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

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

For the quarterly period ended March 31, 2004

OR

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

For the transistion period from ______________ to ________________

Commission file number 0-14112

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

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

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

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

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

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

Indicate by check mark whether the registrant is an accelerated filer (as defined in Exchange Act Rule 12b-2 of the Exchange Act.) Yes X 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.

As of April 26, 2004, Registrant has 89,802,036 shares of common stock outstanding ($.01 par value)

JACK HENRY & ASSOCIATES, INC.
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PART I. FINANCIAL INFORMATION
ITEM 1. FINANCIAL STATEMENTS

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

| | March 31, 2004 | June 30, 2003 |
|---|---|---|
| ASSETS | | |
| CURRENT ASSETS: | | |
| Cash and cash equivalents | $ 88,905 | $ 32,014 |
| Investments, at amortized cost | 999 | 998 |
| Trade receivables | 66,980 | 150,951 |
| Prepaid cost of product | 15,444 | 18,483 |
| Prepaid expenses and other | 15,201 | 13,816 |
| Deferred income taxes | 950 | 1,000 |
| Total | 188,479 | 217,262 |
| PROPERTY AND EQUIPMENT, net | 208,007 | 196,046 |
| OTHER ASSETS: | | |
| Goodwill | 63,530 | 44,543 |
| Trade names | 4,021 | 3,699 |
| Customer relationships, net of amortization | 56,829 | 59,358 |
| Computer software, net of amortization | 14,763 | 12,500 |
| Prepaid cost of product | 7,648 | 10,021 |
| Other non-current assets | 4,377 | 5,146 |
| Total | 151,168 | 135,267 |
| Total assets | $ 547,654 | $ 548,575 |
| LIABILITES AND STOCKHOLDERS' EQUITY | | |
| CURRENT LIABILITIES: | | |
| Accounts payable | $ 6,309 | $ 9,617 |
| Accrued expenses | 12,080 | 17,250 |
| Accrued income taxes | 2,555 | 421 |
| Deferred revenues | 64,545 | 119,492 |
| Total | 85,489 | 146,780 |
| DEFERRED REVENUES | 9,834 | 12,732 |
| DEFERRED INCOME TAXES | 29,640 | 23,840 |
| Total liabilities | 124,963 | 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 03/31/04 and 06/30/03 were 90,519,856 | 905 | 905 |
| Additional paid-in capital | 174,217 | 169,299 |
| Retained earnings | 259,735 | 233,396 |
| Less treasury stock at cost - 749,145 shares at 03/31/04, 2,363,121 shares at 06/30/03 | (12,166) | (38,377) |
| Total stockholders' equity | 422,691 | 365,223 |
| Total liabilities and stockholders' equity | $ 547,654 | $ 548,575 |

See notes to condensed consolidated financial statements.

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

| | Three Months Ended March 31, | | Nine Months Ended March 31, | |
|---|---|---|---|---|
| | 2004 | 2003 | 2004 | 2003 |
| REVENUE | | | | |
| License | $ 15,343 | $ 10,446 | $ 40,703 | $ 36,322 |
| Support and service | 78,353 | 66,552 | 227,594 | 190,688 |
| Hardware | 26,012 | 21,900 | 73,081 | 68,429 |
| Total | 119,708 | 98,898 | 341,378 | 295,439 |
| COST OF SALES | | | | |
| Cost of license | 1,131 | 829 | 2,296 | 2,595 |
| Cost of support and service | 52,073 | 43,870 | 152,818 | 131,843 |
| Cost of hardware | 19,185 | 15,796 | 51,579 | 50,619 |
| Total | 72,389 | 60,495 | 206,693 | 185,057 |
| GROSS PROFIT | 47,319 | 38,403 | 134,685 | 110,382 |
| OPERATING EXPENSES | | | | |
| Selling and marketing | 8,634 | 7,603 | 25,937 | 22,463 |
| Research and development | 6,344 | 4,052 | 17,575 | 11,565 |
| General and administrative | 6,842 | 7,457 | 21,520 | 21,205 |
| Total | 21,820 | 19,112 | 65,032 | 55,233 |
| OPERATING INCOME | 25,499 | 19,291 | 69,653 | 55,149 |
| INTEREST INCOME (EXPENSE) | | | | |
| Interest income | 248 | 134 | 816 | 512 |
| Interest expense | (52) | (29) | (81) | (84) |
| Total | 196 | 105 | 735 | 428 |
| INCOME BEFORE INCOME TAXES | 25,695 | 19,396 | 70,388 | 55,577 |
| PROVISION FOR INCOME TAXES | 9,379 | 7,080 | 25,692 | 20,286 |
| NET INCOME | $ 16,316 | $ 12,316 | $ 44,696 | $ 35,291 |
| Diluted net income per share | $ 0.18 | $ 0.14 | $ 0.49 | $ 0.40 |
| Diluted weighted average shares outstanding | 92,077 | 88,940 | 91,715 | 89,110 |
| Basic net income per share | $ 0.18 | $ 0.14 | $ 0.50 | $ 0.40 |
| Basic weighted average shares outstanding | 89,654 | 87,742 | 89,133 | 87,836 |

See notes to condensed consolidated financial statements.

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

| | Nine Months Ended March 31, 2004 | Nine Months Ended March 31, 2003 |
|---|---|---|
| CASH FLOWS FROM OPERATING ACTIVITIES: | | |
| Net Income | $ 44,696 | $ 35,291 |
| Adjustments to reconcile net income from operations to cash from operating activities: | | |
| Depreciation | 19,908 | 17,751 |
| Amortization | 4,904 | 4,648 |
| Deferred income taxes | 5,850 | 5,050 |
| Other, net | 190 | (51) |
| Changes in operating assets and liabilities, net of acquisitions: | | |
| Trade receivables | 84,473 | 68,815 |
| Prepaid expenses and other | 4,089 | 778 |
| Accounts payable | (3,308) | (1,116) |
| Accrued expenses | (5,975) | (2,032) |
| Income taxes (including tax benefit of $4,917 and $385 from the exercise of stock options, respectively) | 7,051 | 544 |
| Deferred revenues | (58,209) | (42,917) |
| Net cash from operating activities | 103,669 | 86,761 |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | |
| Capital expenditures | (33,069) | (34,461) |
| Purchase of investments | (2,994) | (2,990) |
| Proceeds from sale of investments | 3,000 | 3,000 |
| Proceeds from sale of equipment | 1,604 | - |
| Purchase of customer contracts | - | (304) |
| Payment for acquisitions, net of cash acquired | (20,583) | (6,537) |
| Computer software developed | (2,734) | (4,121) |
| Other, net | 143 | (576) |
| Net cash from investing activities | (54,633) | (45,989) |
| CASH FLOWS FROM FINANCING ACTIVITIES: | | |
| Proceeds from issuance of common stock upon exercise of stock options | 17,130 | 1,546 |
| Proceeds from sale of common stock, net | 540 | 598 |
| Dividends paid | (9,815) | (9,214) |
| Purchase of treasury stock | - | (18,165) |
| Net cash from financing activities | 7,855 | (25,235) |
| NET INCREASE IN CASH AND CASH EQUIVALENTS | $ 56,891 | $ 15,537 |
| CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD | $ 32,014 | $ 17,765 |
| CASH AND CASH EQUIVALENTS, END OF PERIOD | $ 88,905 | $ 33,302 |

Net cash paid for income taxes was $11,970 and $14,692 for the nine months ended March 31, 2004 and 2003, respectively.

The Company paid interest of $81 and $84 for the nine months ended March 31, 2004 and 2003, respectively.

See notes to condensed consolidated financial statements

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

### DESCRIPTION OF THE COMPANY

Jack Henry & Associates, Inc. ("JHA" or the "Company") is a leading provider of integrated computer systems that has developed and 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 install a JHA software system. JHA also provides continuing support and services to customers using the systems either in-house or outsourced.

### CONSOLIDATION

The condensed consolidated financial statements include the accounts of JHA and all of its wholly owned subsidiaries 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, the Company has elected to follow Accounting Principles Board Opinion ("APB") No. 25, Accounting for Stock Issued to Employees, 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 to be presented as if the Company had accounted for its stock-based awards to employees under the fair value method of SFAS No. 123. The 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:

| | (In thousands, except per share data) Three Months Ended March 31, | | Nine Months Ended March 31, | |
|---|---|---|---|---|
| | 2004 | 2003 | 2004 | 2003 |
| Net income, as reported | $ 16,316 | $ 12,316 | $ 44,696 | $ 35,291 |
| Deduct: Total stock-based employee compensation expense determined under fair value based method for all awards, net of related tax effects | 249 | 458 | 7,058 | 1,616 |
| Pro forma net income | $ 16,067 | $ 11,858 | $ 37,638 | $ 33,675 |
| Diluted net income per share | | | | |
| As reported | $ 0.18 | $ 0.14 | $ 0.49 | $ 0.40 |
| Pro forma | $ 0.17 | $ 0.13 | $ 0.41 | $ 0.38 |
| Basic net income per share | | | | |
| As reported | $ 0.18 | $ 0.14 | $ 0.50 | $ 0.40 |
| Pro forma | $ 0.18 | $ 0.14 | $ 0.42 | $ 0.38 |

Comprehensive income for each of the three and nine-month periods ended March 31, 2004 and 2003 equals the Company's net income.

### INTERIM FINANCIAL STATEMENTS

The accompanying condensed consolidated financial statements have been prepared in accordance with the instructions to Form 10-Q of the Securities and Exchange Commission and in accordance with accounting principles generally accepted in the United States of America applicable to interim condensed consolidated financial statements, and do not include all of the information and footnotes required by accounting principles generally accepted in the United States of America for complete consolidated financial statements. The condensed consolidated financial statements should be read in conjunction with the Company's audited consolidated financial statements and accompanying notes, which are included in its Annual Report on Form 10-K ("Form 10-K") for the year ended June 30, 2003. The accounting policies followed by the Company are set forth in Note 1 to the Company's consolidated financial statements included in its Form 10-K for the fiscal year ended June 30, 2003.

In the opinion of management of the Company, the accompanying condensed consolidated financial statements reflect all adjustments necessary (consisting solely of normal recurring adjustments) to present fairly the financial position of the Company as of March 31, 2004, and the results of its operations and its cash flows for the three and nine-month periods ended March 31, 2004 and 2003.

The results of operations for the period ended March 31, 2004 are not necessarily indicative of the results to be expected for the entire year.

ADDITIONAL INTERIM FOOTNOTE INFORMATION

The following additional information is provided to update the notes to the Company's annual consolidated financial statements for the developments during the nine months ended March 31, 2004.

Acquisitions:

On February 2, 2004, the Company acquired all of the common stock of Yellow Hammer Software, Inc. ("YHS"). YHS is a company that offers a suite of software products developed to protect financial institutions from fraudulent activities. Fraud solutions are in demand in the bank and credit union markets. YHS provides tools to assist in reducing fraud in all areas of checking, deposits, kiting, and all methods of electronic payments. 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 a preliminary allocation of $0.7 million to capitalized software, $1.2 million to customer relationships, and $17.7 million to goodwill and $0.3 million to trade names. The acquired goodwill has been allocated to the banking segment and is non-deductible for federal income tax.

Also, during the quarter, the Company made an additional acquisition which was immaterial and increased goodwill by $1.3 million. This acquired goodwill was allocated to the banking segment and is non-deductible for federal income tax. Pro forma results of these acquisitions were not material and are, therefore, not presented.

RECLASSIFICATION

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

NOTE 2. 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 2003, the FASB issued Interpretation No. 46 ("FIN 46"), Consolidation of Variable Interest Entities, ("VIE") which addresses consolidation by business enterprises of variable interest entities that either: (1) do not have sufficient equity investment at risk to permit the entity to finance its activities without additional subordinated financial support, or (2) the equity investors lack an essential characteristic of a controlling financial interest. The FIN 46 transition requirements for VIEs existing before January 31, 2003, were delayed, effective October 9, 2003, with the issuance of FASB Staff Position 46-6. The Company early adopted the transition provisions of FIN 46 on July 1, 2003, without any impact on its financial position or results of operations, because the Company does not have any VIEs.

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 3. SHARES USED IN COMPUTING NET INCOME PER SHARE

| | (In Thousands) | | | |
|---|---|---|---|---|
| | Three Months Ended March 31, | | Nine Months Ended March 31, | |
| | 2004 | 2003 | 2004 | 2003 |
| Weighted average number of common share outstanding - basic | 89,654 | 87,742 | 89,133 | 87,836 |
| Common stock equivalents | 2,423 | 1,198 | 2,582 | 1,274 |
| Weighted average number of common and common equivalent shares outstanding - diluted | 92,077 | 88,940 | 91,715 | 89,110 |

Per share information is based on the weighted average number of common shares outstanding for the periods ended March 31, 2004 and 2003. Stock options have been included in the calculation of income per share to the extent they are dilutive.

Non-dilutive stock options to purchase approximately 1,751,000 and 5,997,000 shares for the three-month period ended March 31, 2004 and 2003, respectively and 1,758,000 and 6,027,000 shares for the nine-month period ended March 31, 2004, and 2003, respectively, were not included in the computation of diluted income per common share.

## NOTE 4. BUSINESS SEGMENT INFORMATION

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

| | (In Thousands) | | | | | |
|---|---|---|---|---|---|---|
| | Three Months Ended March 31, 2004 | | | Three Months Ended March 31, 2003 | | |
| | Bank | Credit Union | Total | Bank | Credit Union | Total |
| REVENUE | | | | | | |
| License | $ 10,620 | $ 4,723 | $ 15,343 | $ 7,068 | $ 3,378 | $ 10,446 |
| Support and service | 66,848 | 11,505 | 78,353 | 59,133 | 7,419 | 66,552 |
| Hardware | 19,203 | 6,809 | 26,012 | 18,182 | 3,718 | 21,900 |
| Total | 96,671 | 23,037 | 119,708 | 84,383 | 14,515 | 98,898 |
| COST OF SALES | | | | | | |
| Cost of license | 831 | 300 | 1,131 | 351 | 478 | 829 |
| Cost of support and service | 42,855 | 9,218 | 52,073 | 36,371 | 7,499 | 43,870 |
| Cost of hardware | 13,800 | 5,385 | 19,185 | 13,062 | 2,734 | 15,796 |
| Total | 57,486 | 14,903 | 72,389 | 49,784 | 10,711 | 60,495 |

| | | | | | | |
|---|---|---|---|---|---|---|
| GROSS PROFIT | $ 39,185 | $ 8,134 | $ 47,319 | $ 34,599 | $ 3,804 | $ 38,403 |

(In Thousands)

| | Nine Months Ended March 31, 2004 | | | Nine Months Ended March 31, 2003 | | |
|---|---|---|---|---|---|---|
| | Bank | Credit Union | Total | Bank | Credit Union | Total |
| REVENUE | | | | | | |
| License | $ 28,108 | $ 12,595 | $ 40,703 | $ 23,484 | $ 12,838 | $ 36,322 |
| Support and service | 195,896 | 31,698 | 227,594 | 171,495 | 19,193 | 190,688 |
| Hardware | 58,457 | 14,624 | 73,081 | 57,875 | 10,554 | 68,429 |
| Total | 282,461 | 58,917 | 341,378 | 252,854 | 42,585 | 295,439 |
| COST OF SALES | | | | | | |
| Cost of license | 1,471 | 825 | 2,296 | 1,300 | 1,295 | 2,595 |
| Cost of support and service | 126,332 | 26,486 | 152,818 | 109,814 | 22,029 | 131,843 |
| Cost of hardware | 40,884 | 10,695 | 51,579 | 42,879 | 7,740 | 50,619 |
| Total | 168,687 | 38,006 | 206,693 | 153,993 | 31,064 | 185,057 |
| GROSS PROFIT | $113,774 | $ 20,911 | $134,685 | $ 98,861 | $ 11,521 | $110,382 |

| | (In Thousands) March 31, 2004 | June 30, 2003 |
|---|---|---|
| Property and equipment, net | | |
| Bank systems and services | $ 189,798 | $ 192,846 |
| Credit union systems and services | 18,209 | 3,200 |
| Total | $ 208,007 | $ 196,046 |
| | | |
| Identified intangible assets, net | | |
| Bank systems and services | $ 51,347 | $ 50,205 |
| Credit union systems and services | 24,266 | 25,352 |
| Total | $ 75,613 | $ 75,557 |
| | | |
| Goodwill, net | | |
| Bank systems and services | $ 46,301 | $ 27,314 |
| Credit union systems and services | 17,229 | 17,229 |
| Total | $ 63,530 | $ 44,543 |

NOTE 5. SUBSEQUENT EVENTS

On April 9, 2004, the Company announced the signing of agreements to acquire all of the outstanding stock of e-ClassicSystems, Inc. ("e-Classic"), for an estimated purchase price of $15.0 million. e-Classic is a premier provider of a first-of-its-kind suite of software products developed to enable institutions to manage the operations and accounting of their ATM networks. The acquisition was finalized with an effective date of May 1, 2004.

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

### RESULTS OF OPERATIONS

Background and Overview

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

A detailed discussion of the major components of the results of operations for the three and nine-month periods ended March 31, 2004 compared to the same periods in the previous year follows:

REVENUE - Revenue increased 21% to $119.7 million for the three months ended March 31, 2004 from $98.9 million for the same period last year. License revenue increased 47% to $15.3 million, which represented 13% of total revenue, compared to $10.4 million in the third quarter a year ago or 11% of total revenue. Support and service revenue increased 18% to $78.4 million, which represented 65% of total revenue for the three months ended March 31, 2004 compared to $66.6 million, or 67% of total revenue, in the same period in the previous year. Hardware revenue increased 19% to $26.0 million, which represented 22% of total revenue from $21.9 million or 22% of total revenue for the third quarter in the previous year.

For the nine months of fiscal 2004, revenue grew 16% from $295.4 million last year to $341.4 million. License revenue increased 12% from $36.3 million for the nine months in fiscal 2003 to $40.7 million for the nine months ended March 31, 2004. License revenue for both periods represented 12% of total revenue. Support and service revenue grew 19% to $227.6

million, or 67% of revenue, for the nine months of fiscal 2004 from $190.7 million, or 65% of revenue, for the nine months of fiscal 2003. Hardware sales increased 7% to $73.1 million, or 21% of revenue for the current nine months from $68.4 million, or 23% of revenue, for the nine months ended March 31, 2003.

There was strong growth in all components that make up support and service revenue for the three and nine-months ended March 31, 2004. The support and service revenue growth of $11.8 million for the three months ended March 31, 2004 compared to the same period last year represents $0.2 million growth in installation services, $2.4 million growth in ATM and debit card processing services, $2.7 million growth in outsourcing services and a $6.5 million increase of in-house support revenue.

For the nine months of fiscal 2004, support and service revenue increased by $37.0 million, consisting of a $3.8 million increase in installation services, a $6.9 million increase in ATM and debit card processing services, an $8.0 million increase in outsourcing services and an $18.3 million increase for in-house support revenue.

The support and service revenue growth is primarily due to in-house support relating to the software installations performed during the previous 12 months. Outsourcing services for banks and credit unions, along with ATM and debit card transaction processing services, continue to drive revenue growth at a strong pace. License revenue and hardware revenue were strong for the quarter and year to date as we saw overall growth in both contracting and delivery of almost all software products for in-house banks and credit union sales. The Check 21 legislation, which will allow financial institutions to clear image documents electronically, has stimulated solid interest and sales in our complementary image products, especially our 4|sight solution.

Our backlog increased 9% at March 31, 2004 to $187.9 million ($66.4 in-house and $121.5 outsourcing) from $172.7 million ($64.2 in-house and $108.5 outsourcing) at March 31, 2003. Backlog increased 3% from $182.5 million ($60.0 in-house and $122.5 outsourcing) at December 31, 2003.

COST OF SALES - Cost of sales increased 20% for the three months ended March 31, 2004, from $60.5 million for the three months ended March 31, 2003 to $72.4 million for the three months ended March 31, 2004. Cost of license increased to $1.1 million for the three months ended March 31, 2004, from $0.8 million at March 31, 2003. Cost of support and service increased 19% to $52.1 million in the current three-month period compared to $43.9 million for the three months ended March 31, 2003. Cost of hardware increased 21% from $15.8 million for the third quarter of fiscal 2003 to $19.2 million for the third quarter of fiscal 2004.

For the nine months of fiscal 2004, cost of sales increased 12%, from $185.1 million for fiscal 2003 to $206.7 million for fiscal 2004. Cost of license decreased 12% from $2.6 million to $2.3 million for the nine months ended March 31, 2004. Cost of support and service increased 16% to $152.8 million in the current nine-month period compared to $131.8 million for the nine months ended March 31, 2003. Cost of hardware increased 2% from $50.6 million for the nine months of fiscal 2003 to $51.6 million for the nine months of fiscal 2004.

The cost of license for the three-and nine-months ended March 31, 2004 and 2003 remained steady at 1% of total revenue. Cost of support and service depreciation expense increased 24% for the three and nine-month periods ended March 31, 2004. The increase in depreciation is due to new buildings, plus other capital expenditures for infrastructure and equipment related to support and services. In the cost of support and service, employee related expenses increased 13% and 10% for the current three and nine-month periods, compared to the fiscal 2003 periods, due to annual raises and an increase in headcount. The increase in cost of services is consistent with the increase in revenue. Hardware costs increased primarily due to the increase in revenue along with the sales mix and change in incentives in the current period. Incentives and rebates received from vendors fluctuate quarterly and annually due to changing thresholds established by the vendors.

GROSS PROFIT - Gross profit increased 23% to $47.3 million, reflecting a 40% gross margin in the third quarter of fiscal 2004, compared to $38.4 million, reflecting a 39% gross margin in the third quarter of fiscal 2003. Gross margin on license revenue increased to 93% for the current quarter compared to same quarter last year with a 92% gross margin. The gross profit for support and service increased 16% from $22.7 million to $26.3 million for the third quarter ended March 31, 2004 compared to the same period last year. For the three months ended March 31, 2004 and 2003, the gross margin for support and service remained at 34%. Hardware gross profit increased 12% from $6.1 million in the quarter ended March 31, 2003, to $6.8 million in the quarter ended March 31, 2004. Hardware gross margin decreased slightly from 28% in the third quarter of fiscal 2003 to 26% for the third quarter fiscal 2004.

Gross profit increased 22% to $134.7 million, reflecting a 39% gross margin for nine months of fiscal 2004, compared to $110.4 million, reflecting a 37% gross margin for the nine months of fiscal 2003. Gross profit increased 14% on license revenue with a gross margin of 94% for the current nine months compared to 93% for the same period last year. The gross profit for support and service increased 27% from $58.8 million to $74.8 million for the nine months ended March 31, 2004 compared to the same period last year. For the nine months ended March 31, 2004, the gross margin for support and service was 33% compared to 31% for the same nine months in fiscal 2003. Hardware gross profit increased 21% from $17.8 million for the nine months of fiscal 2003 to $21.5 million for the nine months of fiscal 2004. Hardware gross margin increased from 26% for the nine months of fiscal 2003 to 29% for the nine months of fiscal 2004.

Gross profit in license revenue grew in the quarter and year-to-date primarily due to lower third party software vendor costs. The gross profit increase in support and service is due to continued strong revenue growth, with approximately 87% support and service revenue for the quarter and 86% for the year being recurring. The gross margin remained steady at 34% for the quarter and grew from 31% to 33% year to date due to the continuation of company-wide cost control measures by management implemented throughout the year. Hardware gross margin was slightly lower for the third quarter at 26% from 28% compared to the third quarter last year, primarily due to decreases in incentives and rebates earned from vendors, which fluctuate quarterly and annually due to changing thresholds established by the vendors.

OPERATING EXPENSES - Total operating expenses increased 14% to $21.8 million in the three months ended March 31, 2004 compared to $19.1 million for the three months ended March 31, 2003. Selling and marketing expenses increased 14%, from $7.6 million, or 8% of total revenue, to $8.6 million, or 7% of total revenue, for the three-month period ended March 31, 2004. Research and development expenses increased 57% from $4.1 million in the quarter ended March 31, 2003, to $6.3 million for the third quarter in fiscal 2004. General and administrative expenses decreased 8%, from $7.5 million, or 8% of revenue, to $6.8 million, or 6% of revenue, in the third quarter of fiscal 2004 as compared with the same three-month period last year.

For the nine months of fiscal 2004, operating expenses increased 18% to $65.0 million from $55.2 million in the same period for the prior year. Selling and marketing expenses increased 15%, from $22.5 million to $25.9 million. Selling expenses represented 8% of total revenue for the current nine-month period. Research and development expenses increased 52% from $11.6 million, or 4% of revenue for the nine months ended March 31, 2003 to $17.6 million, or 5% of total revenue for the nine months ended March 31, 2004. General and administrative expenses increased 1%, from $21.2 million, or 7% of revenue to $21.5 million, or 6% of total revenue in the nine months of fiscal 2004 as compared with the same nine-month period in fiscal 2003.

For the three and nine-months ended March 31, 2004, selling and marketing expenses increased primarily due to increased revenue and the associated selling costs. Research and development expenses increased in the three and nine-month periods of fiscal 2004 due to ongoing development of new products and enhancements to existing products. In fiscal 2003, a larger percentage of employee-related expenses were capitalized due to major development projects, the majority of which were completed during fiscal 2003. General and administrative expenses decreased for the quarter and had a small increase of 1% year to date, due to ongoing cost control measures by management implemented throughout the year.

INTEREST INCOME (EXPENSE) - Net interest income for the three and nine-months ended March 31, 2004 reflects increases of $91,000 and $307,000 when compared to the same period last year due to the higher cash and cash equivalents balances.

PROVISION FOR INCOME TAXES - The provision for income taxes was $9.4 million for the three months ended March 31, 2004 compared with $7.1 million for the same period last year. For the nine months of fiscal 2004, the provision for income taxes was $25.7 million compared with $20.3 million for the same nine-month period last year. For current and prior periods, the rate of income taxes is 36.5% of income before income taxes.

NET INCOME - Net income increased 32% and 27% for the three and nine months ended March 31, 2004. Net income for the third quarter was $16.3 million or $0.18 per diluted share compared to $12.3 million, or $0.14 per diluted share in the same period last year. For the nine months, ended March 31, 2004, net income was $44.7 million or $0.49 per diluted share compared to $35.3 million, or $0.40 per diluted share for the nine months ended March 31, 2003.

Business Segment Discussion

Revenues in the bank systems and services business segment increased 15% to $96.7 million in the three months ended March 31, 2004 from $84.4 million in the same period a year ago. Gross profit increased 13% from $34.6 million in the third quarter of the previous year to $39.2 million in the current third quarter. Gross margin remained steady at 41% for both periods.

License revenue for the bank systems and services business segment increased 50% from $7.1 million in the three months ended March 31, 2003 to $10.6 million for the three months ended March 31, 2004. Bank support and service revenue increased 13% to $66.8 million for the quarter ended March 31, 2004 from $59.1 million for the same period in the previous year. The support and service revenue increase of $7.7 million represents a decrease of $0.7 million for install revenue, $1.3 million growth in ATM and debit card processing, $2.3 million growth in outsourcing services and $4.8 million growth for in-house support revenue. Hardware revenue in the bank segment increased 6% from $18.2 million to $19.2 million for the three months ended March 31, 2004.

For the nine months of fiscal 2004, the bank systems and services business segment increased revenue by 12%, from $252.9 million to $282.5 million. Gross profit increased 15% from $98.9 million to $113.8 million for the nine months ended March 31, 2004. Gross margin increased from 39% in the prior year to 40% for the current nine months ended March 31, 2004.

For the nine months of March 31, 2004, bank license revenue increased 20% to $28.1 million from $23.5 million for the nine months ended March 31, 2003. Bank support and service revenue increased 14% to $195.9 million in the nine months ended March 31, 2004, compared to $171.5 million in the nine months ended March 31, 2003. The increase of $24.4 million represents $0.2 million growth for installation services, $4.4 million growth in ATM and debit card processing, $7.3 million growth in outsourcing services, and $12.5 million growth for in-house support revenue. Bank hardware revenue for the nine months ended March 31, 2004 increased 1%, from $57.9 million for the prior nine-month period, to $58.5 million for the current nine-month period.

Revenue growth is attributable to the surge in license revenues along with the continuous steady increase in support and services relating to maintenance for in-house customers and data centers, along with ATM and debit card activity. License revenue and hardware revenue were strong for the quarter and year to date as we saw growth in larger in-house banks. The Check 21 legislation has stimulated solid interest and sales in our complementary image products, especially our 4|sight solution.

Bank systems and services business segment increased gross profit for the third quarter and the nine months of fiscal 2004. Gross margin remained fairly even for the third quarter, but increased for the nine months, due to our revenue growth and continued leveraging of resources and infrastructure.

Revenues in the credit union systems and services business segment increased 59% from $14.5 million in the third quarter in fiscal 2003 to $23.0 million for the third quarter in fiscal 2004. Gross profit increased 114% from $3.8 million in the third quarter of the previous year to $8.1 million in the current year third quarter. Gross margin increased from 26% in the third quarter of fiscal 2003 to 35% for the third quarter of fiscal 2004.

License revenue for the credit union systems and services business segment increased 40% from $3.4 million in the three months ended March 31, 2003 to $4.7 million for the three months ended March 31, 2004. Credit union support and service revenue increased 55% to $11.5 million for the quarter ended March 31, 2004, from $7.4 million for the same period in the previous year. The support and service revenue increase of $4.1 million represents an increase of $1.0 million for installation services, $1.1 million growth in ATM and debit card processing, $0.3 million growth in outsourcing services and $1.7 million growth for in-house support revenue. Hardware revenue in the credit union segment increased 83% from $3.7 million to $6.8 million for the quarter.

In the nine months ended March 31, 2004, credit union license revenue decreased slightly by 2% to $12.6 million from $12.8 million for the nine months ended March 31, 2003. Credit union support and service revenue increased 65% to $31.7 million in the current year, compared to $19.2 million in the nine months ended March 31, 2003. The increase of $12.5 million for support and service revenue represents $3.6 million growth for installation services, $2.5 million growth in ATM and debit card processing, $0.6 million growth in outsourcing services, and $5.8 million growth for in-house support revenue. Hardware revenue for the nine months ended March 31, 2004 increased 39%, from $10.6 million for the prior nine-month period to

$14.6 million for the current nine-month period.

For the nine months of fiscal 2004, the credit union systems and services business segment increased revenue by 38%, from $42.6 million to $58.9 million. Gross profit increased 82% from $11.5 million to $20.9 million for the nine months ended March 31, 2004. Gross margin increased from 27% for the nine months in the prior year to 35% for the nine months ended March 31, 2004.

Credit union systems and services business segment increased gross profit 114% for the third quarter of 2004 and 82% for the nine months ended March 31, 2004, due to revenue growth outpacing the cost of sales, by leveraging resources and infrastructure, and by controlling overall costs. Significant increases in credit union support and service revenue is attributable to additional credit union installations over the year, which has created the significant increases in recurring support revenue. Also, increased revenue is being generated by additional services to the credit union customer base such as ATM and debit card processing, outsourcing services and Centurion disaster recovery, all of which carry higher profit margins.

## FINANCIAL CONDITION

### Liquidity

The Company's cash and cash equivalents and investments increased to $89.9 million at March 31, 2004, from $33.0 million at June 30, 2003. Cash provided by operations increased $ 16.9 million to $103.7 million for the nine months ended March 31, 2004 as compared to $86.8 million for the nine months ended March 31, 2003. The increase is primarily due to the collection of annual in-house support fees filled at June 30, 2003, resulting in a reduction of trade receivables of $84.0 million offset by a reduction in deferred revenues of $57.8 million. The increase is also due to a $9.4 million increase in net income and the impact of the related increase in accrued income taxes and timing of tax payments of $6.5 million, which includes a $4.9 million tax benefit from the exercise of stock options.

Cash used in investing activities for the nine months ended March 31, 2004, totaled $54.6 million. The largest use of cash was for capital expenditures in the amount of $33.1 million. The cash outlay for expansion of our new San Diego facility was $15.7 million. Remaining investing cash used was for expansion of existing facilities and additional equipment. Cash used for acquisitions for the nine months totaled $20.6 million.

Financing activities provided net cash of $7.9 million during the nine months ended March 31, 2004, mainly from the $17.1 million of proceeds from the issuance of stock for stock options exercised, less dividends paid during the nine-month period ended March 31, 2004 of $9.8 million.

The Company has available credit lines totaling $58.0 million at March 31, 2004.

### Capital Requirements and Resources

The Company generally uses existing resources and funds generated from operations to meet its capital requirements. Capital expenditures totaling $33.1 million and $34.5 million for the nine-month periods ended March 31, 2004 and 2003, respectively, were made for expansion of facilities and additional equipment. These additions were funded from cash generated by operations. Total consolidated capital expenditures of JHA are not expected to exceed $50 million for fiscal year 2004.

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. At June 30, 2003, 3,012,933 shares have been purchased for $49,218,870. At June 30, 2003, there were 2,363,121 shares remaining in treasury stock. In the three and nine-months ended March 31, 2004, the Company issued 201,827 and 1,585,568 shares upon the exercise of stock options and 10,191 and 28,408 shares were issued for the Employee Stock Purchase Plan, leaving a balance of 749,145 shares.

The Company paid a $0.04 per share cash dividend on February 26, 2004 to stockholders of record on February 11, 2004, which was funded from operations. In addition, on April 29, 2004, the Company's Board of Directors declared a quarterly cash dividend of $0.04 per share on its common stock payable May 21, 2004 to stockholders of record on May 6, 2004. This dividend will be funded with cash generated from operations.

## Critical Accounting Policies

The Company regularly reviews its selection and application of significant accounting policies and related financial disclosures. The application of these accounting policies requires that management make estimates and judgments. The estimates that affect the application of our most critical accounting policies and require our most significant judgments are outlined in Management's Discussion and Analysis of Financial Condition and Results of Operations - "Critical Accounting Policies" - contained in our annual report on Form 10-K for the year ended June 30, 2003.

## Forward Looking Statements

The Management's Discussion and Analysis of Results of Operations and Financial Condition and other portions of this report contain forward-looking statements within the meaning of federal securities laws. Actual results are subject to risks and uncertainties, including both those specific to the Company and those specific to the industry, which could cause results to differ materially from those contemplated. The risks and uncertainties include, but are not limited to, the matters detailed at Risk Factors in its Annual Report on Form 10-K for the fiscal year ended June 30, 2003. Undue reliance should not be placed on the forward-looking statements. The Company does not undertake any obligation to publicly update any forward-looking statements.

## CONCLUSION

JHA's results of operations and its financial position continued to be good with increased earnings, gross margin growth, strong cash flow and no debt as of and for the nine months ended March 31, 2004. This reflects the continuing attitude of cooperation and commitment by each employee, management's ongoing cost control efforts and our commitment to deliver top quality products and services to the markets we serve.

## ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

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

## ITEM 4. CONTROLS AND PROCEDURES

An evaluation was carried out under the supervision and with the participation of our management, including our Company's Chief Executive Officer (CEO) and Chief Financial Officer (CFO), of the effectiveness of the design and operations of our disclosure controls and procedures pursuant to Exchange Act Rules 13a-15 and 15d-15. Based upon that evaluation as of the end of the period covered by this report, the CEO and CFO concluded that our disclosure controls and procedures are effective in timely alerting them to material information relating to us (including our consolidated subsidiaries) required to be included in our periodic SEC filings. There have not been any significant changes in our internal controls or in other factors that could significantly affect these controls subsequent to the date of evaluation.

# PART II. OTHER INFORMATION

## ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

(a) Exhibits

31.1 Certification of the Chief Executive Officer dated May 6, 2004.

31.2 Certification of the Chief Financial Officer dated May 6, 2004.

32.1 Written Statement of the Chief Executive Officer dated May 6, 2004.

32.2 Written Statement of the Chief Financial Officer dated May 6, 2004.

(b) Reports on Form 8-K

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

On January 19, 2004, the Company filed a report on Form 8-K which reported the fiscal 2004 second quarter results under Item 12.

On January 26, 2004, the Company filed a report on Form 8-K which announced an increase in the quarterly dividend to $0.04 per common share.

On February 9, 2004, the Company filed a report on Form 8-K which announced the acquisition of Yellow Hammer Software, Inc.

On March 1, 2004, the Company filed a report on Form 8-K which announced the appointment of Craig R. Curry to the Board of Directors.

## 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 of the undersigned thereunto duly authorized.

JACK HENRY & ASSOCIATES, INC.

Date: May 6, 2004

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

Date: May 6, 2004

/s/ Kevin D. Williams
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Kevin D. Williams
Treasurer and Chief Financial Officer

EXHIBIT 31.1

# CERTIFICATION

I, Michael E. Henry, certify that:

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

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

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly 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: May 6, 2004

/s/ Michael E. Henry

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Michael E. Henry
Chief Executive Officer

EXHIBIT 31.2

# CERTIFICATION

I, Kevin D. Williams, certify that:

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

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

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly 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: May 6, 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 Quarterly Report on Form 10-Q of the Company for the three and nine-months ended March 31, 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: May 6, 2004

*/s/ Michael E. Henry
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Michael E. Henry
Chief Executive Officer

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

EXHIBIT 32.2

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

Solely for the purposes of complying with 18 U.S.C. Section 1350, I, the undersigned Chief Financial Officer of Jack Henry & Associates, Inc. (the "Company"), hereby certify that the Quarterly Report on Form 10-Q of the Company for the three and nine-months ended March 31, 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: May 6, 2004

*/s/ Kevin D. Williams
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Kevin D. Williams
Chief Financial Officer

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