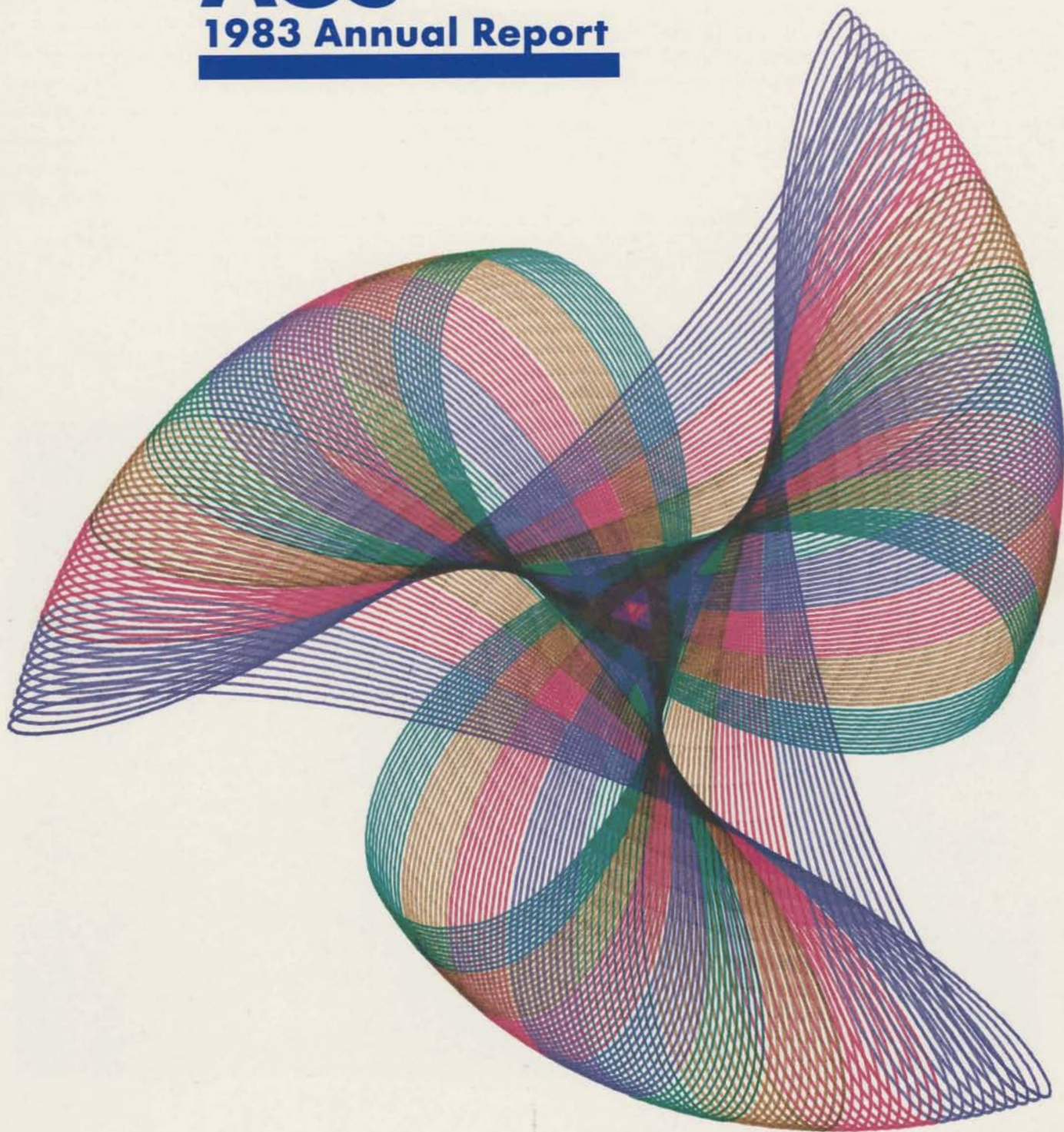


# AGS

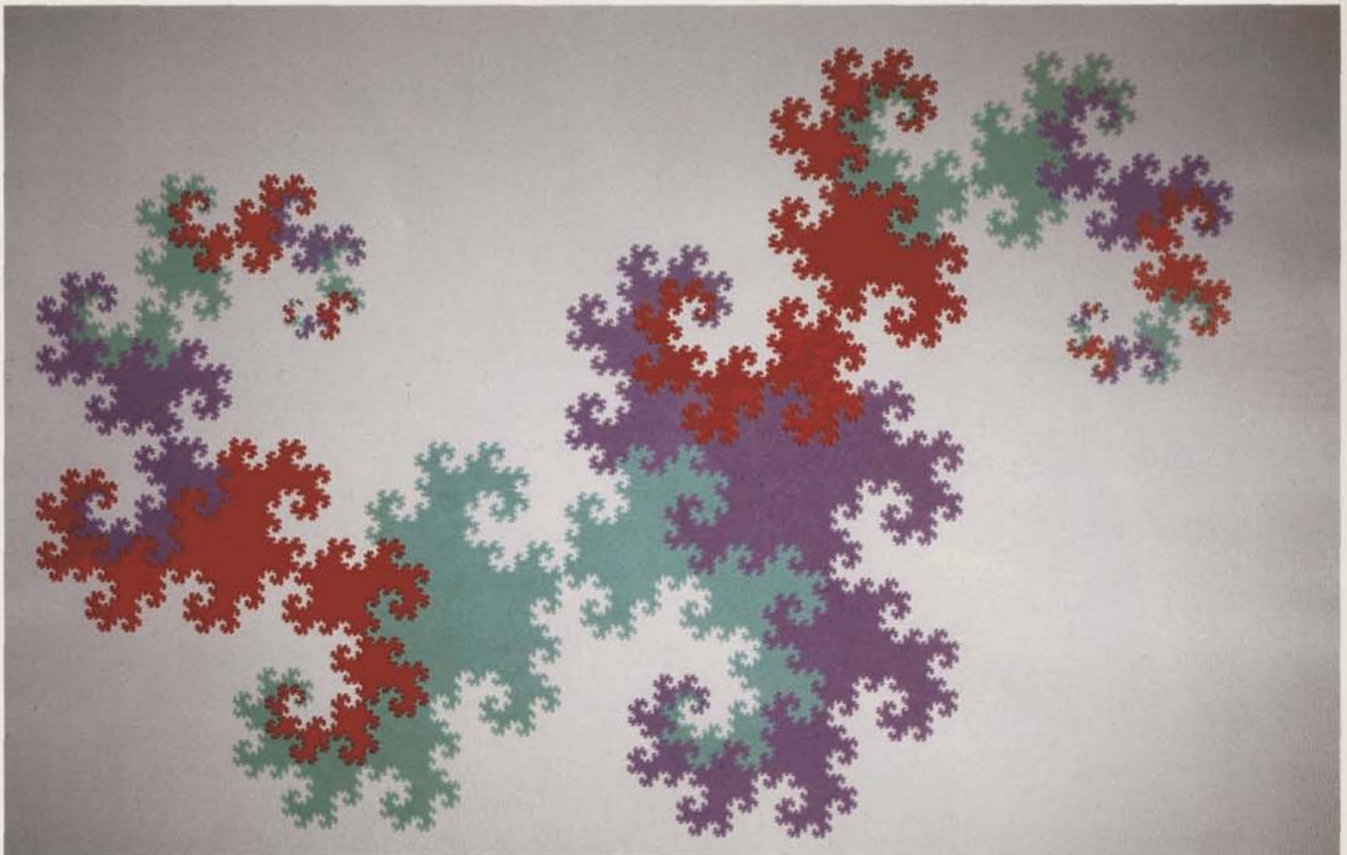
**1983 Annual Report**

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Computer artist Doug McKenna used UNIX™ to create this "fractal dragon," based on a mathematical formula, which illustrates the basic fractal property that the larger pattern is composed of increasingly smaller elements, all with the same shape.

UNIX is a trademark of AT&T Bell Laboratories.

## Corporate Profile

AGS has been in the forefront of computer technology for seventeen years, providing automation solutions for America's largest telecommunications, finance and high technology corporations. The Company provides software development services, builds and markets software products and distributes microcomputers with the related peripherals and software packages.

AGS is America's largest custom software company serving the commercial market. The Company analyzes customer information requirements, develops specifications and designs and implements automation solutions.

AGS designs, markets and supports proprietary software packages for use in banking as well as in planning and managing the development of data processing and research and development projects. The Company is the market leader in project management software, and its major bank packages are industry standards.

AGS is the nation's largest distributor of microcomputers. The Company selects the best price/performance products and distributes those hardware and software products to computer retailers and other companies who deliver specialized computer systems.

## Selected Financial Information (in thousands of dollars except per share data)

	Five Year Summary				
	1983	1982	1981	1980	1979
Total Revenues	\$145,911	\$65,026	\$38,773	\$16,983	\$15,664
Net Income	5,785	2,484	1,796	570	483
Net Income per share	1.25	.73	.57	.19	.16
Total Assets	68,853	33,800	15,042	5,959	5,244
Stockholders' Equity	35,222	10,059	5,416	2,896	2,409

## To Our Shareholders

*"AGS substantially exceeded its own growth rate as well as that of the industry."*

Dear Shareholder:

We are pleased to report that AGS' financial results continued to set new records. In 1983, revenues increased by 124% to \$146 million, net profits rose 131% to \$5.8 million, and earnings per share were \$1.25, an increase of 71% despite a 35% increase in the average number of shares outstanding.

AGS increased its equity base by 250% to \$35 million through the sale of common shares, the conversion of its convertible bonds and its net profits. We recently entered into a \$25 million long-term credit facility loan with a group of banks which will enable AGS to finance its currently planned growth.

### Year In Review

AGS' 1982 Annual Report outlined five goals for 1983 and our performance during the year met or exceeded our objectives.

- **Maintaining financial growth record**  
We substantially exceeded our own growth rate as well as that of the industry. Profits and revenues have grown at more than a 100% compounded rate over the last four years. Return on equity was 57% in 1983.
- **Systems development focus and geographic coverage**  
We increased our percentage of business with telecommunications, finance and high technology clients. New offices were opened in East Fishkill, New York and Orlando, Florida.
- **Integration of operating units**  
We completed the integration of our two project management software companies. Microamerica, which we acquired in March, 1983, took over operations of the three existing microcomputer distribution centers.
- **UNIX software**  
We announced and demonstrated our new Smart-C® software development product.
- **Microcomputer market share and geographic coverage**  
Our growth rate was almost five times the 50% industry rate during the year, and a new center was opened in the Chicago area.

### Review of Operations

AGS strengthened its market position in each area of its business through internal growth and acquisitions.

In Systems Development, we expanded our UNIX based business with AT&T, and the breakup of the AT&T System enhanced our opportunities to provide an even broader range of services. AGS became the first software company selected by AT&T to provide customized software for users of Net 1000. In addition, we received a substantial contract from a major computer company to automate a manufacturing plant using robotics.

In January 1984 AGS acquired Software Design Associates, making us the largest builder of custom software serving the commercial market. This acquisition continues our efforts to focus on telecommunications, finance and high technology companies. It adds new offices in Philadelphia, Phoenix, Washington, D.C. and London, England and significantly expands our activities in the New York metropolitan and Chicago areas.

The Software Products Group continued to make gains through product innovations. We completed development of the first in a series of products for the UNIX marketplace; introduced a project management software package utilizing the IBM-PC and began the design of a PC based system methodology product. The acquisition of DISC, Inc. gave us entry into the financial services marketplace, which is the largest user of software products.

AGS' Microamerica subsidiary became the largest independent distributor of microcomputers operating seven facilities with two more scheduled for opening in the first half of 1984.

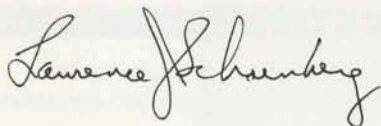
**Outlook**

AGS will continue to grow rapidly, with expansion coming from all three business areas; systems development, software products and microcomputer distribution. Our strong relationship with our customer base will continue to be intrinsic to our success. Utilizing this relationship, we shall provide complete automation solutions involving our comprehensive technical expertise.

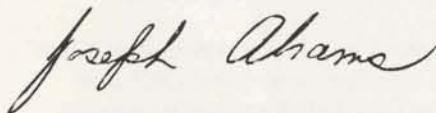
The senior management team, which itself has been significantly expanded through internal growth and acquisitions, will continue to concentrate on coordinating our profit centers, increasing middle management capability and providing the plan to take AGS to its next level of growth. In view of the financial results achieved during AGS' seventeen year history, we are confident that we can continue to maintain a rate of growth in excess of the computer services industry.

We thank our employees and shareholders for their continued support.

*"Our marketing focus on telecommunications, finance and high technology companies will continue as we take AGS to its next level of growth."*



Lawrence J. Schoenberg  
Chairman & Chief Executive Officer



Joseph Abrams  
President & Chief Operating Officer



## Problem

AT&T Bell Laboratories needs an easy-to-use, readily transportable sales demonstration and training tool.

## Solution

AGS builds a portable microcomputer software system.

When AT&T Bell Laboratories needed a new system for sales demonstrations, which could also serve for client training, AGS built the system.

At its office in Mountainside, N.J., AGS software specialists worked with Bell Labs engineers to develop a product that would meet AT&T's demanding criteria.

A lightweight microcomputer system was chosen for the task. Self-contained and easily portable, it would simplify client demonstrations at remote sites. The user would also enjoy greater logistical freedom, because the stand-alone microcomputer would not require a communications link to a main computer.

As a training tool, the interactive single-user system is particularly valuable, tolerating common learning errors without interrupting the flow of any existing processing of the real system.

An added bonus of the AGS-developed system is its extensive use of color graphics in the demonstration mode. With color and visual emphasis of commands, the user more readily understands the actual results of inputs to the system.

## Problem

The Treasury Department of the United Nations Development Programme needs a completely integrated cash management system to cut costs and increase efficiency of its international financial operations.

## Solution

AGS works with Chemical Bank to develop and implement a computer system capable of handling complex transactions involving currencies from 160 countries.

When the United Nations Development Programme needed a cash management system to monitor and process the receipt and disbursement of funds for development projects from a host of participating countries, AGS met the challenge.

Cooperating with Chemical Bank's cash management consulting services, AGS implemented a fully integrated system installed on IBM hardware using CICS and DL/1 to meet exacting demands and enhance the Programme's earning capacity.

In addition to processing pledges, and tracking receipts of monies in more than 160 currencies, the system enabled the Treasury Section to manage and control disbursements via more than 400 U.S. and foreign banks. The system itself generated required notifications to the banks to transfer funds or investments, or confirm the purchase or sale of currency.

The AGS system also provided facilities to manage all available assets, and forecast currency availability and utilization to service field offices as efficiently as possible.

















































