

ROSS SYSTEMS, INC.

Ross Systems, Inc. offers remote computing services and proprietary software packages to financial managers in medium to large sized corporations. Customers use our products and services for financial modeling, cash flow forecasting, corporate planning and budgeting, financial consolidations, "what if" analysis, data base management and other applications where the capability to interact directly with the computer is important. Our management consulting group develops complete projects for clients and provides them with ongoing support. We also distribute Digital Equipment Corporation computers, enabling us to offer a complete turnkey package combining software, hardware and consulting.

FY81 HIGHLIGHTS

| | % | | |
|--------------------|--------|-------------|-------------|
| | CHANGE | FY81 | FY80 |
| | ----- | ----- | ----- |
| SALES | 77 | \$4,235,826 | \$2,390,620 |
| NET INCOME | 79 | 464,563 | 259,813 |
| EARNINGS PER SHARE | 76 | \$1.50 | \$.85 |
| EMPLOYEES | 82 | 69 | 38 |
| TOTAL ASSETS | 131 | 3,025,975 | 1,308,518 |
| STOCKHOLDER EQUITY | 63 | 1,352,071 | 827,223 |
| RETURN ON EQUITY | - | 43% | 37% |

To our shareholders:

The fiscal year which ended June 30, 1981 was the best year in Ross Systems' history. Financially, we met our growth and profitability objectives which we established during our first formal annual planning process. More importantly, all of the components of our organization were able to function together as a team to produce a repeatable formula for success. The capability for an organization to function as a whole rather than as a few individuals is one of the important milestones in the evolution of a company, and it will provide us with a base for our continued success.

Four significant new events occurred during the fiscal year:

- We opened our fourth branch in Dallas in October and have already achieved a high degree of success.
- We installed our first two VAX 11/780 computers, successfully converted our software and made them operational within a few months. These computers represent the "state of the art" in powerful interactive timesharing computers and will help fulfill our computing needs throughout the 80's.
- We expanded and built a software development and support group that can carry out our ambitious plans for our proprietary software packages.
- We increased the staff of our marketing and marketing related activities to augment our resources in those critical areas.

FINANCIAL PERFORMANCE

Our revenues increased 77% from \$2,390,620 to \$4,235,826 while net income increased 79% from \$259,813 to \$464,563. The sales growth rate was our largest since FY78. Earnings per share showed a commensurate increase of 76% from \$.85 to \$1.50. The increase in EPS reflects minor dilution from additional common shares purchased under the 1979 employee stock purchase plan as well as additional stock options granted to key employees. We increased our size while maintaining a strong financial position and improving our return on equity from 37% to 43%. All branches (Palo Alto, San Francisco, Los Angeles and Dallas) and each functional business segment (timesharing, consulting, software sales and hardware sales) contributed to our growth and profitability.

FY81 was the first year in which we made sales of computer hardware as a Digital Equipment OEM - which enables us to purchase minicomputer hardware at a discount from Digital and resell it to our customers at retail price, adding value to the hardware such as consulting services or proprietary software. The revenue from the hardware sales this year of \$43,058 represents actual hardware sales of \$543,887 less the cost of equipment purchased of \$500,829. We have shown only the net margin on these transactions as revenue because of the low percentage margin relative to that of the remainder of our business.

Our staff increased from 38 to 69 during the year reflecting growth in each of our business areas, especially marketing, product development and computer operations.

THE FUTURE

Ross Systems has two basic corporate objectives - to maximize the return to its shareholders via a high, profitable growth rate and to provide a challenging and fun place to work by remaining on the leading edge of the computer software/remote computing services industry. It is now widely recognized that computer software is the key to the effective utilization of the more powerful computers that will continue to be developed during the 1980's, and I am optimistic that our position in this industry will give us the opportunity to meet these objectives over the next few years.



Kenneth Ross
President

ROSS SYSTEMS, INC. - FUNCTIONAL BUSINESS SEGMENTS

Remote Computing Services (FY81 Revenues of \$3,131,000)

Ross Systems' remote computing services allow customers to access our computers from virtually any location in the world via telephone. We own and operate three PDP-11/70 and three VAX-11/780 computers from Digital Equipment Corporation, the leading manufacturer of interactive computers in the world today. We have also developed our own communications network, using the latest in microcomputer technology, to service our remote branches. A significant feature of our remote computing services is the option for the user to purchase hardware and software from us and set up an 'in house' timesharing service. Virtually all of our timesharing customers use our proprietary software products for their specific applications.

Management Consulting Services (FY81 Revenues of \$701,000)

Ross Systems was originally a management consulting firm and one of our greatest strengths is our capability to work with clients to design and implement systems of all kinds. Our approach to management consulting is patterned after that of many major consulting firms and relies on extensive project management and review to insure that projects are completed on time and within budget. Since many Financial Decision Support Systems are complex, or the business managers do not have the time or staff to develop them internally, an experienced consulting group is an essential part of remote computing services or software product sales. All of our management consulting activities are involved with customers who are purchasing one of our other services.

Software Products (FY81 Revenues of \$338,000)

Ross Systems has developed two proven, proprietary software products that a manager can use for a variety of tasks from simple data base management and information retrieval to the most sophisticated financial models that use 'backwards iteration', regression analysis and other advanced methods. These products can also be used as the basis for custom developed user applications.

MAPS (an acronym for Management Aid for Planning Strategies), is a financial modeling and reporting language that uses matrices or spreadsheets to store, manipulate and consolidate financial data. MAPS was the first modeling language available on a mini-computer and has enjoyed wide acceptance as the major modeling and reporting tool of leading banks and electronics/semiconductor manufacturing companies.

INTAC (a shortened form of INTERACTIVE) is a data base management system used to store, select, sort and report on records of information such as personnel records or leased equipment. While there are many data base management systems available today, INTAC's emphasis on ease of use as well as its screen formatting and reporting capabilities give it a unique edge in this marketplace.

Hardware Sales (FY81 Revenues of \$43,000)

We are able to offer an integrated software and hardware product on a turnkey basis by combining Digital Equipment Corporation minicomputers with our proprietary software products and custom designed applications. Our software presently operates on computers costing between \$60,000 (an 8 user PDP-11/24 using the RSTS/E operating system) and \$250,000 (a 64 user VAX 11/780 using the VMS operating system). When selling hardware to customers, we offer them our extensive experience in developing communications systems as well as our expertise in installing and operating computers. Hardware clients often continue using our timesharing facilities for systems backup or overflow.

WHAT IS A DECISION SUPPORT SYSTEM?

Financial Decision Support Systems are a major part of our business, and they differ from traditional accounting and operational systems in two important ways - the business manager's control over the operation of the system (they are run from an on-line terminal or a computer in the manager's office) and the business manager's capability to change reports and develop new ones without programmers (ad hoc reporting and 'what-if' analysis). These kinds of systems will become increasingly important as the shortage of experienced computer programmers becomes greater and as the emphasis on office automation increases.

Decision Support Systems are hardware independent - they can be effectively implemented on mainframes, on timeshared minicomputers, on desktop computers or on a combination of the three. Since user interaction and control are the fundamental components of a Decision Support System, flexible software that is easy to use and that meets the user requirements is the most important element of any system.

EXAMPLES OF FINANCIAL DECISION SUPPORT SYSTEMS

Corporate Planning Models and Systems

- Cash Flow Forecasts
- Strategic Business Plans
- Merger and Acquisition Analysis
- New Financing Strategies
- Capital Budgeting
- Profit Planning

Financial Reporting, Consolidation and Control Systems

- Financial Statement Consolidations
- Performance Reporting for Divisions and Groups
- Foreign Currency Exposure
- Product Line Cost Analysis
- Regulatory Reporting Requirements
- Cash Management Systems

ROSS SYSTEMS, INC.
BALANCE SHEETS
June 30, 1981 and 1980

ASSETS

| | <u>1981</u> | <u>1980</u> |
|---|--------------------|--------------------|
| CURRENT ASSETS | | |
| Cash and treasury bill | \$ 262,384 | \$ 186,972 |
| Accounts receivable: | | |
| Trade, less allowance for doubtful accounts of \$34,696 in 1981 and \$16,088 in 1980 (Note 3) | 1,023,562 | 521,367 |
| Employee | 6,117 | 5,448 |
| Prepaid income taxes | - | 15,971 |
| Inventory | <u>266,930</u> | <u>4,334</u> |
| Total current assets | <u>\$1,558,993</u> | <u>\$ 734,092</u> |
| | | |
| PROPERTY AND EQUIPMENT, at cost (Note 3) | | |
| Computer equipment | \$1,812,654 | \$ 781,197 |
| Furniture and fixtures | <u>401,841</u> | <u>247,823</u> |
| | \$2,214,495 | \$1,029,020 |
| Less accumulated depreciation | <u>803,163</u> | <u>473,224</u> |
| | <u>\$1,411,332</u> | <u>\$ 555,796</u> |
| | | |
| DEPOSITS | <u>\$ 55,650</u> | <u>\$ 18,630</u> |
| | <u>\$3,025,975</u> | <u>\$1,308,518</u> |

See Notes to Financial Statements

ROSS SYSTEMS, INC.
BALANCE SHEETS
June 30, 1981 and 1980

LIABILITIES AND STOCKHOLDERS' EQUITY

| | <u>1981</u> | <u>1980</u> |
|---|-----------------------|----------------------|
| CURRENT LIABILITIES | | |
| Current maturities of notes payable (Note 3) | \$ 230,004 | 90,000 |
| Accounts payable | 354,453 | 29,190 |
| Accrued expenses | 229,893 | 102,928 |
| Income taxes payable | 43,597 | - |
| Deferred income taxes | 243,521 | 203,630 |
| Deposits | 5,106 | - |
| Total current liabilities | <u>\$1,106,574</u> | <u>\$ 425,748</u> |
| NOTES PAYABLE, less current maturities (Note 3) | <u>\$ 567,330</u> | <u>\$ 55,547</u> |
| COMMITMENTS (Note 8) | | |
| STOCKHOLDERS' EQUITY (Notes 4, 5, and 6) | | |
| Common stock, par value \$0.10 per share; authorized 750,000 shares; issued 302,770 in 1981 and 294,644 in 1980 | \$ 30,277 | \$ 29,465 |
| Additional paid-in capital | 160,634 | 106,596 |
| | <u>\$ 190,911</u> | <u>\$ 136,061</u> |
| Less notes receivable from stockholders for the purchase of common stock (Note 2) | 60,430 | 65,865 |
| | \$ 130,481 | \$ 70,196 |
| Retained earnings | 1,221,590 | 757,027 |
| | <u>\$1,352,071</u> | <u>\$ 827,223</u> |
| | <u>\$3,025,975</u> | <u>\$1,308,518</u> |

See Notes to Financial Statements

ROSS SYSTEMS, INC.
STATEMENTS OF INCOME
June 30, 1981 and 1980

| | <u>1981</u> | <u>1980</u> |
|---|--------------------|--------------------|
| Revenue | | |
| Timesharing | \$3,131,217 | \$1,637,997 |
| Consulting | 701,018 | 537,388 |
| Software | 290,513 | 152,704 |
| Royalties | 47,500 | 35,029 |
| Hardware, net of costs of equipment of \$500,829 | 43,058 | - |
| Other | 22,520 | 27,502 |
| | <u>\$4,235,826</u> | <u>\$2,390,620</u> |
| Expenses | | |
| Salaries | \$1,738,685 | \$ 971,408 |
| Payroll related expenses | 227,051 | 132,062 |
| Computer communications and maintenance | 336,963 | 202,845 |
| Depreciation | 386,624 | 205,957 |
| Occupancy | 284,386 | 149,308 |
| Advertising and promotion | 87,758 | 78,829 |
| Outside professional services | 30,559 | 31,591 |
| Other general and administrative | 412,234 | 176,242 |
| | <u>\$3,504,260</u> | <u>\$1,948,242</u> |
| Operating income | <u>\$ 731,566</u> | <u>\$ 442,378</u> |
| Non-operating income (expense) | | |
| Interest income | \$ 34,468 | \$ 33,794 |
| Gain on sale of assets | 25,439 | - |
| Interest expense | (73,480) | (30,649) |
| | <u>\$ (13,573)</u> | <u>\$ 3,145</u> |
| Income before income taxes | <u>\$ 717,993</u> | <u>\$ 445,523</u> |
| Federal and state income taxes (Note 7) | | |
| Current | \$ 213,539 | \$ 133,457 |
| Deferred | 39,891 | 52,253 |
| | <u>\$ 253,430</u> | <u>\$ 185,710</u> |
| Net income | <u>\$ 464,563</u> | <u>\$ 259,813</u> |
| Earnings per share (Note 6) | <u>\$ 1.50</u> | <u>\$.85</u> |

See Notes to Financial Statements

ROSS SYSTEMS, INC.

STATEMENTS OF CHANGES IN FINANCIAL POSITION

Years Ended June 30, 1981 and 1980

| | <u>1981</u> | <u>1980</u> |
|--|--------------------|-------------------|
| FINANCIAL RESOURCES PROVIDED BY | | |
| Operations: | | |
| Net income | \$ 464,563 | \$ 259,813 |
| Items which did not require outlay of working capital during the year: | | |
| Depreciation | 386,624 | 205,957 |
| Gain on sale of equipment | <u>(25,439)</u> | <u>-</u> |
| Working capital provided by operations | \$ 825,748 | \$ 465,770 |
| Other sources: | | |
| Increase in notes payable | 511,783 | - |
| Collections on notes receivable | 22,647 | 8,343 |
| Proceeds from sale of equipment | 48,310 | - |
| Net book value of equipment retired | 1,393 | 239 |
| Proceeds from sales of stock | 54,850 | 21,620 |
| Increase in common stock from stock split | - | 21,762 |
| | <u>\$1,464,731</u> | <u>\$ 517,734</u> |
| FINANCIAL RESOURCES APPLIED TO | | |
| Purchase of property and equipment | \$1,266,424 | \$ 356,351 |
| Increase in deposits | 37,020 | 12,156 |
| Payments on notes payable plus change in current maturities | - | 87,000 |
| Decrease in paid-in capital from stock split | - | 21,762 |
| Increase in notes receivable from stockholders | 17,212 | 6,118 |
| Purchase of treasury stock | - | 20,031 |
| | <u>\$1,320,656</u> | <u>\$ 503,418</u> |
| Increase in working capital, as below | <u>\$ 144,075</u> | <u>\$ 14,316</u> |
| SUMMARY OF CHANGES IN WORKING CAPITAL COMPONENTS | | |
| Increase (decrease) in: | | |
| Cash and treasury bill | \$ 75,412 | \$ (50,894) |
| Trade receivables | 502,195 | 159,554 |
| Employee receivables | 669 | 2,063 |
| Prepaid income taxes | (15,971) | 15,971 |
| Inventory | 262,596 | 4,334 |
| (Increase) decrease in: | | |
| Current maturities of notes payable | (140,004) | (18,000) |
| Accounts payable | (325,263) | (8,358) |
| Accrued expenses | (126,965) | (71,623) |
| Income taxes payable | (43,597) | 33,522 |
| Deferred income taxes | (39,891) | (52,253) |
| Deposits | (5,106) | - |
| Increase in working capital | <u>\$ 144,075</u> | <u>\$ 14,316</u> |

See Notes to Financial Statements

ROSS SYSTEMS, INC.

STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY

Years Ended June 30, 1981 and 1980

| | <u>Common Stock</u> | | <u>Additional Paid-In Capital</u> | <u>Notes receiv- able from Stockholders</u> | <u>Retained Earnings</u> |
|--|---------------------|------------------|---|---|------------------------------|
| | <u>Shares</u> | <u>Amount</u> | | | |
| BALANCE, June 30, 1979 | 73,786 | \$ 7,379 | \$ 127,093 | \$ 68,090 | \$ 497,214 |
| Net income for the year | - | - | - | - | 259,813 |
| Issuance of common stock | 4,484 | 448 | 21,172 | - | - |
| Purchase and retirement of treasury stock | (1,246) | (124) | (19,907) | - | - |
| Four-for-one stock split (Note 5) | 217,620 | 21,762 | (21,762) | - | - |
| Issuance of notes | - | - | - | 6,118 | - |
| Collection on notes | - | - | - | (8,343) | - |
| | <u>294,644</u> | <u>\$ 29,465</u> | <u>\$ 106,596</u> | <u>\$ 65,865</u> | <u>\$ 757,027</u> |
| BALANCE, June 30, 1980 | - | - | - | - | 464,563 |
| Net income for the year | 8,126 | 812 | 54,038 | - | - |
| Issuance of common stock | - | - | - | 17,212 | - |
| Issuance of notes | - | - | - | (22,647) | - |
| Collection on notes | - | - | - | - | - |
| | <u>302,770</u> | <u>\$ 30,277</u> | <u>\$ 160,634</u> | <u>\$ 60,430</u> | <u>\$1,221,590</u> |

See Notes to Financial Statements

ROSS SYSTEMS, INC.
NOTES TO FINANCIAL STATEMENTS

1. Significant Accounting Policies

Depreciation:

Depreciation is provided using the straight-line and declining balance methods in amounts sufficient to depreciate the assets over their estimated useful lives.

Pension Plan:

The company has in effect a defined contribution pension plan covering all employees who meet various age and length of service requirements. The amount contributed to the plan is 5% of the annual compensation of the participants. Contributions to the plan were \$62,497 and \$35,232 in 1981 and 1980, respectively.

Income Taxes:

Deferred income taxes are provided for timing differences resulting from inclusion of income and expense items in financial statements in years other than when recognized for income tax purposes. Timing differences result from using the accrual basis of accounting for financial statement purposes and the cash basis of accounting for tax reporting purposes.

Investment Tax Credits:

Investment tax credits are recognized as a reduction of income taxes in the year in which the credits are utilized.

2. Notes Receivable From Stockholders

The company has sold shares of its common stock to various officers at Board-determined value at the date of sale. Notes receivable from these sales bear interest at 6% and are due as follows:

| <u>Maturity Date</u> | <u>Amount</u> | |
|----------------------|------------------|------------------|
| | <u>1981</u> | <u>1980</u> |
| Current maturity | | |
| March, 1981 | \$ - | \$ 6,118 |
| November, 1981 | 18,965 | - |
| March, 1982 | 4,365 | - |
| | <u>\$ 23,330</u> | <u>\$ 6,118</u> |
| Non-current maturity | | |
| November, 1981 | \$ - | \$ 21,227 |
| January, 1989 | 37,100 | 38,520 |
| | <u>\$ 37,100</u> | <u>\$ 59,747</u> |
| | <u>\$ 60,430</u> | <u>\$ 65,865</u> |

3. Notes Payable

At June 30, 1981 and 1980 notes payable consists of the following:

| | <u>1981</u> | <u>1980</u> |
|--|-------------------|------------------|
| Line of credit with bank, secured by accounts receivable and equipment, interest due monthly at prime rate plus 1.5%, maturing in March, 1982 | \$ 60,000 | \$ - |
| Note payable to bank, secured by accounts receivable and equipment, payable in monthly installments of \$6,667, plus interest at the prime rate plus 1%, maturing in March, 1986 | 393,333 | - |
| Note payable to bank, secured by accounts receivable and equipment, payable in monthly installments of \$7,500, plus interest at the prime rate plus 1-3/4%, not to exceed 17%, maturing in April 1985 | 344,001 | 145,547 |
| Less current maturities | <u>(230,004)</u> | <u>(90,000)</u> |
| | <u>\$ 567,330</u> | <u>\$ 55,547</u> |

The company's note payable agreement places certain restrictions on the amount of outstanding leasehold obligations and acquisitions of property and equipment. In addition, the agreement requires the company to maintain certain working capital and tangible net worth amounts and compensating balances with the bank (\$46,000 at June 30, 1981 and \$55,000 at June 30, 1980).

4. Stock Option Plan

The company has in effect a stock option plan for key employees, for the granting of options to purchase up to 40,000 shares of common stock. Options are granted at a minimum of eighty-five percent of the market value of the stock at the date of grant and are exercisable over a five year period. Plan activity for 1981 and 1980 was as follows:

| | <u>Number of Shares</u> | | <u>Aggregate Option Price</u> | |
|--------------------------|-------------------------|---------------|-------------------------------|------------------|
| | <u>1981</u> | <u>1980</u> | <u>1981</u> | <u>1980</u> |
| Beginning of year: | | | | |
| Options outstanding | 23,200 | 5,750 | \$ 75,600 | \$ 69,000 |
| Changes during the year: | | | | |
| Stock split | - | 15,450 | - | - |
| Options granted | 9,600 | 3,000 | 64,800 | 15,000 |
| Options exercised | - | (400) | - | (1,200) |
| Options cancelled | - | (600) | - | (7,200) |
| End of year: | | | | |
| Options outstanding | <u>32,800</u> | <u>23,200</u> | <u>\$ 140,400</u> | <u>\$ 75,600</u> |

At June 30, 1981, there were 7,200 shares of common stock reserved for future grants.

5. Common Stock Split

Effective March 18, 1980, 217,620 shares of common stock were issued in connection with a four-for-one stock split. Additional paid-in capital was charged and common stock was credited for \$21,762 representing the par value of the shares issued. All per share amounts have been adjusted to give effect to the stock split.

6. Earnings Per Share

Net earnings per share of common stock are based on the weighted average number of common shares outstanding during each year (309,840 in 1981 and 304,475 in 1980), including average common shares attributable to dilutive stock options. The dilutive effect on net earnings per share of common stock resulting from the exercise of outstanding stock options would not be material.

7. Income Taxes

Income tax expense consists of the following:

| | <u>1981</u> | <u>1980</u> |
|----------|-------------------|-------------------|
| Current | | |
| Federal | \$ 153,075 | \$ 100,742 |
| State | 60,464 | 32,715 |
| | <u>\$ 213,539</u> | <u>\$ 133,457</u> |
| Deferred | | |
| Federal | \$ 30,557 | \$ 43,534 |
| State | 9,334 | 8,719 |
| | <u>\$ 39,891</u> | <u>\$ 52,253</u> |
| | <u>\$ 253,430</u> | <u>\$ 185,710</u> |

The difference between the statutory Federal tax and the company's effective income tax is:

| | <u>1981</u> | <u>1980</u> |
|---|-------------------|-------------------|
| Statutory Federal income tax | \$ 283,091 | \$ 185,691 |
| State income tax, net of Federal benefit | 69,798 | 22,222 |
| Investment tax credit | (107,680) | (19,985) |
| Other | 8,221 | (2,218) |
| | <u>\$ 253,430</u> | <u>\$ 185,710</u> |

8. Commitments

The company leases its facilities under various operating leases. Certain leases include renewal options and escalation clauses in the minimum rental payments to reflect changes in price indices, real estate taxes or maintenance cost. Future minimum lease payments and sublease income is as follows:

| <u>Year</u> | <u>Amount</u> |
|--------------------------|--------------------|
| 1982 | \$ 356,447 |
| 1983 | 356,742 |
| 1984 | 352,997 |
| 1985 | 266,244 |
| 1986 | 112,596 |
| 1987 | 32,351 |
| 1988 | 20,880 |
| | <u>\$1,498,257</u> |
| Less sublease net income | (72,237) |
| | <u>\$1,426,020</u> |

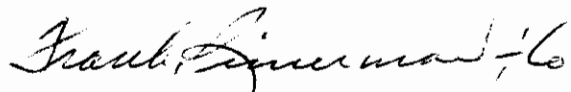
Total lease expense was \$216,188 and \$102,831 for 1981 and 1980, respectively. Sublease income was \$47,800 for 1981.

FRANK, RIMERMAN & CO.
CERTIFIED PUBLIC ACCOUNTANTS

Board of Directors
Ross Systems, Inc.
Palo Alto, California

We have examined the balance sheets of Ross Systems, Inc. as of June 30, 1981 and 1980, and the related statements of income, changes in stockholders' equity, and changes in financial position for the years then ended. Our examinations were made in accordance with generally accepted auditing standards and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the financial statements referred to above present fairly the financial position of Ross Systems, Inc. as of June 30, 1981 and 1980 and the results of its operations and changes in its financial position for the years then ended, in conformity with generally accepted accounting principles applied on a consistent basis.



FRANK, RIMERMAN & CO.

August 5, 1981

ROSS SYSTEMS, INC.

Six Year Summary

(Revenues and Profits in thousands)

| | <u>FY81</u> | <u>FY80</u> | <u>FY79</u> | <u>FY78</u> | <u>FY77</u> | <u>FY76</u> |
|---------|-------------|-------------|-------------|-------------|-------------|-------------|
| Revenue | 4,235 | 2,391 | 1,688 | 943 | 509 | 323 |
| Profits | 465 | 260 | 285 | 137 | 52 | 26 |
| EPS | 1.50 | .85 | 1.02 | .47 | .20 | .11 |
| Shares | 302,770 | 294,644 | 295,144 | 280,968 | 266,588 | 244,588 |

Average annual revenue growth rate is 67.3%

Average annual EPS growth rate is 68.6%

ROSS SYSTEMS, INC.

Analysis of Operating Results

Years ended June 30, 1980 and June 30, 1981

| | % Change | FY81 | % Total Sales | FY80 | % Total Sales |
|---------------|-------------|---------|------------------|---------|------------------|
| | ----- | ----- | ----- | ----- | ----- |
| REVENUE | | | | | |
| Timesharing | 91.1 | 3,131.2 | 73.9 | 1,638.0 | 68.5 |
| Consulting | 30.4 | 701.0 | 16.5 | 537.4 | 22.5 |
| Software | 90.2 | 290.5 | 7.0 | 152.7 | 6.4 |
| Royalties | 35.7 | 47.5 | 1.1 | 35.0 | 1.5 |
| Hardware | - | 43.0 | 1.0 | - | - |
| Other | -18.2 | 22.5 | .5 | 27.5 | 1.1 |
| | ----- | ----- | ----- | ----- | ----- |
| | 77.0 | 4,235.7 | 100.0 | 2,390.6 | 100.0 |
| EXPENSES | 80.8 | 3,517.7 | 83.0 | 1,945.1 | 81.4 |
| Pretax Profit | 61.2 | 718.0 | 17.0 | 445.5 | 18.6 |
| Taxes | 36.5 | 253.4 | 6.0 | 185.7 | 7.8 |
| Net Income | 78.8 | 464.6 | 11.0 | 259.8 | 10.9 |

ROSS SYSTEMS, INC.

BOARD OF DIRECTORS

Kenneth Ross
Bruce Gall
Edward Harley
Michael Novak

OFFICERS AND EXECUTIVES

Kenneth Ross - President

John Benedict - Vice President
Peter Fast - Vice President
Bruce Gall - Executive Vice President
Edward Harley - Executive Vice President
Karol Hines - Executive Vice President
Michael Novak - Executive Vice President

Pam Black - Branch Consulting Director, San Francisco
Janice Burch - Branch Consulting Director, Palo Alto
John W. Dyson - Branch Manager, Los Angeles
Cliff Hall - Branch Manager, Dallas
Brooke A. Hauch - Consulting Director
Liz Hughes - Consulting Director
Roy Latham - Branch Manager, Palo Alto
Sol U. Melendres - Branch Manager, San Francisco
Bruce T. Powell - Corporate Marketing Director
William Thomasmeyer - Software Sales Director

Company Headquarters

1900 Embarcadero Road
Suite 208
Palo Alto, CA 94303
(415) 856-1100

Palo Alto Branch

1900 Embarcadero Road
Suite 208
Palo Alto, CA 94303
(415) 856-1100

San Francisco Branch

601 Montgomery Street
Suite 1015
San Francisco, CA 94111
(415) 434-3798

Dallas Branch

700 North Pearl
Plaza of the Americas, 1630
Dallas, TX 75201
(214) 742-9393