UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 8-K/A

AMENDMENT NO. 1 TO

CURRENT REPORT

Pursuant to Section 13 OR 15(d) of

The Securities Exchange Act of 1934

Date of Report (Date of earliest event reported) September 30, 2004

AMERICAN SOFTWARE, INC.

(Exact name of registrant as specified in its charter)

Georgia	**0-12456**	**58-1098795**
(State or Other Jurisdiction of Incorporation)	**(Commission File Number)**	**(IRS Employer Identification No.)**

470 East Paces Ferry Road, N.E.

Atlanta, Georgia	**30305**
(Address of principal executive offices)	**(Zip Code)**

Registrant s telephone number, including area code (404) 261-4381

(Former name or former address, if changed since last report) Not Applicable.

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

¨ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

¨ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

¨ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

¨ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Item 1.01. Entry into a Material Definitive Agreement

On October 1, 2004, American Software, Inc. (the Company) filed a Current Report on Form 8-K reporting the acquisition of substantially all of the assets of Demand Management, Inc. by Logility, Inc., which is an 87% owned subsidiary of the Company. This amendment number 1 amends Item 9.01 of the subject Current Report on Form 8-K to provide the financial statements and pro forma financial information as set forth in Item 9.01.

Item 2.01. Completion of Acquisition or Disposition of Assets.

On September 30, 2004, our Logility subsidiary acquired certain assets and the distribution channel of privately-held Demand Management, Inc. (DMI), a St. Louis-based provider of supply chain planning systems marketed under the Demand Solutions® brand, for $9.5 million in cash, less working capital and cash on hand, for a net cash consideration of $8.7 million. Under the terms of the agreement, the business and assets of Demand Management were acquired by a wholly-owned subsidiary of Logility.

In accordance with SFAS No. 141, Business Combinations, the acquisition has been accounted for under the purchase method of accounting. The fair values of the assets acquired and liabilities assumed represent management s estimate of current fair values. Logility allocated the total purchase price to the net tangible assets and intangible assets acquired based on estimates of fair value at the date of acquisition. The allocation of the total purchase price to the acquired technology and other intangible assets, including tradenames and maintenance contracts, was based on management s best estimate. The estimating process included a consultation and review with a third party appraiser. Logility allocated $6.2 million of the total purchase price to goodwill, which is deductible for income tax purposes.

The preliminary calculation of the total purchase price was as follows (in thousands):

Tangible Net Book Value	$ 900
Business Restructuring	(425)
Acquisition Expenses	(425)
Intangible Asset to be Amortized	2,400
Goodwill	6,241
Net Cash Outlay	8,691
Working Capital Adjustment	590
Closing Cash	219
Total Purchase Price	$ 9,500

The following preliminary allocation of the total purchase price reflects the fair value of the assets acquired and liabilities assumed as of September 30, 2004 (in thousands):

Accounts receivable	$ 1,997
Deferred sales commissions	780
Prepaid expenses and other current assets	209
Property and equipment	26
Other non-current assets	217
Intangible assets[1]	2,400
Goodwill	6,241
Accounts payable	(1,039)
Accrued expenses and other current liabilities	(990)
Deferred revenue	(1,150)
Total Cash Outlay	8,691
Cash and cash equivalents	219
Working capital adjustment	590
Total Purchase Price	$ 9,500

1 Includes $1 million for distribution channels, $800,000 for customer relationships, and $300,000 for trademarks, all of which are subject to straight-line amortization over a period of six years. Also includes $300,000 for current technology, which is subject to straight-line amortization over a period of three years.

SFAS 141 requires that an acquiring enterprise allocate the cost of an entity acquired in a business combination to the individual assets acquired and liabilities assumed based on their estimated fair values at the date of acquisition. The fair value of maintenance deferred revenues in a business combination generally is not readily available and, accordingly, in practice, the fair value of an assumed liability (which must arise from a legal performance obligation) related to deferred revenue is estimated based on the direct cost of fulfilling the obligation plus a normal profit margin thereon. Also, in practice, the normal profit margin is limited to the profit margin on the costs to provide the product or service (that is, the fulfillment effort).

Management believes that the purchase accounting related to the DMI acquisition will be finalized by the end of our current fiscal year.

Item 9.01. Financial Statements and Exhibits.

(a) Financial Statements.

Audited balance sheet of Demand Management, Inc. as of September 30, 2004 and December 31, 2003, and the related audited statements of operations and retained earnings and cash flows for the nine months ended September 30, 2004 and the 12 months ended December 31, 2003.

DEMAND MANAGEMENT, INC

(AN S CORPORATION)

BALANCE SHEETS

SEPTEMBER 30, 2004 AND DECEMBER 31, 2003

	2004	2003
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$ 67,499	$ 848,943
Accounts receivable	1,996,800	2,135,072
Other receivables	478,280	154,196
Deferred commissions	780,080	822,791
Prepaid expenses	136,329	144,884
Total Current Assets	3,458,988	4,105,886
EQUIPMENT AND LEASEHOLD IMPROVEMENTS	144,899	201,849
OTHER ASSETS	216,645	150,935
TOTAL ASSETS	$ 3,820,532	$ 4,458,670
LIABILITIES AND STOCKHOLDERS EQUITY (DEFICIENCY)		
CURRENT LIABILITIES		
Accounts payable	$ 1,144,428	$ 894,059
Accrued payroll and related expenses	124,425	243,102
Deferred revenue	2,780,503	3,211,128
Total Current Liabilities	4,049,356	4,348,289
STOCKHOLDERS EQUITY (DEFICIENCY)		
Class A - Authorized 50,000 shares of $1 par value; issued and outstanding 20,000 shares	20,000	20,000
Class B - Authorized 15,000 shares of $1 par value; issued 15,000 shares, none outstanding	15,000	15,000
Additional paid-in capital	296,000	296,000
Accumulated Deficit	(402,824)	(63,619)
Less 15,000 shares of Class B treasury stock, at cost	(157,000)	(157,000)
Total Stockholders Equity (Deficiency)	(228,824)	110,381
TOTAL LIABILITIES AND STOCKHOLDERS EQUITY (DEFICIENCY)	$ 3,820,532	$ 4,458,670

DEMAND MANAGEMENT, INC

(ANS CORPORATION)

STATEMENTS OF OPERATIONS AND RETAINED EARNINGS (DEFICIT)

FOR THE PERIODS ENDED SEPTEMBER 30, 2004 AND DECEMBER 31, 2003

	9 months 2004	12 months 2003
REVENUES		
License fees	$ 2,810,004	$ 3,468,712
Services	771,309	456,650
Maintenance	3,908,986	5,064,507
Total Revenues	7,490,299	8,989,869
COST OF REVENUES		
License fees	1,457,207	1,702,138
Services	539,288	267,430
Maintenance	1,478,845	1,905,956
Total Cost of Revenues	3,475,340	3,875,524
GROSS MARGIN	4,014,959	5,114,345
OPERATING EXPENSES		
Research and development	1,309,014	1,879,909
Sales and marketing	1,731,418	2,115,468
General and administrative	1,055,899	1,274,212
Total Operating Expenses	4,096,331	5,269,589
OPERATING LOSS	(81,372)	(155,244)
OTHER INCOME (EXPENSE)		
Interest income	2,431	5,021
Miscellaneous income	5,822	8,519
Loss on disposal of assets	(65,159)	(17,227)
Net Gain (Loss) on foreign exchange	(9,362)	71,142
Total Other Income (Expense)	(66,268)	67,455
NET LOSS	(147,640)	(87,789)
RETAINED EARNINGS (ACCUMULATED DEFICIT)		
Beginning of year	(63,619)	262,439
Distributions	(191,565)	(238,269)
End of year	$ (402,824)	$ (63,619)

DEMAND MANAGEMENT, INC

(AN S CORPORATION)

STATEMENTS OF CASH FLOWS

FOR THE PERIODS ENDED SEPTEMBER 30, 2004 AND DECEMBER 31, 2003

	9 months 2004	12 months 2003
OPERATING ACTIVITIES		
Net loss	$ (147,640)	$ (87,789)
Adjustments to reconcile net loss to net cash (used in) provided by operating activities:		
Depreciation and amortization	59,746	110,706
Loss on disposal of assets	65,159	17,227
(Increase) Decrease in operating assets:		
Accounts receivable	138,272	(517,526)
Other receivables	(324,084)	337,987
Deferred commissions	42,711	(62,109)
Prepaid expenses	8,555	(20,368)
Other assets	(65,710)	(50,695)
Increase (Decrease) in operating liabilities:		
Accounts payable	250,369	112,597
Accrued payroll and related expenses	(118,677)	(8,832)
Deferred revenue	(430,625)	346,305
Net cash flow (used in) provided by operating activities	(521,924)	177,503
INVESTING ACTIVITY		
Purchase of equipment and leasehold improvements	(67,955)	(66,136)
FINANCING ACTIVITY		
Distributions	(191,565)	(238,269)
CASH		
Net decrease	(781,444)	(126,902)
Beginning of year	848,943	975,845
End of year	$ 67,499	$ 848,943

DEMAND MANAGEMENT, INC.

(AN S CORPORATION)

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2004 AND DECEMBER 31, 2003

1. SUMMARY OF OPERATIONS AND SIGNIFICANT ACCOUNTING PRINCIPLES

This summary of operations and significant accounting policies of Demand Management, Inc., (the Company or Demand), is presented to assist in understanding the Company s financial statements. The financial statements and notes are representations of the Company s management, who is responsible for their integrity and objectivity.

Business Operations and Concentration Risk

Demand Management specializes in developing software products for managing the demand side of manufacturing and distribution businesses. The *Demand Solutions* collection of products include: Forecasting, Production Planning, Inventory Control, ABC Analysis, Planning Bills, Aggregation/Proration, CPFR, Demand Requirements Planning (DRP), Query, Vendor Managed Inventory/Quick Response, Rough-Cut Capacity Planning, DSStores a store level replenishment system, and the Company s newest product, DSView. The modular nature of the products enables customers to tailor their Supply Chain Management Solution to their needs. The products operate in virtually any size business. Demand Solutions products also serve a broad variety of industries, from food to industrial valves, from sewing notions to golf products. Demand Management has representation in 17 countries with over 90 people who sell, train and implement Demand Solutions software products.

Financial Statement Presentation

The financial statements are presented prior to the sale of substantially all operating assets as discussed in Note 2.

Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

DEMAND MANAGEMENT, INC

(AN S CORPORATION).

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

SEPTEMBER 30, 2004 AND DECEMBER 31, 2003

Revenue Recognition

The company recognizes revenue in accordance with Statement of Position (SOP) 97-2, *Software Revenue Recognition,* and SOP 98-9, *Modification of SOP 97-2, Software Revenue Recognition with Respect to Certain Transactions.* The company recognizes revenues in connection with license agreements for standard proprietary software upon delivery of the software, provided collection is considered probable, the fee is fixed or determinable, there is evidence of an arrangement, and vendor specific objective evidence exists with respect to any undelivered elements of the arrangement.

Maintenance fees are generally billed annually in advance and the resulting revenues are recognized ratably over the term of the maintenance agreement. Service fees are billed under both time and materials and fixed fee arrangements and primarily include consulting, implementation, and training. Demand recognizes them as services are performed. Deferred revenue represents advance payments or billing for software licenses, services, and maintenance billed in advance of the time revenue is recognized.

Generally, the company s software products do not require significant modification or customization. Installation of the products is normally routine and is not essential to the functionality of the product. Sales frequently include maintenance contracts and professional services with the sale of the software licenses. The company has established vendor-specific objective evidence of fair value (VSOE) for the maintenance contacts and professional services. The company determines fair value based on the prices charged to customers when those elements are sold separately. Maintenance revenues, including those sold with the initial license fee, are deferred based on VSOE, and recognized ratably over the maintenance contract period. The company recognizes consulting and training service revenues, including those sold with license fees, as services are performed based on their established VSOE. The company determines the amount of revenue allocated to the licenses sold with services or maintenance using the residual method of accounting. Under the residual method, the company allocates the total value of the arrangement first to the undelivered elements based on their VSOE and allocates the remainder to license fees.

Foreign Currency Transactions

Foreign currency transaction gains and losses are included in income currently and classified as other income. During the nine months of 2004, Demand recognized a net foreign currency loss of $9,362. During 2003, Demand recognized a net foreign currency gain of $71,142.

DEMAND MANAGEMENT, INC

(AN S CORPORATION).

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

SEPTEMBER 30, 2004 AND DECEMBER 31, 2003

Cash and Cash Equivalents

For the purpose of the statement of cash flows, cash and cash equivalents include demand deposits, money market accounts, and Treasury bills with maturities of three months or less.

Accounts Receivable

Accounts receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a charge to earnings and a credit to a valuation allowance based on its assessment of the current status of individual accounts.

Balances still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to trade accounts receivable.

Equipment and Leasehold Improvements

Demand depreciates equipment and amortizes leasehold improvements over their estimated useful lives using both the straight-line and accelerated methods.

Software Development

Demand capitalizes the cost of software development and amortizes it on a straight-line basis over the expected life of the product once they establish technological feasibility for the product. The capitalized software development costs have been fully amortized.

Concentration Risks

Annual maintenance agreements make up 52% and 56% of revenues during 2004 and 2003, respectively. One product accounted for 13% and 17% of revenues in 2004 and 2003, respectively.

The Company maintains its cash deposits at high credit quality financial institutions. Balances, at times, may exceed insured limits. Management feels the risk of loss is remote. At September 30, 2004, the cash deposits exceeded insured limits by approximately $70,000.

Income Taxes

The Company elected S-Corporation status; therefore earnings and losses are included in the personal income tax returns of the stockholders and the financial statements do not include a provision for income taxes.

DEMAND MANAGEMENT, INC

(AN S CORPORATION).

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

SEPTEMBER 30, 2004 AND DECEMBER 31, 2003

2. SALE OF ASSETS

After the close of business, September 30, 2004, Demand Management, Inc. (a Georgia corporation) (Buyer) purchased the operating assets and assumed the operating liabilities of Demand Management, Inc. (a Missouri corporation). The assets purchased include all real, tangible and intangible property of the Company, as described in the Asset Purchase Agreement.

Purchase Price (subject to adjustments)	$ 9,500,000
Estimated Working Capital Adjustment (*)	(355,787)
Estimated Cash Retained by Company	(387,496)
Cash Paid by Buyer	$ 8,756,717

(*) tentative adjustment subject to final calculation

A required portion of the sale proceeds were placed in escrow accounts: a General Escrow Amount , totaling $500,000, purpose to protect the Buyer from potential unrecorded or unknown liabilities and a Tax Escrow Amount , totaling $1,033,000, purpose to protect the Buyer from potential outstanding international, state, and local sales tax liabilities of the Company. The funds in the General Escrow Amount account will be held for a period of 12 months and the funds in the Tax Escrow Amount account will be held for a period of 36 months. Funds can be withd