

SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

(Mark One)

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

For the quarterly period ended September 30, 1997  
OR

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

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission file number 0-14112

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

Delaware 43-1128385  
(State or other jurisdiction of incorporation) (I.R.S. Employer Identification No.)

663 Highway 60, P. O. Box 807, Monett, MO 65708  
(Address of principal executive offices)  
(Zip Code)

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

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

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

APPLICABLE ONLY TO CORPORATE ISSUERS:

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

Class	Outstanding at October 31, 1997
Common Stock, \$.01 par value	18,786,050

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 of Dollars, Except Share Data)

September 30,  
1997  
(Unaudited)      June 30,  
1997

ASSETS

Current assets:

Cash	\$21,804	\$ 7,948	
Held-to-maturity securities		3,850	5,919
Receivables		11,816	22,703
Income taxes receivable		-	1,982
Prepaid expenses and other		4,310	4,177
Total current assets		\$41,780	\$42,729
Property and equipment, net		22,930	21,869
Other assets:			
Intangible assets, net of amortization		\$15,072	\$15,469
Computer software		1,178	1,226
Investments and other		912	776
Total other assets		\$17,162	\$17,471
Total assets		\$81,872	\$82,069

	September 30, 1997 (Unaudited)	June 30, 1997
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 2,302	\$ 2,911
Accrued expenses	2,207	3,648
Income taxes	2,144	-
Deferred revenue	17,456	20,680
Total current liabilities	\$24,109	\$27,239
Deferred income taxes	2,048	2,048
Total liabilities	\$26,157	\$29,287
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; 18,785,586 issued @ 9/30/97 18,517,309 issued @ 6/30/97	\$ 188	\$ 185
Less treasury shares 6/30/97 - 15,410	-	(293)
Additional paid-in capital	14,723	14,744
Retained earnings	40,804	38,146
Total stockholders' equity	\$55,715	\$52,782
Total liabilities and stockholders' equity	\$81,872	\$82,069

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

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

	Quarter Ended September 30,	
	1997	1996 *
Revenues:		
Software licensing & installation	\$ 6,122	\$ 5,833
Maintenance/support & service	8,509	6,277
Hardware sales & commissions	5,428	6,240
Total revenues	20,059	18,350

Cost of sales:

Cost of hardware	3,395	4,318
Cost of services	5,423	4,025
Total cost of sales	\$ 8,818	\$ 8,343

Gross profit	\$11,241	\$ 10,007
	56%	55%

Operating expenses:

Selling and marketing	2,172	2,202
Research and development	671	523
General and administrative	1,800	1,381
Total operating expenses	\$ 4,643	\$ 4,106

Operating income	6,598	5,901
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Other income (expense):

Interest income	278	177
Other, net	111	74
Total other income	\$ 389	\$ 251

Income before income taxes	\$ 6,987	\$ 6,152
Provision for income taxes	2,560	2,349
Income from continuing operations	\$ 4,427	-
Loss from discontinued operations	261	-
Net income	\$ 4,166	\$ 3,803

Per share data:

Income from continuing operations	.23	.20
Loss from discontinued operations	.02	-
Net income	\$ .21	\$ .20

Weighted Average Shares Outstanding	19,533	19,040
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\* Adjusted for split

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

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

	Three Months Ended September 30,	
	1997	1996
Cash flows - operating activities:		
Cash received from customers	\$27,714	\$24,315
Cash paid to suppliers and employees	(14,971)	(13,508)
Interest and dividends received, net	345	222
Income taxes paid, net	1,423	(343)
Other, net	10	26
Net cash flow provided by operating activities	\$14,521	\$10,712
Cash flows from discontinued operations	(397)	(107)
Cash flows from investing activities:		
Proceeds on sale of property & equipment	\$ 51	\$ 7
Capital expenditures	(1,424)	(3,524)
Proceeds from sales of investments	2,000	-
Computer software development	(36)	(41)
Business acquisition, net	25	(314)
Net cash used in investing activities	\$ 616	\$(3,872)
Cash flows from financing activities:		
Principal payment on notes payable	\$ (119)	\$ (129)
Proceeds from issuance of common stock upon exercise of stock options	222	276
Proceeds from sale of common stock	46	-
Dividends paid	(1,033)	(835)
Purchase of treasury stock	-	(335)
Net cash used in financing activities	\$ (884)	\$(1,023)

Net increase in cash	\$13,856	\$ 5,710
Cash at beginning of period	7,948	4,952
Cash at end of period	\$21,804	\$10,662

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 in the United States along with the computer equipment (hardware) and provides the conversion and software customization services necessary for a financial institution to install a JHA software system. It also provides continuing support and maintenance services to customers using the system. The Company also processes ATM transactions for financial institutions in the U.S. All of these related activities are considered a single business segment.

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

Other Significant Accounting Policies - The accounting policies followed by the Company are set forth in Note 1 to the Company's consolidated financial statements included in its Annual Report on Form 10-K ("Form 10-K") for the fiscal year ended June 30, 1997.

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, 1997, which are included in its Form 10-K.

In the opinion of management of the Company, the accompanying condensed financial statements reflect all adjustments necessary (consisting solely of normal recurring adjustments) to present fairly the financial position of the Company as of September 30, 1997 and the results of its operations and its cash flows for the three month period then ended.

The results of operations for the period ended September 30, 1997 are not necessarily indicative of the results to be expected for the entire year.

3. Additional Interim Footnote Information

The following additional information is provided to update the notes to the Company's annual financial statements for developments during the three months ended September 30, 1997:

Effective July 1, 1997, the Company purchased all the outstanding stock of G G Pulley & Associates, Inc. (GGPA). GGPA's primary offering is image and item processing software and services for financial institutions in the United States. The total consideration paid to GGPA's stockholders was \$5,000,000 in Company stock. The stock transaction was accounted for as a pooling of interests.

Effective September 2, 1997, the Company acquired Financial Software Systems, Inc. (FSS). FSS is a vendor of payroll software and services. FSS has been a Jack Henry Business Partner for several years and the FSS payroll system is already integrated with the Jack Henry application

software. The \$600,000 stock transaction will be accounted for as a pooling of interests.

#### 4. Income Per Share Information

Earnings per common share are computed by dividing income by the weighted average number of shares of common stock and dilutive common stock equivalents outstanding for the three month period ended September 30, 1997 and 1996.

#### 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 integrated computer systems that perform data processing for banks and related financial institutions. These systems are available for in-house or outsourced applications. The Company was founded in 1976. Its proprietary applications software, which operates on IBM computers, is offered under two systems: CIF 20/20(TM), typically for banks with less than \$300 million in assets, and the Silverlake System(R), for banks with assets up to \$10 billion. 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 1450 banks and financial institutions nationwide.

A detailed discussion of the major components of the results of operations for the quarter ended September 30, 1997, as compared to the same period in the previous year follows.

##### Revenues

Revenues increased 9% to \$20,059,000 in the quarter ended September 30, 1997. Software licensing and installation increased 5%. Maintenance, support and service revenues increased 36%. Hardware sales were down 13% from last year's quarter. The Company's non-hardware products and services (higher margin sales) increased 21% over last year. The increases reflect continued growth and demand for the Company's products and services. The hardware decrease was due principally to the timing of the announcement of a new model AS/400 by IBM, the Company's hardware supplier.

The backlog of sales at September 30, 1997 was \$32,550,000. This is up from the record June 30, 1997 level, and is consistent with management's expectations for the first quarter. Backlog at October 30, 1997 was \$30,981,000.

##### Cost of Sales

The 6% increase in cost of sales for the first quarter of FY '98 is relatively consistent with the increase in revenues. Cost of services increased significantly due to growth and planned expansion in the Company's core business plus acquisitions were a sizable portion of the increase.

##### Gross Profit

Gross profit increased to \$11,241,000 in the first quarter ended September 30, 1997, a 12% increase over last year. The gross margin percentage was 56% of sales compared to 55% last year.

##### Operating Expenses

Total operating expenses increased 13%. This is consistent with the gross profit increase of 12%. Selling and marketing expenses decreased slightly while research & development and general & administrative expenses increased 28% and 30%, respectively. Acquisitions contributed a significant portion of both increases.

##### Other Income and Expense

Other income for the quarter ended September 30, 1997 reflects an increase when compared to the same period last year due primarily to the level of cash invested being much higher this year than last.

##### Net Income

Net income from continuing operations for the first quarter was \$4,427,000, or \$.23 earnings per share compared to \$3,803,000, or \$.20

earnings per share in the same period last year.

## FINANCIAL CONDITION

### Liquidity

The Company's cash and held-to-maturity securities increased to \$25,654,000 at September 30, 1997, from \$13,867,000 at June 30, 1997. This is reflecting the seasonal influx of cash due to the receipt in the first quarter of annual maintenance fees billed June 30, 1997.

JHA has an available credit line totaling \$4,000,000, although the Company expects their use to be minimal during FY '98. 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 \$1,424,000 for the quarter ended September 30, 1997, were made for additional equipment. These were funded from cash generated by operations. The consolidated capital expenditures of JHA could exceed \$6,000,000 for FY '98.

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

The Company paid a \$.055 per share cash dividend on September 23, 1997 to stockholders of record September 8, 1997 which was funded from working capital. In addition, the Company's Board of Directors, subsequent to September 30, 1997, declared a quarterly cash dividend of \$.055 per share on its common stock payable December 9, 1997 to stockholders of record on November 18, 1997. This will be funded out of working capital.

## CONCLUSION

JHA's results of operations and its financial position continued to be quite favorable during the quarter ended September 30, 1997. This reflects the continuing attitude of cooperation and commitment by each employee, management's ongoing cost control efforts and commitment to deliver top quality products and services to the markets served.

## PART II. OTHER INFORMATION

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

The Annual Meeting of the Stockholders of Jack Henry & Associates, Inc. was held on October 30, 1997, for the purpose of electing a board of directors and to amend the Certificate of Incorporation to increase authorized shares from 30 million to 50 million common shares. Proxies for the meeting were solicited pursuant to Section 14(a) of the Securities and Exchange Act of 1934 and there was no solicitation in opposition to management's solicitations. Management's nominees for director, all incumbents, were elected with the number of votes for and withheld as indicated below:

	For	Withheld
John W. Henry	16,088,748	107,400
Jerry D. Hall	16,096,348	99,800
Michael E. Henry	16,088,748	107,400
James J. Ellis	16,096,171	99,977
Burton O. George	16,091,606	104,542
George R. Curry	16,081,586	114,562
Michael R. Wallace	16,088,973	107,175

Also approved was to amend the Certificate of Incorporation to increase authorized shares from 30 million to 50 million common shares with the number of votes as indicated below:

For	Against	Abstain
15,945,010	216,820	34,318

## 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: November 14, 1997

/s/ Michael E. Henry

Michael E. Henry  
Chairman of the Board  
Chief Executive Officer

Date: November 14, 1997

/s/ Terry W. Thompson

Terry W. Thompson  
Vice President and  
Chief Financial Officer

3-MOS

JUN-30-1998

SEP-30-1997

2804

3850

11816

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41780

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9293

81872

24109

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6987

2560

4427

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4166

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.21