

FORM 10-Q

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

(Mark One)

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

For the quarterly period ended September 30, 1995

OR

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

For the transition period from _____ to _____

Commission file number 0-14112

JACK HENRY & ASSOCIATES, INC.

(Exact name of registrant as specified in its charter)

Delaware

43-1128385

(State or other jurisdiction of incorporation)

(I.R.S. Employer Identification No.)

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

(Address of principal executive offices)

(Zip Code)

417-235-6652

(Registrant's telephone number, including area code)

N/A

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

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes No

APPLICABLE ONLY TO CORPORATE ISSUERS:

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

Class	Outstanding at October 31, 1995
Common Stock, \$.01 par value	11,746,481

JACK HENRY & ASSOCIATES, INC.

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Part I. Financial Information

Item 1. Financial Statements

JACK HENRY & ASSOCIATES, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(In Thousands of Dollars, Except Share Data)

	September 30, 1995 (Unaudited)	June 30, 1995
ASSETS		
Current assets:		
Cash	\$ 5,012	\$ 3,423
Short-term investments	3,609	4,650
Receivables	6,778	16,740
Prepaid expenses and other	2,893	2,661
Total current assets	\$18,292	\$27,474
Property and equipment, net	11,917	10,302
Other assets:		
Intangible assets, net of amortization	\$17,789	\$17,790
Computer software	1,778	1,740
Investments and other	1,643	1,415
Marketable equity securities	3	-
Total other assets	\$21,213	\$20,945
Total assets	\$51,422	\$58,721

	September 30, 1995 (Unaudited)	June 30, 1995
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 1,918	\$ 5,124
Accrued expenses	1,562	2,468
Income taxes	1,654	-
Accrued acquisition costs	500	5,398
Deferred revenue	13,114	15,150
Total current liabilities	\$18,748	\$28,140
Deferred income taxes	1,097	1,097
Total liabilities	\$19,845	\$29,237

Stockholders' equity:		
Preferred stock - \$1.00 par value; 500,000 shares authorized; none issued	-	-
Common stock - \$0.01 par value; 30,000,000 shares authorized; 11,744,148 issued @ 9/30/95 11,732,028 issued @ 6/30/95	\$ 118	\$ 117
Additional paid-in capital	9,095	9,425
Retained earnings	22,364	19,942
Total stockholders' equity	\$31,577	\$29,484
Total liabilities and stockholders' equity	\$51,422	\$58,721

The accompanying notes are an integral part of these consolidated financial statements.

JACK HENRY & ASSOCIATES, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
(In Thousands, Except Per Share Data)
(Unaudited)

	1995	Quarter Ended September 30,	1994
Revenues:			
Software licensing & installation	\$ 4,842		\$ 3,513
Maintenance/support & service	5,451		2,557
Hardware sales & commissions	5,857		3,579
Total revenues	\$16,150		\$ 9,649
Cost of sales:			
Cost of hardware	4,007		2,654
Cost of services	3,904		1,925
Total cost of sales	7,911		4,579
Gross profit	\$ 8,239		\$ 5,070
	51%		53%
Operating expenses			
Selling and marketing	1,832		1,160
Research and development	454		281
General and administrative	1,218		995
Total operating expenses	3,504		2,436
Operating income	\$ 4,735		\$ 2,634
Other income (expense):			
Interest and dividend income	163		163
Other, net	76		6
Total other income	239		169
Income before income taxes	\$ 4,974		\$ 2,803
Provision for income taxes	1,879		972
Net income	\$ 3,095		\$ 1,831
Net income per share	\$.25		\$.15
Weighted Average Shares Outstanding	12,342		11,957

The accompanying notes are an integral part of these consolidated financial statements.

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

	Three Months Ended September 30,	
	1995	1994
Cash flows - operating activities:		
Cash received from customers	\$24,093	\$14,255
Cash paid to suppliers and employees	(14,856)	(8,072)
Interest and dividends received, net	191	163
Income taxes paid, net	(105)	(219)
Other, net	69	4
Net cash flow provided by operating activities	\$ 9,392	\$ 6,131
Cash flows from investing activities:		
Proceeds on sale of property & equipment	\$ 2	\$ 1
Capital expenditures	(1,978)	(589)
Short-term investment activity, net	1,023	(2,001)
Long-term investment activity, net	-	(19)
Software development	(101)	(48)
Payment of long-term debt	-	-
Acquisition costs, net	(5,514)	(1,370)
Net cash used in investing activities	\$(6,568)	\$(4,026)
Cash flows from financing activities:		
Proceeds from issuance of common stock upon exercise of stock options	\$ 229	\$ 26
Dividends paid	(673)	(584)
Purchase of Treasury Stock	(791)	-
Net cash used in financing activities	\$(1,235)	\$ (558)
Net increase (decrease) in cash	\$ 1,589	\$ 1,547
Cash at beginning of period	3,423	1,942
Cash at end of period	\$ 5,012	\$ 3,489

The accompanying notes are an integral part of these consolidated financial statements.

JACK HENRY & ASSOCIATES, INC. AND SUBSIDIARIES
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

1. Summary of Significant Accounting Policies

Description of the Company - Jack Henry & Associates, Inc. ("JHA" or the "Company") is a computer software company which has developed several banking software systems. It markets those systems to financial institutions worldwide along with the computer equipment (hardware) and provides the conversion and software customization services necessary for a financial institution to install a JHA software system. It also provides continuing support and maintenance services to customers using the system. The Company also processes ATM transactions for financial institutions in the U.S. All of these related activities are considered a single business segment.

Consolidation - The consolidated financial statements include the accounts of JHA and its wholly-owned subsidiaries. All significant intercompany accounts and transactions have been eliminated in the consolidation.

Other Significant Accounting Policies - The accounting policies followed by the Company are set forth in Note 1 to the Company's consolidated financial statements included in its Annual Report on Form 10-K ("Form 10-K") for the fiscal year ended June 30, 1995.

2. Interim Financial Statements

The accompanying condensed financial statements have been prepared in accordance with the instructions to Form 10-Q of the Securities and Exchange Commission and in accordance with generally accepted accounting principles applicable to interim financial statements, and do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. The financial statements should be read in conjunction with the audited consolidated financial statements and accompanying notes of the Company for the year ended June 30, 1995, which are included in its Form 10-K.

In the opinion of management of the Company, the accompanying condensed financial statements reflect all adjustments necessary (consisting solely of normal recurring adjustments) to present fairly the financial position of the Company as of September 30, 1995 and the results of its operations and its cash flows for the three month period then ended.

The results of operations for the period ended September 30, 1995, are not necessarily indicative of the results to be expected for the entire year.

3. Additional Interim Footnote Information

The following additional information is provided to update the notes to the Company's annual financial statements for developments during the three months ended September 30, 1995:

Effective September 1, 1995, the Company exercised its option, and purchased all the outstanding stock of Central Interchange, Inc.(CII). CII's primary offering is the processing of ATM transactions for financial institutions in the Midwest. The initial consideration paid to CII's stockholder (who now works for JHA) was \$250,000 in Company stock. Additional payments may be made over the next two years, based on CII's average annual net income.

As of August 31, 1995, the Company had a \$419,206 note receivable amount on its books. CII's results of operations have been included in these statements for all activity subsequent to September 1, 1995. The stock transaction was accounted for as a purchase.

4. Income Per Share Information

Earnings per common share are computed by dividing income by the weighted average number of shares of common stock and dilutive common stock equivalents outstanding for the three month period ended September 30, 1995 and 1994.

Item 2. - Management's Discussion and Analysis of Results of Operations and Financial Condition

RESULTS OF OPERATIONS

Background and Overview

Jack Henry & Associates, Inc. ("JHA" or the "Company"), is a leading provider of in-house integrated computer systems that perform data processing for banks and related financial institutions. The Company was founded in 1976. Its proprietary applications software, which operates on IBM computers, is offered under two systems: CIF 20/20(TM), typically for banks with less than \$200 million in assets, and the Silverlake System(R), for banks with assets of \$100 million to \$3 billion. Domestically, JHA frequently sells hardware with its software products. It also provides customer support and related services. The Company's software systems have been installed at over 1240 banks and financial institutions worldwide.

A detailed discussion of the major components of the results of operations for the quarter ended September 30, 1995, as compared to the same period in the previous year follows.

Revenues

Revenues increased 67% to \$16,150,000 in the quarter ended September 30, 1995. Software licensing and installation increased 38%. Maintenance, support and service revenues increased 113% with Liberty contributing a significant portion of the increase. Hardware sales were up 64% from last year's quarter. Overall,

revenues continue to be strong as a result in growth in the Company's core business plus contributions from the June acquisitions of SECTOR and Liberty. The Company's non-hardware products and services (higher margin sales) increased 70% over last year.

The backlog of sales at September 30, 1995 was \$8,913,000, up from \$6,739,000 last year. This is down from the record June 30, 1995 level, and is consistent with management's expectations for the first quarter. Backlog at October 26, 1995 was \$9,010,000.

Cost of Sales

The 73% increase in cost of sales for the first quarter of FY '96 is relatively consistent with the increase in revenues. A large portion of the increase results from the increase in hardware revenues and the related increase in cost of hardware sales. Cost of services increased significantly due to growth in the Company's core business plus the increase in costs as a result of the SECTOR and Liberty acquisitions.

Silverlake System(R) is a registered trademark of Jack Henry & Associates, Inc. CIF 20/20(TM) is a trademark of Jack Henry & Associates, Inc.

Gross Profit

Gross profit increased to \$8,239,000 in the first quarter ended September 30, 1995, a 63% increase over last year. The gross margin percentage was 51% of sales compared to 53% last year. The relative mix of the core business and new acquisitions contributed to this being below last year's level.

Operating Expenses

Total operating expenses increased 44%. This is a favorable picture, since gross profit increased 63%. Thus, the Company continues to gain efficiencies through growth. Selling expenses increased 58% while research & development and general & administrative expenses increased 62% and 22%, respectively.

Other Income and Expense

Other income for the quarter ended September 30, 1995 reflects a net increase when compared to the same period last year.

Net Income

Net income from continuing operations for the first quarter was \$3,095,000, or \$.25 earnings per share compared to \$1,831,000, or \$.15 earnings per share in the same period last year.

FINANCIAL CONDITION

Liquidity

The Company's cash and held-to-maturity securities increased to \$9,624,000 at September 30, 1995, from \$9,488,000 at June 30, 1995. During the quarter the Company paid out a net of \$5,092,000 as a result of the Liberty acquisition. Customer payments and Company profitability more than offset these payments to help improve the Company's net working capital position.

JHA has available credit lines totaling \$2,215,000, although the Company expects their use to be minimal during FY '96. The Company currently has no short-term or long-term debt obligations.

Capital Requirements and Resources

JHA generally uses existing resources and funds generated from operations to meet its capital requirements. Capital expenditures totaling \$1,978,000 for the quarter ended September 30, 1995, were made for additional equipment. These were funded from cash generated by operations. The consolidated capital expenditures of JHA could exceed \$2,500,000 for FY '96.

The Company paid a \$.0575 per share cash dividend on September 22, 1995 to stockholders of record September 8, 1995 which was funded from working capital. In addition, the Company's Board of Directors, subsequent to September 30, 1995, declared a quarterly cash dividend of \$.0575 per share on its common stock payable December 12, 1995 to stockholders of record on November 21, 1995. This will be funded out of working capital.

CONCLUSION

JHA's results of operations and its financial position continued to be quite favorable during the quarter ended September 30, 1995. This reflects the continuing attitude of cooperation and commitment by each employee, management's ongoing cost control efforts and commitment to deliver top quality products and services to the markets served.

PART II. OTHER INFORMATION

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

The Annual Meeting of the Stockholders of Jack Henry & Associates, Inc. was held on October 31, 1995, for the purpose of electing a board of directors and approving the adoption of the 1995 Non-Qualified Stock Option Plan. Proxies for the meeting were solicited pursuant to Section 14(a) of the Securities and Exchange Act of 1934 and there was no solicitation in opposition to management's solicitations. Management's nominees for director, all incumbents, were elected with the number of votes for and withheld as indicated below:

	For	Withheld
John W. Henry	10,640,073	30,286
Jerry D. Hall	10,640,289	30,070
Michael E. Henry	10,640,289	30,070
James J. Ellis	10,639,973	30,386
Burton O. George	10,640,089	30,270
George R. Curry	10,638,589	31,770
Michael R. Wallace	10,640,589	29,770
William W. Caraway	10,627,151	43,208

Also approved was the adoption of the 1995 Non-Qualified Stock Option Plan with the number of votes for, against and withheld as indicated below:

For	Against	Withheld
10,006,036	612,299	52,024

Item 5. Other Information

None.

Item 6. Exhibits and Reports on Form 8-K

19.1 (a) Exhibits

None.

(b) Reports on Form 8-K

The Company filed a Form 8-K dated July 17, 1995, to report the acquisition of the Community Banking Business (CFI) unit of Broadway & Seymour, Inc. ("BSI") under Item 2. CFI financial statements as of June 30, 1995 were filed with the 8-K and pro forma financial information were filed under cover of a Form 8-KA on September 15, 1995 pursuant to Item 7(a)(4) of Form 8-K.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this Quarterly Report on Form 10-Q to be signed on behalf by the undersigned thereunto duly authorized.

JACK HENRY & ASSOCIATES, INC.

Date: November 14, 1995

/s/ Michael E. Henry
Michael E. Henry
Chairman of the Board
Chief Executive Officer

Date: November 14, 1995

/s/ Terry W. Thompson
Terry W. Thompson
Vice President and
Chief Financial Officer

THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM JACK HENRY & ASSOCIATES, INC. 1ST QUARTER 10-Q FOR 1996 AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH 10-Q.

1,000

3-MOS	
JUN-30-1996	SEP-30-1995
	5012
	3609
	6778
	0
	0
18292	17103
	5186
	51422
18748	0
	118
0	0
	31459
51422	16150
	16150
	7911
	3504
	(239)
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	1879
3095	0
	0
	0
	3095
	.25
	.25