assets and liabilities acquired based on then estimated fair values at the acquisition date, resulting in the allocation of ($637) to working capital, $704 to capitalized software, $1,200 to customer relationships, $17,737 to goodwill and $330 to trade names. The acquired goodwill was allocated to the bank segment and is non-deductible for federal income tax.

On February 19 and April 1, 2004, the Company acquired specific assets consisting of a suite of Automated Clearing House payment products. The purchase price was allocated as follows: ($39) to working capital, $4,837 to goodwill, $1,000 to customer relationships, and $304 to capitalized software. The acquired goodwill was allocated to the bank segment and is non-deductible for federal income tax.

On May 1, 2004, the Company acquired all of the outstanding stock of e-ClassicSystems, Inc. ("e-Classic"). The purchase price for e-Classic was allocated to the assets and liabilities acquired based on then estimated fair values at the acquisition date, resulting in the allocation of ($7) to working capital, $1,493 to capitalized software, $990 to customer relationships, $11,382 to goodwill, and $987 to deferred income tax assets. The acquired goodwill was allocated to the bank segment and is non-deductible for federal income tax.

On June 1, 2004, the Company acquired specific assets consisting of a suite of regulatory reporting products. The purchase price was allocated as follows: ($1,164) to working capital, $4,629 to goodwill, $3,852 to customer relationships and $690 to capitalized software. The acquired goodwill was allocated to the bank segment and is non-deductible for federal income tax.

Fiscal 2003 Acquisitions

On January 1, 2003, the Company acquired all the outstanding membership interests in National Bancorp Data Services, LLC ("NBDS"). NBDS provides item processing and imaging services to financial institutions in the greater Chicago, Illinois area. This acquisition expanded the geographic footprint for item processing centers and expands the potential market for outsourcing customers. The purchase price for NBDS was allocated to the assets and liabilities acquired based on then estimated fair values at the acquisition date resulting in allocation of $300 to working capital and $1,800 to goodwill. The acquired goodwill was allocated to the bank segment and is non-deductible for federal income tax.

On November 15, 2002, the Company acquired all the outstanding shares of Credit Union Solutions, Inc. ("CUSI"). CUSI provides in-house data processing software, related hardware, and services to smaller credit unions, primarily those with assets less than $50,000. This acquisition expanded the potential market for the Company, as the Company's existing core products were too expensive to sell to credit unions of this size. The purchase price for CUSI was allocated to the assets and liabilities acquired based on then estimated fair values at the acquisition date. This resulted in an allocation of $97 to working capital, $2,408 to goodwill, capitalized software of $1,222 and customer contracts of $710. The acquired goodwill was allocated to the credit union segment and is non-deductible for federal income tax.

Fiscal 2002 Acquisitions

On January 1, 2002, the Company acquired all the outstanding shares of Transcend Systems Group ("TSG") for $7,300 in cash and 117,738 restricted shares of the Company's common stock valued at $2,400, for a total consideration to the TSG shareholders of $9,700. As part of the purchase price, the Company also advanced to TSG $850 for the repayment of bank debt and certain TSG obligations to its shareholders. TSG provides customer relationship management software and related services to financial institutions. The purchase price for TSG was allocated to the assets and liabilities acquired based on the estimated fair values at the acquisition date, resulting in an allocation of $48 to working capital, $8,514 to goodwill, $926 to capitalized software, and $1,100 to customer contracts. The acquired goodwill was allocated to the bank segment and is non-deductible for federal income tax.

On December 1, 2001, the Company acquired all the outstanding shares of System Legacy Solutions ("SLS"). SLS provides technology to convert data from legacy systems into formats that can be used by newer technologies. The purchase price for SLS was allocated to the assets and liabilities acquired based on the estimated fair values at the acquisition date, resulting in allocation of $2,473 to goodwill and $450 to capitalized software. The acquired goodwill was allocated to the bank segment and is non-deductible for federal income tax.

The acquisitions discussed above were paid for using cash from operations and restricted shares of the Company's Common Stock. The accompanying consolidated financial statements do not include any revenues and expenses related to these acquisitions prior to their respective closing dates. Pro Forma results of these acquisitions were not material, therefore such amounts have not been presented.

NOTE 13: BUSINESS SEGMENT INFORMATION

The Company is a leading provider of integrated computer systems that perform data processing (available for in-house or service bureau 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.

	For the Year Ended June 30, 2004		
	Bank	Credit Union	Total
REVENUE			
License	$ 38,338	$ 24,255	$ 62,593
Support and service	268,249	43,038	311,287
Hardware	75,497	18,038	93,535
Total	382,084	85,331	467,415
COST OF SALES			
Cost of license	2,444	2,294	4,738
Cost of support and service	171,359	36,371	207,730
Cost of hardware	53,635	13,334	66,969
Total	227,438	51,999	279,437
GROSS PROFIT	$ 154,646	$ 33,332	$ 187,978

	For the Year Ended June 30, 2003		
	Bank	Credit Union	Total
REVENUE			
License	$ 29,275	$ 19,009	$ 48,284
Support and service	234,095	26,357	260,452
Hardware	79,757	16,134	95,891
Total	343,127	61,500	404,627
COST OF SALES			
Cost of license	1,834	2,056	3,890
Cost of support and service	148,921	29,335	178,256
Cost of hardware	57,377	11,768	69,145
Total	208,132	43,159	251,291
GROSS PROFIT	$ 134,995	$ 18,341	$ 153,336

For the Year Ended June 30, 2002

	Bank	Credit Union	Total
REVENUE			
License	$ 49,764	$ 16,812	$ 66,576
Support and service	207,181	21,563	228,744
Hardware	82,397	18,940	101,337
Total	339,342	57,315	396,657
COST OF SALES			
Cost of license	2,509	-	2,509
Cost of support and service	134,641	26,882	161,523
Cost of hardware	58,638	12,767	71,405
Total	195,788	39,649	235,437
GROSS PROFIT	$ 143,554	$ 17,666	$ 161,220

	For The Year Ended June 30,		
	2004	2003	2002
Depreciation expense, net			
Bank systems and services	$ 25,970	$ 23,370	$ 20,328
Credit Unions systems and services	820	655	557
Total	$ 26,790	$ 24,025	$ 20,885
Amortization expense, net			
Bank systems and services	$ 5,301	$ 4,787	$ 5,295
Credit Unions systems and services	1,449	1,382	1,290
Total	$ 6,750	$ 6,169	$ 6,585
Capital expenditures, net			
Bank systems and services	$ 23,505	$ 45,759	$ 48,451
Credit Unions systems and services	25,636	199	1,058
Total	$ 49,141	$ 45,958	$ 49,509

	June 30,	
	2004	2003
Property and equipment, net		
Bank systems and services	$ 187,242	$ 192,846
Credit Unions systems and services	27,858	3,200
Total	$ 215,100	$ 196,046
Identified intangible assets, net		
Bank systems and services	$ 125,650	$ 77,520
Credit Unions systems and services	41,257	42,580
Total	$ 166,907	$ 120,100

The Company has not disclosed any additional asset information by segment, as the information is not produced internally and its preparation is impracticable.

Item 9. Changes in and Disagreements With Accountants on Accounting and Financial Disclosures

None.

Item 9A. Controls and Procedures

As of the end of the period covered by this Annual Report on Form 10-K, 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 operation of our disclosure controls and procedures pursuant to Exchange Act Rules 13a-15 and 15d-15. Based upon that evaluation, the CEO and CFO concluded that our disclosure controls and procedures are effective in timely alerting them to material information relating to the Company (including our consolidated subsidiaries) required to be included in our periodic SEC filings.

During the period covered by this Annual Report, there have been no significant changes in internal control over financial reporting or in other factors that could significantly affect internal control over financial reporting, including any corrective actions with regard to significant deficiencies and material weaknesses.

Attached as Exhibits 31.1 and 31.2 to this Annual Report on Form 10-K are certifications of the CEO and the CFO, which are required in accord with Rule 13a-14 of the Securities Exchange Act of 1934 (the Exchange Act). This Controls and Procedures section includes the information concerning the controls evaluation referred to in the certifications and it should be read in conjunction with the certifications.

PART III

Item 10. Directors and Executive Officers of the Registrant

See the information under the captions "Election of Directors", "Corporate Governance", "Audit Committee Report", "Executive Officers and Significant Employees" and "Section 16(a) Beneficial Ownership Reporting Compliance" in the Company's definitive Proxy Statement which is incorporated herein by reference.*

Item 11. Executive Compensation

See the information under captions "Executive Compensation", "Compensation Committee Report" and "Company Performance" in the Company's definitive Proxy Statement which is incorporated herein by reference.*

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

See the information under the captions "Stock Ownership of Certain Stockholders", "Election of Directors" and "Equity Compensation Plan Information" in the Company's definitive Proxy Statement which is incorporated herein by reference.*

Item 13. Certain Relationships and Related Transactions

See the information under the caption "Certain Relationships and Related Transactions" in the Company's definitive Proxy Statement which is incorporated herein by reference.*

Item 14. Principal Accountant Fees and Services

See the information under the captions "Audit Committee Report" and "Independent Registered Public Accounting Firm - Audit and Non-Audit Fees" in the Company's definitive Proxy Statement which is incorporated herein by reference.*

* Incorporated by reference pursuant to Rule 12b-23 and General Instruction G(3) to Form 10-K.

PART IV

Item 15. Exhibits, Financial Statement Schedules and Reports on Form 8-K

(a) The following documents are filed as part of this Report:

(1) The following Consolidated Financial Statements of the Company and its subsidiaries and the Report of Independent Registered Public Accounting Firm thereon appear under Item 8 of this Report:

- Report of Independent Registered Public Accounting Firm.

- Consolidated Statements of Income for the Years Ended June 30, 2004, 2003 and 2002.

- Consolidated Balance Sheets as of June 30, 2004 and 2003.

- Consolidated Statements of Changes in Stockholders' Equity for the Years Ended June 30, 2004, 2003 and 2002.

- Consolidated Statements of Cash Flows for the Years Ended June 30, 2004, 2003 and 2002.

- Notes to the Consolidated Financial Statements.

(2) The following Financial Statement Schedules filed as part of this Report appear under Item 8 of this Report:

There are no schedules included because they are not applicable or the required information is shown in the Consolidated Financial Statements or Notes thereto.

(3) All exhibits not followed herewith are incorporated by reference to a prior filing as indicated, pursuant to Rule 12b-32:

Index to Exhibits

Exhibit No.	Description
3.1.7	Restated Certificate of Incorporation.
3.2.1	Amended and Restated Bylaws, attached as Exhibit A to the Company's Quarterly Report on Form 10-Q for the Quarter ended March 31, 1996.
10.1	The Company's 1987 Stock Option Plan, as amended as of October 27, 1992, attached as Exhibit 19.1 to the Company's Quarterly Report on Form 10-Q for the Quarter ended September 30, 1992.
10.3	The Company's 1995 Non-Qualified Stock Option Plan, attached as Exhibit 10.3 to the Company's Annual Report on Form 10-K for the Year Ended June 30, 1996.
10.8	Form of Indemnity Agreement which has been entered into as of August 27, 1996, between the Company and each of its Directors and Executive Officers, attached as Exhibit 10.8 to the Company's Annual Report on Form 10-K for the Year Ended June 30, 1996.
10.9	The Company's 1996 Stock Option Plan, attached as Exhibit 10.9 to the Company's Annual Report on Form 10-K for the Year Ended June 30, 1997.
10.17	IBM Business Partner Agreement dated January 1, 2003, attached as Exhibit 10.17 to the Company's Annual Report on Form 10-K for the Year Ended June 30, 2003.
21.1	List of the Company's subsidiaries.
23.1	Consent of Independent Registered Public Accounting Firm.
32.1	Certification of Chief Executive Officer.
32.2	Certification of Chief Financial Officer.
32.1	Written Statement of the Chief Executive Officer Pursuant to 18 U.S.C. Section 1350.
32.2	Written Statement of the Chief Financial Officer Pursuant to 18 U.S.C. Section 1350.

(b) Reports on Form 8-K

The following reports on Form 8-K were filed during the last quarter of the period covered by this report:

- On April 14, 2004, the Company filed a report on Form 8-K, which announced the acquisition of e-Classic Systems, Inc.

- On April 21, 2004, the Company filed a report on Form 8-K, which reported fiscal 2004 third quarter financial results under Item 12.

- On April 21, 2004, the Company filed a report on Form 8-K, which announced changes in senior officers.

- On June 14, 2004, the Company filed a report on Form 8-K, which announced the acquisition of specific assets from Alex eSolutions, Inc.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized this 30th day of August, 2004.

JACK HENRY & ASSOCIATES, INC., Registrant

By /s/ John F. Prim

John F. Prim

Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated:

Signature	Capacity	Date
/s/ Michael E. Henry Michael E. Henry	Chairman of the Board and Director	August 30, 2004
s/ John F. Prim John F. Prim	Chief Executive Officer	August 30, 2004
/s/ Kevin D. Williams Kevin D. Williams	Chief Financial Officer and Treasurer (Principal Accounting Officer)	August 30, 2004
/s/ John W. Henry John W. Henry	Vice Chairman, Senior Vice President and Director	August 30, 2004
/s/ Jerry D. Hall Jerry D. Hall	Executive Vice President and Director	August 30, 2004
/s/ Joseph J. Maliekel Joseph J. Maliekel	Director	August 30, 2004
/s/ James J. Ellis James J. Ellis	Director	August 30, 2004
/s/ Burton O. George Burton O. George	Director	August 30, 2004
/s/ Craig R. Curry Craig R. Curry	Director	August 30, 2004

[Exhibits are omitted, but are available upon request directed to Kevin D. Williams, CFO at the address set forth on the cover page and are also available in the Form 10-K posted at our investor relations website, www.jackhenry.com/ir/.]

EXHIBIT 21.1

Jack Henry and Associates, Inc. Subsidiaries

Jack Henry Services, L.P.
Jack Henry Systems, L.P.
Jack Henry Software/Commlink, L.P.
Open Systems Group, Inc.
Symitar Systems, Inc.
Sys-Tech, Inc.
System Legacy Solutions, Inc.
Yellow Hammer Software, Inc.
Check Collect, Inc.
Jack Henry ACH, L.P.
E-ClassicSystems, Inc.
Jack Henry, L.L.C.
Jack Henry International, Ltd.

Exhibit 23.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in Registration Statement Numbers 33-16989, 33-65231, 33-65251, 33-63912, 33-55358 and 333-101680 all on Form S-8 of our report dated August 24, 2004, appearing in the Annual Report on Form 10-K of Jack Henry & Associates, Inc. for the year ended June 30, 2004.

/s/ Deloitte & Touche LLP

St. Louis, Missouri
August 30, 2004

Exhibit 31.1

CERTIFICATION

I, John F. Prim, certify that:

1. I have reviewed this annual report on Form 10-K 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 annual 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)) 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) 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

c) 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: August 30, 2004

/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 annual report on Form 10-K 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 annual 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)) 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) 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

c) 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 August 30, 2004

/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 Annual Report on Form 10-K of the Company for the fiscal year ended June 30, 2004 (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: August 30, 2004

/s/ John F. Prim

John F. Prim
Chief Executive Officer

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 Annual Report on Form 10-K of the Company for the fiscal year ended June 30, 2004 (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: August 30, 2004

/s/ Kevin D. Williams

Kevin D. Williams
Chief Financial Officer