

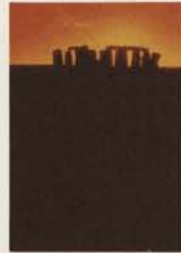


cga

Annual Report April 30, 1982

Cover

Stonehenge,
Wiltshire, England



CGA is a company of software builders. We are the descendants and beneficiaries of an ancient race of people who first used information intelligence and technology to answer questions, solve problems and, ultimately, advance civilization.

On the Salisbury Plain in Wiltshire, England, Stonehenge stands as a monument to our prehistoric ancestors who saw the light that was to dawn in the Information Age of the twentieth century.

Constructed some 4000 years ago, Stonehenge is believed to have been built as a computer: a central filing system and repository of data that was used to calculate the phases of the moon, predict the month of the year in which eclipses would take place, indicate the solstices and mark the beginnings of the seasons.

As CGA rises as a leader in the software industry to meet the new challenges of our future, we are inspired by the people who once searched the darkness of an ancient past and recognize in them the qualities of spirit and intelligence still present in the software builders of today. Stonehenge is our symbol of a continuity into the future built on events in the past.

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A copy of the Company's Annual Report on Form 10-K to the Securities and Exchange Commission will be furnished free of charge (except for exhibits) to any shareholder upon written request to Leonard S. Ostfeld, Vice President-Controller, CGA Computer Associates Inc., 255 Route 520 East, Marlboro, New Jersey 07746.

Selected Financial Data

(Dollars in thousands except per share amounts)

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POOLING OF INTERESTS ACCOUNTING METHOD*

	Years Ended April 30,				
	1978	1979	1980	1981	1982
Revenue	\$10,336	\$15,120	\$19,227	\$20,358	\$25,854
Operating income	1,938	3,087	3,433	3,599	3,690
Net income	1,122	1,690	1,760	2,175	1,636
Primary earnings per share42	.59	.63	.70	.50
Total assets	3,085	5,144	6,594	11,578	15,680

PURCHASE ACCOUNTING METHOD*

	Years Ended April 30,				
	1978	1979	1980	1981	1982
Revenue	\$ 5,776	\$ 8,790	\$11,813	\$15,510	\$25,854
Operating income	518	1,020	1,568	1,638	1,336
Net income (loss)	320	615	801	815	(1,099)
Primary earnings (loss) per share25	.42	.56	.42	(.33)
Total assets	1,738	2,786	3,805	29,299	29,735

*See Notes A and B to the consolidated financial statements.

MARKET INFORMATION

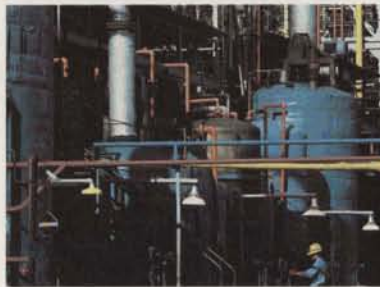
The Company's common stock is traded over-the-counter, NASDAQ symbol CGAC. The range of high and low bid quotations as reported by NASDAQ are as follows:

Calendar Quarter	Bid Prices					
	1980		1981		1982	
	High	Low	High	Low	High	Low
First	\$ 6.67	\$ 3.67	\$16.50	\$ 9.75	\$6.50	\$4.75
Second	6.17	4.67	14.25	10.00	6.50*	5.25*
Third	14.67	5.17	11.25	4.00		
Fourth	17.00	11.50	7.50	4.75		

*Through April 30, 1982.



Company Operations



CGA operations serve businesses throughout the world with quality computer software products and consulting services.

Our software products division develops and markets proprietary systems software packages and a broad-based line of applications software for small computers including financial, distribution, construction and manufacturing systems. CGA software products are marketed internationally and backed by comprehensive technical support capabilities.



CGA provides custom software and consulting services to help solve the complex information management problems of companies in diversified industries. Our consultants have completed thousands of projects for a client list of mostly Fortune 1000 companies in insurance, banking, finance, manufacturing, communications, petrochemicals and pharmaceuticals. They provide comprehensive technical

expertise and a full range of professional services on a quality level sufficient to earn CGA a 99% rate of repeat customers, a high percentage of referral business and an outstanding reputation for quality.

CGA is a well-managed dynamic company, financially stable and committed to programs that serve to insure our continued growth and development.



To Our Stockholders:

Fiscal 1982 was a most significant year for our Company as we made a number of major moves designed to further establish CGA as a diversified software supplier.

The past year saw CGA expanding our management structure, adopting new methods to improve our own productivity and performance, entering new markets, adding to our product line and base of operations, and realizing overall business growth and development. Considering that these efforts were successfully carried out under the burdens of a slowing economy, intensifying competition and the complexities of reaching a Settlement Agreement with the SEC makes them even more remarkable.

We feel CGA's success today is, once again, testimony to the high level of expertise and the continuous commitment to quality found in the men and women who make up our organization.

Financial Accomplishments

Fiscal 1982 was a good year financially for CGA.

On a pooling of interests basis, revenues reached record levels, up 27% from 1981 to \$25,854,000. Operating income increased 3% from \$3,599,000 in 1981 to \$3,690,000 in 1982. Income before taxes declined from \$4,239,000 in 1981 to \$2,811,000 in 1982, due to \$1,900,000 of costs and provision for settlement associated with the SEC proceedings and class action suits.

On the purchase method of accounting, revenues reached record levels, up 67% from 1981 to \$25,854,000. Operating income, which includes a full year's amortization of software packages amounting to \$2,354,000, declined to \$1,336,000 in 1982 from \$1,638,000 in 1981. 1982 reflected an

\$855,000 loss before taxes while 1981 showed income before taxes of \$1,955,000. The loss before taxes in 1982 is after \$1,900,000 of costs and provision for settlement associated with the SEC proceedings and class action suits and a full year's amortization of goodwill amounting to \$1,312,000.

Demand for our software products increased significantly, resulting in revenues of \$6,210,000, up 57% on the pooling basis and 249% under the purchase method. A major portion of our growth was generated from a recurring lease base, which we anticipate will exceed \$3,000,000 in fiscal 1983.

Software is a \$4 billion industry with a projected annual growth rate of 27%. CGA anticipates our future growth in the software market will include increasing our market share in utility software and expanding the international penetration of our products, as well as adding new products to our current offerings. We will expand our business software operations by migrating our software to other computers, by increasing our software support to small business and by expanding our marketing channels for our products.

Requirements for CGA's consulting services were at record high levels. On a pooling basis, sales were up 20% to \$19,644,000 in 1982, despite an expected \$1,553,000 revenue drop in the Allen consulting division. Under the purchase method, sales were up 43% to \$19,644,000 in 1982.

The market for professional consulting services is currently estimated at \$4 billion and expected to grow annually at a compound rate of 22% over the next five years. CGA's corporate growth strategies take advantage of our leadership position in the consulting segment of the software services industry. We will continue with the expanded geographic penetration of our consulting services, as well as the development of more industry and technical specializations.

Consolidated Balance Sheets
Pooling of Interests Accounting Method
(Notes A and B)

(Dollars in thousands)

	<i>April 30,</i>	
	<u>1981</u>	<u>1982</u>
ASSETS		
Current Assets		
Cash and interest bearing deposits (including time deposits of \$4,700 and \$7,755) (Note I)	\$ 5,522	\$ 7,880
Short-term investments, at lower of cost or market value	205	97
Receivables		
Trade	4,199	5,498
Other (Note H)	540	556
Prepaid taxes and other	568	439
Total current assets	<u>11,034</u>	<u>14,470</u>
Equipment and Leasehold Improvements, at cost (Note A)		
Furniture and equipment	657	1,402
Leasehold improvements	44	129
	701	1,531
Less — Accumulated depreciation	<u>232</u>	<u>395</u>
	469	1,136
Other Assets	75	74
	<u>\$11,578</u>	<u>\$15,680</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities		
Accounts payable	\$ 228	\$ 268
Accrued liabilities (Note E)	796	2,426
Deferred income taxes (Notes A and G)	1,687	1,543
Total current liabilities	<u>2,711</u>	<u>4,237</u>
Stockholders' Equity (Notes B and D)		
Common stock, par value \$.10, authorized 5,000,000 shares; issued and outstanding 3,264,340 and 3,265,873 shares	326	327
Capital in excess of par value	4,024	4,963
	4,350	5,290
Retained earnings	<u>4,517</u>	<u>6,153</u>
	8,867	11,443
Commitments and Contingent Liabilities (Notes C and I)		
	<u>\$11,578</u>	<u>\$15,680</u>

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

Consolidated Statements of Changes in Financial Position
Pooling of Interests Accounting Method
(Notes A and B)

(Dollars in thousands)

	<i>Years Ended April 30,</i>		
	<u>1980</u>	<u>1981</u>	<u>1982</u>
Sources of working capital			
From operations			
Net income	\$1,760	\$2,175	\$1,636
Charges to income not affecting working capital			
Depreciation and amortization of equipment and leasehold improvements	100	89	163
Tax effect related to distributions to stockholders of ASC	617	900	—
Other	59	12	24
	<u>2,536</u>	<u>3,176</u>	<u>1,823</u>
Other sources of working capital			
Proceeds from sale of common stock	—	3,731	—
Tax effect relating to taxable pooling credited to capital in excess of par value	—	150	931
Other	—	106	9
	<u>—</u>	<u>3,987</u>	<u>940</u>
Total sources of working capital	<u>2,536</u>	<u>7,163</u>	<u>2,763</u>
Applications of working capital			
Distributions to stockholders of ASC	1,411	1,817	—
Additions to fixed assets	250	172	830
Other	23	25	23
Total applications of working capital	<u>1,684</u>	<u>2,014</u>	<u>853</u>
Net increase in working capital	<u>\$ 852</u>	<u>\$5,149</u>	<u>\$1,910</u>
Changes in components of working capital			
Increase (decrease) in current assets			
Cash and interest bearing deposits	\$ 754	\$3,200	\$2,358
Short-term investments	76	(36)	(108)
Receivables—trade	538	899	1,299
Receivables—other	—	380	16
Prepaid taxes and other	(70)	528	(129)
Net increase	<u>1,298</u>	<u>4,971</u>	<u>3,436</u>
(Increase) decrease in current liabilities			
Accounts payable	9	86	(40)
Accrued liabilities	(156)	312	(1,630)
Income taxes	(299)	(220)	144
Net (increase) decrease	<u>(446)</u>	<u>178</u>	<u>(1,526)</u>
Net increase in working capital	<u>\$ 852</u>	<u>\$5,149</u>	<u>\$1,910</u>

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

The following table summarizes financial information relating to the Company's computer consulting and software package licensing operations:

	<i>Pooling of Interests Accounting Method Years Ended April 30,</i>			<i>Purchase Accounting Method Years Ended April 30,</i>		
	<u>1980</u>	<u>1981</u>	<u>1982</u>	<u>1980</u>	<u>1981</u>	<u>1982</u>
	<i>(Dollars in thousands)</i>					
Revenue						
Computer consulting	\$15,500	\$16,400	\$19,644	\$10,638	\$13,733	\$19,644
Software packages	<u>3,727</u>	<u>3,958</u>	<u>6,210</u>	<u>1,175</u>	<u>1,777</u>	<u>6,210</u>
	<u>\$19,227</u>	<u>\$20,358</u>	<u>\$25,854</u>	<u>\$11,813</u>	<u>\$15,510</u>	<u>\$25,854</u>
Operating income (a)						
Computer consulting	\$ 3,228	\$ 3,053	\$ 3,128	\$ 1,966	\$ 2,104	\$ 3,128
Software packages	<u>1,230</u>	<u>1,584</u>	<u>2,667</u>	<u>234</u>	<u>258</u>	<u>313</u>
	4,458	4,637	5,795	2,200	2,362	3,441
Unallocated corporate expenses	<u>(1,025)</u>	<u>(1,038)</u>	<u>(2,105)</u>	<u>(632)</u>	<u>(724)</u>	<u>(2,105)</u>
	<u>\$ 3,433</u>	<u>\$ 3,599</u>	<u>\$ 3,690</u>	<u>\$ 1,568</u>	<u>\$ 1,638</u>	<u>\$ 1,336</u>
Identifiable assets (b)						
Computer consulting	\$ 2,566	\$ 2,902	\$ 3,757	\$ 1,853	\$ 2,902	\$ 3,757
Software packages	<u>1,163</u>	<u>1,738</u>	<u>2,563</u>	<u>199</u>	<u>13,116</u>	<u>11,587</u>
Corporate	<u>2,865</u>	<u>6,938</u>	<u>9,360</u>	<u>1,753</u>	<u>13,281</u>	<u>14,391</u>
	<u>\$ 6,594</u>	<u>\$11,578</u>	<u>\$15,680</u>	<u>\$ 3,805</u>	<u>\$29,299</u>	<u>\$29,735</u>
Depreciation and amortization						
Computer consulting	\$ 51	\$ 37	\$ 69	\$ 34	\$ 23	\$ 69
Software packages	<u>52</u>	<u>57</u>	<u>81</u>	<u>22</u>	<u>415</u>	<u>2,435</u>
Corporate	<u>16</u>	<u>14</u>	<u>37</u>	<u>15</u>	<u>237</u>	<u>1,349</u>
	<u>\$ 119</u>	<u>\$ 108</u>	<u>\$ 187</u>	<u>\$ 71</u>	<u>\$ 675</u>	<u>\$ 3,853</u>
Capital expenditures						
Computer consulting	\$ 170	\$ 107	\$ 211	\$ 101	\$ 106	\$ 211
Software packages	<u>65</u>	<u>29</u>	<u>466</u>	<u>2</u>	<u>4</u>	<u>466</u>
Corporate	<u>15</u>	<u>36</u>	<u>153</u>	<u>15</u>	<u>37</u>	<u>153</u>
	<u>\$ 250</u>	<u>\$ 172</u>	<u>\$ 830</u>	<u>\$ 118</u>	<u>\$ 147</u>	<u>\$ 830</u>

(a) Operating income represents revenue less operating expenses. Income earned at the corporate level and other income and deductions are excluded in computing operating income.

(b) Corporate assets are principally cash and interest bearing deposits, short-term investments, other receivables, prepaid taxes and other, other assets and, under the purchase accounting method, goodwill.

