

LOGILITY INC
Form 10-Q
December 13, 2002
Table of Contents

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
Washington, D. C. 20549

FORM 10-Q

(Mark One)

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

For the quarterly period ended **October 31, 2002**

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 **0-23057**

LOGILITY, INC.

(Exact name of registrant as specified in its charter)

Georgia
(State or other jurisdiction of
incorporation or organization)

58-2281338
(IRS Employer Identification Number)

470 East Paces Ferry Road, N.E., Atlanta, Georgia
(Address of principal executive offices)

30305
(Zip Code)

(404) 261-9777
(Registrant's telephone number, including area code)

None
(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.

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

<u>Class</u>	<u>Outstanding at December 12, 2002</u>
Common Stock, no par value	13,178,624 Shares

Table of Contents

LOGILITY, INC.

Form 10-Q

Quarter Ended October 31, 2002

Index

	Page Number
Part I Financial Information	
Item 1. Financial Statements	
<u>Condensed Combined Balance Sheets (Unaudited) October 31, 2002 and April 30, 2002</u>	3
<u>Condensed Combined Statements of Operations (Unaudited) Three and Six Months Ended October 31, 2002 and 2001</u>	4
<u>Condensed Combined Statements of Cash Flows (Unaudited) Six Months Ended October 31, 2002 and 2001</u>	5
<u>Notes to Condensed Combined Financial Statements (Unaudited)</u>	6-9
Item 2. <u>Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	10-20
Item 3. <u>Quantitative and Qualitative Disclosures About Market Risk</u>	20
Item 4. <u>Controls and Procedures</u>	21
Part II Other Information	21-22

Table of Contents**PART I FINANCIAL INFORMATION****Item 1. Financial Statements****LOGILITY, INC.****Condensed Combined Balance Sheets (Unaudited)
(in thousands, except share data)**

	October 31, 2002	April 30, 2002
	<u> </u>	<u> </u>
Current Assets:		
Cash and cash equivalents	\$ 12,429	\$ 7,721
Investments current	11,614	15,391
Trade accounts receivable, less allowance for doubtful accounts of \$173 and \$326 at October 31, 2002 and April 30, 2002, respectively:		
Billed	2,170	5,327
Unbilled	1,868	701
Due from American Software, Inc.	850	1,085
Prepaid expenses and other current assets	339	409
	<u> </u>	<u> </u>
Total current assets	29,270	30,634
Furniture and equipment, less accumulated depreciation and amortization	791	1,056
Capitalized software, less accumulated amortization	7,377	7,490
Other assets, net	884	933
	<u> </u>	<u> </u>
	\$ 38,322	\$ 40,113
	<u> </u>	<u> </u>
Liabilities and Shareholders' Equity:		
Current liabilities:		
Accounts payable	\$ 183	\$ 624
Accrued compensation and related costs	1,241	1,551
Other current liabilities	940	1,307
Deferred revenues	4,244	4,966
	<u> </u>	<u> </u>
Total current liabilities	6,608	8,448
Deferred income taxes	2,882	2,882
	<u> </u>	<u> </u>
Total liabilities	9,490	11,330
	<u> </u>	<u> </u>
Shareholders' equity:		
Preferred stock: 2,000,000 shares authorized; no shares issued		
Common stock, no par value; 20,000,000 shares authorized; 13,888,339 and 13,885,214 shares issued at October 31, 2002 and April 30, 2002, respectively		
Additional paid-in capital	44,708	44,703
Accumulated deficit	(11,251)	(11,374)
Treasury stock, at cost 689,665 and 663,107 shares at October 31, 2002 and April 30, 2002, respectively	(4,625)	(4,546)
	<u> </u>	<u> </u>
Total shareholders' equity	28,832	28,783
Commitments and contingencies		
	<u> </u>	<u> </u>
	\$ 38,322	\$ 40,113
	<u> </u>	<u> </u>

See accompanying notes to Condensed Combined financial statements.

Table of Contents**Item 1. Financial Statements (continued)****LOGILITY, INC.****Condensed Combined Statements of Operations (Unaudited)**
(In thousands, except per share data)

	Three Months Ended October 31,		Six Months Ended October 31,	
	2002	2001	2002	2001
Revenues:				
License fees	\$ 1,275	\$ 1,704	\$ 3,013	\$ 4,253
Services and other	1,396	2,365	2,777	5,097
Maintenance	2,709	2,833	5,411	5,669
Total revenues	5,380	6,902	11,201	15,019
Cost of revenues:				
License fees	778	901	1,757	1,917
Services and other	729	1,709	1,916	3,601
Maintenance	496	468	947	956
Total cost of revenues	2,003	3,078	4,620	6,474
Gross margin	3,377	3,824	6,581	8,545
Operating expenses:				
Research and development	1,320	1,428	2,735	2,885
Less: capitalized development	(721)	(706)	(1,489)	(1,635)
Sales and marketing	1,848	2,201	3,902	5,195
General and administrative	910	825	1,692	1,721
Total operating expenses	3,357	3,748	6,840	8,166
Operating income (loss)	20	76	(259)	379
Other income	194	284	382	574
Income before taxes	214	360	123	953
Income taxes				
Net earnings	\$ 214	\$ 360	\$ 123	\$ 953
Basic net earnings per common share	\$ 0.02	\$ 0.03	\$ 0.01	\$ 0.07
Diluted net earnings per common share	\$ 0.02	\$ 0.03	\$ 0.01	\$ 0.07
Weighted average common shares outstanding:				
Basic	13,199	13,247	13,206	13,252
Diluted	13,204	13,255	13,214	13,280



See accompanying notes to Condensed Combined financial statements.

Table of Contents**Item 1. Financial Statements (continued)****LOGILITY, INC.****Condensed Combined Statements of Cash Flows (Unaudited)
(in thousands)**

	Six Months Ended October 31,	
	2002	2001
Cash flows from operating activities:		
Net earnings	\$ 123	\$ 953
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	1,905	2,273
(Increase) decrease in assets:		