

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 December 31, 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 January 31, 1996
Common Stock, \$.01 par value	11,757,081

JACK HENRY & ASSOCIATES, INC.

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Part I. Financial Information
Item 1. Financial Statements

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

	Quarter Ended December 31,		Six Months Ended December 31,	
	1995	1994	1995	1994
Revenues:				
Software licensing & installation	\$ 4,035	\$ 4,113	\$ 8,877	\$ 7,626
Maintenance/support & service	5,550	2,486	11,001	5,043
Hardware sales & commissions	6,934	4,806	12,791	8,385
Total revenues	\$16,519	\$11,405	\$32,669	\$21,054
Cost of sales:				
Cost of hardware	\$ 4,431	\$ 3,421	\$ 8,438	\$ 6,075
Cost of services	3,839	1,942	7,743	3,867
Total cost of sales	\$ 8,270	\$ 5,363	\$16,181	\$ 9,942
Gross profit	\$ 8,249	\$ 6,042	\$16,488	\$11,112
	50%	53%	50%	53%
Operating expenses:				
Selling and marketing	\$ 1,807	\$ 1,448	\$ 3,639	\$ 2,608
Research and development	471	266	925	547
General and administrative	1,543	1,254	2,761	2,249
Total operating expenses	\$ 3,821	\$ 2,968	\$ 7,325	\$ 5,404
Operating income	\$ 4,428	\$ 3,074	\$ 9,163	\$ 5,708
Other income (expense):				
Interest and dividend income, net	\$ 124	\$ 193	\$ 287	\$ 356
Other, net	(51)	(21)	25	(15)
Total other income	\$ 73	\$ 172	\$ 312	\$ 341
Income before income taxes	\$ 4,501	\$ 3,246	\$ 9,475	\$ 6,049
Provision for income taxes	1,742	1,241	3,621	2,213
Net income	\$ 2,759	\$ 2,005	\$ 5,854	\$ 3,836
Net income per share (Note 4)	\$.22	\$.17	\$.47	\$.32
Weighted average shares outstanding	12,447	12,047	12,394	12,008

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

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

	December 31, 1995 (Unaudited)	June 30, 1995
ASSETS		
Current assets:		
Cash	\$ 5,361	\$ 3,423
Short-term investments	2,590	4,650
Receivables	6,160	16,740
Prepaid expenses and other	3,069	2,661
Total current assets	\$17,180	\$27,474
Property and equipment, net	\$12,825	\$10,302
Other assets:		
Intangible assets, net of amortization	\$17,839	\$17,790
Computer software	1,767	1,740
Investments and other	1,003	1,415
Total other assets	\$20,609	\$20,945

Total assets	\$50,614	\$58,721
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	December 31, 1995 (Unaudited)	June 30, 1995
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 1,210	\$ 5,124
Accrued expenses	2,264	2,468
Income taxes	210	-
Accrued Acquisition costs	500	5,398
Deferred revenue	11,767	15,150
Total current liabilities	\$15,951	\$28,140
Deferred income taxes	986	1,097
Total liabilities	\$16,937	\$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; 11,757,081 issued @ 12/31/95 11,732,028 issued @ 6/30/95	\$ 118	\$ 117
Additional paid-in capital	9,113	9,425
Retained earnings	24,446	19,942
Total stockholders' equity	\$33,677	\$29,484
Total liabilities and stockholders' equity	\$50,614	\$58,721

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)
(Unaudited)

	Six Months Ended December 31,	
	1995	1994
Cash flows - operating activities:		
Cash received from customers	\$39,752	\$22,691
Cash paid to suppliers and employees	(26,157)	(14,732)
Interest and dividends received	348	353
Income taxes paid	(3,216)	(1,826)
Other, net	50	14
Net cash flow provided by operating activities	\$10,777	\$ 6,500
Cash flows from investing activities:		
Proceeds on sale of property & equipment	\$ 2	\$ 3
Capital expenditures	(3,211)	(1,570)
Short-term investment activity, net	2,000	(1,503)
Long-term investment activity, net	(3)	(32)
Software development	(215)	(88)
Acquisition costs, net	(5,501)	(1,370)
Net cash used in investing activities	\$(6,928)	\$(4,560)
Cash flows from financing activities:		
Proceeds from issuance of common stock upon exercise of stock options	\$ 312	\$ 58
Dividends paid	(1,350)	(1,168)
Purchase of Treasury Stock	(873)	0
Net cash used in financing activities	\$(1,911)	\$ (1,110)
Net increase (decrease) in cash	\$ 1,938	\$ 830
Cash at beginning of period	3,423	1,942

Cash at end of period \$ 5,361 \$ 2,772

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 along with the computer equipment (hardware) and provides the conversion and software 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. 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 December 31, 1995, and the results of its operations and its cash flows for the quarter and six-month period then ended.

The results of operations for the periods ended December 31, 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 quarter ended December 31, 1995:

None.

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 quarters and six month periods ended December 31, 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 20/20TM 1, typically for banks with less than \$200 million in assets, and the Silverlake System(R) 2, for banks with assets of \$100 million to \$10 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 and the six months ended December 31, 1995, as compared to the same periods in the previous year follows.

Revenues

Revenues increased 45% to \$16,519,000 in the second quarter ended December 31, 1995. Software licensing and installation was basically flat. Maintenance, support and service revenues increased 123% to \$5,555,000, growing with new customer additions and the Liberty acquisition. Hardware sales were \$6,934,000, up 44% from last year. Overall, revenues continue to be strong because demand for the Company's products and services remains high.

The six months ended December 31, 1995, had a 55% increase in revenues over the same period a year earlier. Software licensing and installation revenues are up 16% over Fiscal year '95's second quarter. This increase is complimented by the 118% growth in maintenance/support and service revenue and 53% increase in hardware sales over the same period last year.

The \$11,437,000 backlog of sales at December 31, 1995, is up 42% from last year's \$8,048,000.

1CIF 20/20 is a trademark of Jack Henry & Associates, Inc.

2Silverlake System is a registered trademark of Jack Henry & Associates, Inc.

Cost of Sales

The 54% increase over last year's quarter in cost of sales is consistent with the increase in revenues.

Cost of sales increased 63% in the six months ended December 31, 1995, compared to the same period a year ago. This increase is considering the mix of revenues experienced in this period.

Gross Profit

Gross profit increased to \$8,249,000 and \$16,488,000, respectively, in the second quarter and the six months ended December 31, 1995. This represents a 37% and 48% increase over the same periods last year. These are less than the respective sales increases, but very consistent when the mix in sales is considered. The gross margin percentage was 50% of sales this year compared to 53% for both periods last year. Generally, this percentage will fluctuate with hardware sales - as they go up it will trend downward and vice versa.

Operating Expenses

Total operating expenses increased 29%. This is a favorable picture, since gross profit increased 37%, thus the Company continues to gain efficiencies through growth. Selling expenses increased 25%; research and development increased 77%; and general and administrative expenses increased 23%. Overall, the increases are attributable to the significant growth in Company revenues.

Operating expenses for the six months ended December 31, 1995, also experienced increases in all areas when compared to the same period a year ago. Again, these increases are generally related to the overall growth in the Company's revenues.

Other Income and Expense

Other income for the quarter ended December 31, 1995, reflects a net 36% decrease when compared to the same period last year. This is attributable to the sizable decrease in interest and dividend income. The Company had a lower interest income due to its expenditures for acquisitions during the last 7 months which lowered funds available to invest.

The six months ended December 31, 1995, also experienced a net decrease, when compared to the same period a year ago, for the same reasons as noted above. These would have been an increase had the Company not paid out in excess of \$12.3 million related to acquisitions since June 1, 1995.

Net Income

Net income for the second quarter was \$2,759,000, or \$.22 per share, compared to \$2,005,000, or \$.17 per share, in the same quarter last year.

Net income for the six months ended December 31, 1995, was \$5,854,000, or \$.47 per share compared to \$3,836,000, or \$.32 per share, in the same period last year.

FINANCIAL CONDITION

Liquidity

The Company's cash and short-term investments were \$7,951,000 at December 31, 1995, basically unchanged from June 30, 1995.

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 \$1,233,000 for the second quarter ended December 31, 1995, were made for additional equipment. These were funded from cash generated by operations. The consolidated capital expenditures of JHA total \$3,211,000 for the six months ended December 31, 1995.

The Company paid a \$.0575 per share cash dividend on December 12, 1995 to stockholders of record November 21, 1995 which was funded from working capital. In addition, the Company's Board of Directors, subsequent to December 31, 1995, declared a quarterly cash dividend of \$.07 per share on its common stock payable March 14, 1996 to stockholders of record on February 22, 1996. This will be funded out of working capital.

CONCLUSION

JHA's results of operations continued to be quite favorable during the quarter and six months ended December 31, 1995. This is a result of the commitment of the Company and each associate to deliver quality products and services to the markets served.

PART II. OTHER INFORMATION

None.

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: February 13, 1996

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

Date: February 13, 1996

/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. 1995 10-K and is qualified in its entirety by reference to such 10-K.

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3-MOS	JUN-30-1996	OCT-01-1995	DEC-31-1995
			5,361
		2,590	
		6,160	
		0	
	17,180	0	
			18,423
	5,598		
	50,614		
15,951			0
			118
0			0
			33,559
50,614			16,519
	16,519		8,270
	3,821		
	(73)		
	0		
	0		
	4,501		
	1,742		
2,759			
	0		
	0		
			0
	2,759		
	0		
	0		