FORM 10-Q

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

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

For the quarterly period ended December 31, 2001

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 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.

Class	Outstanding at January 31, 2002
Common Stock, $.01 par value	89,345,895

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)

	December 31, 2001 (Unaudited)	June 30, 2001
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$ 36,832	$ 18,589
Investments, at amortized cost	997	985
Trade receivables	91,338	116,573
Income taxes receivable	-	537
Prepaid cost of product	17,641	17,191
Prepaid expenses and other	11,755	17,425
Deferred income taxes	750	750
Total	$ 159,313	$ 172,050
PROPERTY AND EQUIPMENT	$ 205,631	$ 176,193
Accumulated depreciation	47,436	37,754
	$ 158,195	$ 138,439
OTHER ASSETS:		
Goodwill	$ 31,830	$ 29,348
Other intangible assets, net of amortization	68,116	72,041
Computer software, net of amortization	5,965	5,806
Prepaid cost of product	14,870	12,007
Other non-current assets	4,222	3,430
Total	$ 125,003	$ 122,632
Total assets	$ 442,511	$ 433,121

	December 31, 2001 (Unaudited)	June 30, 2001
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Accounts payable	$ 9,236	$ 17,846
Accrued expenses	8,463	9,595
Accrued income taxes	2,345	-
Current portion of long-term debt	87	87
Deferred revenues	66,606	79,490
Total	$ 86,737	$ 107,018
LONG-TERM DEBT	184	228
DEFERRED REVENUES	19,261	15,514
DEFERRED INCOME TAXES	7,372	7,857
Total liabilities	$ 113,554	$ 130,617
STOCKHOLDERS' EQUITY:		
Preferred stock - $1 par value; 500,000 shares authorized; none issued	-	-
Common stock - $0.01 par value; 250,000,000 shares authorized; 89,646,205 issued @ 12/31/01 88,846,710 issued @ 6/30/01	$ 896	$ 888
Less treasury stock at cost; 318,549 shares @ 12/31/01 0 shares @ 6/30/01	(6,708)	-
Additional paid-in capital	156,053	145,211
Retained earnings	178,716	156,405
Total stockholders' equity	$ 328,957	$ 302,504
Total liabilities and stockholders' equity	$ 442,511	$ 433,121

The accompanying notes are an integral part of these 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 December 31,		Six Months Ended December 31,	
	2001	2000	2001	2000
REVENUES				
Licensing and installation	$22,874	$24,536	$ 45,144	$ 48,048
Support and services	41,888	32,266	83,494	62,712
Hardware sales	26,783	23,930	49,039	46,980
Total	$91,545	$80,732	$177,677	$157,740
COST OF SALES				
Cost of hardware	18,371	15,635	33,250	31,604
Cost of services	34,163	30,330	66,367	56,737
Total	$52,534	$45,965	$ 99,617	$ 88,341
GROSS PROFIT	$39,011	$34,767	$ 78,060	$ 69,399
	43%	43%	44%	44%
OPERATING EXPENSES				
Selling and marketing	6,975	5,743	13,544	13,398
Research and development	3,543	2,828	6,453	5,211
General and administrative	8,657	6,363	16,162	12,269
Total	$19,175	$14,934	$ 36,159	$ 30,878
OPERATING INCOME	$19,836	$19,833	$ 41,901	$ 38,521
OTHER INCOME (EXPENSE)				
Interest income	571	388	1390	948
Interest expense	(41)	(96)	(88)	(775)
Total	$ 530	$ 292	$ 1,302	$ 173
INCOME BEFORE INCOME TAXES	$20,366	$20,125	$ 43,203	$ 38,694
PROVISIONS FOR INCOME TAXES	7,332	7,245	15,553	13,930
NET INCOME	$13,034	$12,880	$ 27,650	$ 24,764
Diluted net income per share	$ .14	$ .14	$ .30	$ .27
Diluted weighted average shares outstanding	92,247	91,667	92,485	90,379
Basic net income per share	$ .15	$ .15	$ .31	$ .29
Basic weighted average shares outstanding	88,982	86,517	88,967	85,413

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

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

	Six Months Ended December 31, 2001	Six Months Ended December 31, 2000
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net Income	$ 27,650	$ 24,764
Adjustments to reconcile net income to cash from operating activities:		
Depreciation	9,921	5,233
Deferred income taxes	(57)	1,301
Other	(486)	(83)
Changes in:		
Trade receivables	25,235	14,206
Prepaid expenses and other	(3,113)	(5,716)
Accounts payable	(8,610)	(1,952)
Accrued expenses	(1,442)	(1,900)
Accrued income taxes (including tax benefit from exercise of stock options)	6,284	8,765
Deferred revenues	(9,137)	(5,193)
Net cash from operating activities	$ 49,550	$ 44,104
CASH FLOWS FROM INVESTING ACTIVITIES:		
Capital expenditures	$ (23,145)	$(28,656)
Computer software developed/purchased	(402)	(607)
Payment for acquisition, net	(2,923)	-
Purchase of investment	(996)	-
Proceeds from maturity of investments	1,000	-
Other, net	30	(92)
Net cash from investing activities	$ (26,436)	$(29,355)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from issuance of common stock upon exercise of stock options	$ 6,830	$ 9,861
Proceeds from sale of common stock, net	391	60,922
Short-term borrowings, net	-	(70,500)
Principal payments on notes payable	(45)	(80)
Purchase of treasury stock	(6,708)	-
Dividends paid	(5,339)	(4,306)
Net cash from financing activities	$ (4,871)	$ (4,103)
NET INCREASE IN CASH AND CASH EQUIVALENTS	$ 18,243	$ 10,646
Cash and cash equivalents at beginning of period	18,589	5,186
Cash and cash equivalents at end of period	$ 36,832	$ 15,832

Net cash paid for income taxes was $9,312 and $3,338 for the six months ended December 31, 2001 and 2000, respectively.

The Company paid interest of $72 and $1,048 for the six months ended December 31, 2001 and 2000, respectively.

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

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 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 computer equipment (hardware) and by providing the conversion and software customization 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 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.

Comprehensive Income - Comprehensive income for each of the six-month periods ended December 31, 2001 and 2000, equals the Company's net income.

Common Stock Split - Prior period share and per share data have been adjusted for the 100% stock dividend paid March 2, 2001.

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

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, 2001.

2. New Accounting Standard

Statement of Financial Accounting Standards("SFAS")No.144, Accounting for the Impairment or Disposal of Long-Lived Assets, was issued in August 2001. This Statement addresses financial accounting and reporting for the impairment or disposal of long-lived assets. This Statement supersedes SFAS No. 121, Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to Be Disposed Of, and the accounting and reporting provisions of APB Opinion No. 30, Reporting the Results of Operations - Reporting the Effects of Disposal of a Segment of a Business, and Extraordinary, Unusual and Infrequently Occurring Events and Transactions, for the disposal of a segment of a business (as previously defined in that Opinion). The provisions of this Statement are effective for financial statements issued for fiscal years beginning after December 15, 2001 (July 1, 2002 for JHA), and interim periods within those fiscal years, with early application encouraged. Management has not completed the process of evaluating the impact that this statement will have on the Company's consolidated financial position or results of operations.

3. 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 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 Form 10-K, for the year ended June 30, 2001.

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 December 31, 2001 and the results of its operations for the three and six month periods then ended and its cash flows for the six months ended December 31, 2001.

The results of operations for the period ended December 31, 2001 are not necessarily indicative of the results to be expected for the entire year.

4. Additional Interim Footnote Information

The following additional information is provided to update the notes to the Company's annual consolidated financial statements for developments during the six months ended December 31, 2001:

Stock Repurchase Program

On September 21, 2001, the Board of Directors approved a program to repurchase up to 3.0 million shares of common stock. To date 318,549 shares have been purchased for $6.7 million.

Acquisition of System Legacy Solutions, Inc. (SLS)

On December 1, 2001, the Company acquired all the outstanding shares of SLS for $3.0 million in cash. 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 then estimated fair values at the acquisition date, resulting in allocation to goodwill of $2.48 million and to software $.45 million, which is being amortized on a straight-line basis over 10 years.

5. Shares used in computing net income per share

(In Thousands)

	Three Months Ended December 31,		Six Months Ended December 31,	
	2001	2000	2001	2000
Weighted average number of common shares outstanding - basic	88,982	86,517	88,967	85,413
Common stock equivalents	3,265	5,150	3,518	4,966
Weighted average number of common and common equivalent shares outstanding - diluted	92,247	91,667	92,485	90,379

Per share information is based on the weighted average number of common shares outstanding for the periods ended December 31, 2001 and 2000. Stock options have been included in the calculation of income per share to the extent they are dilutive. Reconciliation from basic to diluted weighted average shares outstanding is the dilutive effect of outstanding stock options.

6. Business Segment Information

The Company is a leading provider of integrated computer systems that perform data processing (available for in-house or outsourced installations) for banks and credit unions. The Company evaluates the performance of the banking and credit union segments and allocates resources to them based on various factors, including prospects for growth, return on investment and return on revenues.

(In Thousands)

	Three Months Ended December 31,		Six Months Ended December 31,	
	2001	2000	2001	2000
Revenues:				
Bank systems and services	$77,260	$69,541	$150,431	$139,940
Credit union systems and services	14,285	11,191	27,246	17,800
Total	$91,545	$80,732	$177,677	$157,740
Gross Profit:				
Bank systems and services	$34,657	$30,952	$ 68,830	$ 65,541

Credit union systems and services	4,354	3,815	9,230	3,858
Total	$39,011	$34,767	$ 78,060	$ 69,399

7. Goodwill and Other Intangible Assets

The Company adopted SFAS No. 142, Goodwill and Other Intangible Assets, effective July 1, 2001. Under SFAS No. 142, goodwill and tradenames are no longer amortized but reviewed for impairment annually, or more frequently if certain indicators arise. The Company completed the transitional impairment test for tradenames with indefinite useful lives during the quarter ended September 30, 2001, and for goodwill during the quarter ended December 31, 2001, and has determined that no impairment exists. Had the Company been accounting for its goodwill and tradenames under SFAS No. 142 for all periods presented, the Company's net income and net income per share would have been adjusted as follows:

	(In Thousands, Except Per Share Data) Three Months Ended December 31,		Six Months Ended December 31,	
	2001	2000	2001	2000
Reported net income	$13,034	$12,880	$27,650	$24,764
Goodwill and tradenames amortization, net of tax	-	277	-	553
Adjusted net income	$13,034	$13,157	$27,650	$25,317
Reported diluted net income per share	$ .14	$ .14	$ .30	$ .27
Goodwill and tradenames amortization, net of tax	-	-	-	.01
Adjusted diluted net income per share	$ .14	$ .14	$ .30	$ .28
Reported basic net income per share	$ .15	$ .15	$ .31	$ .29
Goodwill and tradenames amortization, net of tax	-	-	-	.01
Adjusted basic net income per share	$ .15	$ .15	$ .31	$ .30

Changes in the carrying amount of goodwill for the six months ended December 31, 2001, by reportable segments, are as follows:

(In Thousands)	Banking Systems and Services	Credit Union Systems and Services	Total
Balance, July 1, 2001	$10,820	$18,528	$29,348
Goodwill acquired during the period	$ 2,482	-	$ 2,482
Balance, December 31, 2001	$13,302	$18,528	$31,830

Information regarding our other intangible assets is as follows:

(In Thousands)	December 31, 2001			June 30, 2001		
	Carrying Amount	Accumulated Amortization	Net	Carrying Amount	Accumulated Amortization	Net
Customer						

Relation-ships	$87,089	($22,672)	$64,417	$90,612	($22,270)	$68,342
Tradenames	3,915	(216)	3,699	3,915	(216)	3,699
	------	------	------	------	------	------
Totals	$91,004	($22,888)	$68,116	$94,527	($22,486)	$72,041

Tradenames have been determined to have indefinite lives and therefore as of July 1, 2001 are no longer amortized. Customer relationships have lives ranging from 3 to 20 years.

Amortization expense for other intangible assets was $1,528 and $2,345 for the three month and $3,305 and $4,679 for the six month periods ended December 31, 2001 and 2000, respectively.

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

RESULTS OF OPERATIONS

Background and Overview

The Company is a leading provider of integrated computer systems to banks with under $10 billion of total assets, credit unions and other financial institutions in the United States. We offer a complete, integrated suite of data processing system solutions to improve our customers' management of their entire back-office and customer interaction processes. We believe our solutions enable our customers to provide better service to their customers and compete more effectively against larger banks and alternative financial institutions. Our customers either install and use our systems in-house or outsource these operations to us. We perform data conversion, hardware and software installation and software customization 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.

A detailed discussion of the major components of the results of operations for the three and six month periods ended December 31, 2001, as compared to the same period in the previous year follows (In Millions, Except Per Share Data):

Revenues

Revenues increased 13% to $91.5 for the three months ended December 31, 2001 from $80.7 for the same period last year. Non-hardware revenues increased 14% to $64.8, accounting for 71% of second quarter 2002 revenues, compared to $56.8 in the second quarter a year ago, representing 70% of revenue. The Support and services revenues increased 30% to $41.9 for the three months ended December 31, 2001 compared to $32.3 in the same period in the previous year. Licensing and installation revenues decreased 7% from $24.6 for the three months ended December 31, 2000 to $22.9 for the three months ended December 31, 2001. Hardware sales grew 12% to $26.8 or 29% of total revenues for the second quarter compared to $23.9 or 30% of total revenues in the same period in the previous year.

For the six months ended December 31, 2001, total revenues grew 13% to $177.7 compared to $157.7 in the first half of fiscal 2001. Non-hardware revenues increased 16% to $128.6 compared to $110.8, and support and services rose 33% to $83.5 with licensing and installation revenues decreasing 6% at $45.1. For the six months ended December 31, 2001, hardware sales increased 4% to $49.0 compared to $47.0 a year ago.

Support and services revenue growth for the three and six months ended December 31, 2001 is attributable to continuing growth in both in-house and outsourcing services, much of which is recurring revenue. We believe that the decline in licensing and installation revenue is due to customers postponing investments this fall, as a result of general weakness in the economy and the tragic events of September 11th. The increase in hardware sales for the three and six months ended December 31, 2001 is primarily due to hardware upgrades and new hardware related to complementary software products.

Our backlog increased at December 31, 2001 to $132.1 ($52.3 in-house and $79.8 outsourcing) from $128.9 ($49.8 in-house and $79.1 outsourcing) at September 31, 2001 and $110.8 ($44.7 in-house and $66.1 outsourcing) at December 31, 2000. Backlog at January 31, 2002 was $134.4 ($56.7 in-house and $77.7 outsourcing)

Cost of Sales

Cost of sales increased 14% for the three months ended December 31, 2001. Cost of services increased 12%, while the cost of hardware increased 17% over the same three month period last year.

Cost of sales increased 13% for the first six months of fiscal 2002. Cost of services increase 17%, while the cost of hardware increased 5% over the same six months last year.

For the three and six months period ended December 31, 2001 cost of sales has increased consistently with the increase in revenue along with the cost of services increasing consistently with non-hardware revenues. Cost of hardware increased more than the increase in hardware revenue, due to reduced incentives from hardware suppliers. Incentives from suppliers are adjusted during the fourth calendar quarter annually based on prior year volumes.

Gross Profit

Gross profit was up 12% for the three months ended December 31, 2001 to $39.0 or 43% of total revenues, compared to $34.8 or 43% of revenues in the second quarter a year ago. Non-hardware margin was flat at 47% for this quarter and the same quarter last year. Hardware margin was 31% compared to 35% in the second quarter a year ago, due to reduced incentives from hardware suppliers.

For the six months ended December 31, 2001, gross profit was up 12% to $78.1 or 44% of revenues compared to $69.4, also 44% of the revenues for the same period last year. Non-hardware margin was 48% or $62.3 in the first half of fiscal 2002, compared to 49% or $54.0 for the same period last year. Hardware margin was 32% or $15.8 for the first six months this fiscal year compared to 33% or $15.4 for the same six months last year.

Operating Expenses

Total operating expenses increased 28% in the three months ended December 31, 2001 compared to the same period in the prior year. Selling and marketing expenses increased 21%, research and development expenses increased 25% and general and administrative expenses increased 36% in the same three month period.

Total operating expenses increased 17% in the six months ended December 31, 2001 compared to the same period in the prior year. Selling and marketing increased 1%, research and development increased 24% and general and administrative increased 32% compared to the same six month period last year.

Selling and marketing expense increased for the second quarter, but remained fairly flat for the first half of the fiscal year 2002. The fluctuation is attributable to the sales of different product mix and incentives. Research and development increased due to the new imaging products being available in the first half of fiscal year 2002. The direct costs associated with the development of our new imaging products, which were in general availability in October 2001 are now expensed as incurred and are no longer being capitalized as they were in fiscal 2001 during the development stage of the products. General and administrative expenses increased primarily due to employee benefits and depreciation expense. Depreciation and amortization expenses were higher due to capital investments made in fiscal 2001 for infrastructure expansion.

Other Income (Expense)

Other income for the three months ended December 31, 2001 reflects a significant increase of 81% when compared to the same period last year. Interest expense was half of last years' expense while interest income increased 45%.

The net increase in other income of $1.1 for the first half of fiscal 2002 is primarily due to net interest expense last year from short-term borrowing compared to net interest income this year from cash investments.

Net Income

Net income for the second quarter was $13.0, or $.14 per diluted share compared to $12.9, or $.14 per diluted share in the same period last year.

Net income for the first half of fiscal 2002 was $27.6, or $.30 per diluted share compared to $24.7, or $.27 per diluted share in the same period last year.

Business Segment Discussion

Revenues in the bank systems and services business segment increased 11% from $69.5 to $77.3 for the three months ended December 31, 2000 and 2001, respectively. Gross profit increased 12% from $30.9 in the second quarter of the previous year to $34.7 in the current second quarter, while gross margins stayed the same at 45% for current second quarter compared to the same quarter in the previous year. Gross margins remained unchanged primarily due to sales mix.

Revenues in the credit union systems and services business segment increased 28% from $11.2 to $14.3 for the three months ended December 31, 2000 and 2001, respectively. Gross profit increased 14% from $3.8 in the second quarter of the previous year to $4.4 in the current second quarter, while gross margins decreased slightly in the current second quarter compared to the same quarter in the previous year to 31% from 34% due to sales mix.

Revenues in the bank systems and services business segment increased 7% from $139.9 to $150.5 for the six months ended December 31, 2000 and 2001, respectively. Gross profit increased 5% from $65.5 for the six months ended December 31, 2000 to $68.8 for the six months ending December 31, 2001. Gross margins decreased slightly from 47% last year to date, to 46% in the first half of fiscal year 2002.

Revenues in the credit union systems and services business segment increased 53% from $17.8 to $27.2 for the six months ended December 31, 2000 and 2001, respectively. Gross profit increased 139% from $3.8 in the six month period of the previous year to $9.2 in the current six month period, while gross margins increased from 22% to 34% for the six months ended December 31, 2000 and 2001, respectively. Increase in gross margin is primarily due to significant increase in revenue which allows better utilization of resources.

FINANCIAL CONDITION

Liquidity

The Company's cash and cash equivalents and investments increased to $37.8 at December 31, 2001, from $19.6 at June 30, 2001.

JHA has available credit lines totaling $58.0, although the Company expects additional borrowings to be minimal during fiscal year 2002.

Capital Requirements and Resources

JHA generally uses existing resources and funds generated from operations to meet its capital requirements. Capital expenditures totaling $23.1 and $28.7 for the six month periods ended December 31, 2001 and 2000, respectively, were made for expansion of facilities and additional equipment. These were funded from cash generated by operations. The consolidated capital expenditures of JHA, excluding acquisition costs, could exceed $50.0 for fiscal year 2002.

The Company paid a $.03 per share cash dividend on December 4, 2001 to stockholders of record on November 20, 2001 which was funded from operations. In addition, the Company's Board of Directors, subsequent to December 31, 2001, declared a quarterly cash dividend of $.035 per share on its common stock payable February 28, 2002 to stockholders of record on February 13, 2002. This dividend will be funded by cash generated from operations.

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, 2001. Undue reliance should not be placed on the forward-looking statements. The Company does not undertake any obligation to publicly update any forward-look statements.

CONCLUSION

JHA's results of operations and its financial position continued to be favorable during the six months ended December 31, 2001. 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 it serves.

Item 3. Quantitative and Qualitative Disclosure 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, interest risk on investments in U.S. government securities and long-term debt. 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.

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: February 14, 2002	/s/ Michael E. Henry
	Michael E. Henry Chairman of the Board Chief Executive Officer
Date: February 14, 2002	/s/ Kevin D. Williams
	Kevin D. Williams Treasurer and Chief Financial Officer