



Agilysys Amends Unaudited Fiscal 2010 Third-Quarter and Nine-Month Results

CLEVELAND—February 8, 2010—Agilysys, Inc. (**Nasdaq: AGYS**), a leading provider of innovative IT solutions, today announced that it has amended its unaudited financial results for the fiscal 2010 third quarter and nine months ended December 31, 2009, which were previously published in a press release on February 3, 2010.

Revenues, gross profit, and operating income were revised lower for both the fiscal 2010 third quarter and nine months ended December 31, 2009 periods by \$1.4 million due to remarketed services in the Technology Solutions Group business. Revenue was adjusted to \$219.0 million from \$220.4 million for the third quarter and \$504.6 million from \$506.0 million for the nine-month fiscal 2010 period. Operating income was adjusted to \$8.5 million from \$9.9 million for the quarter and break-even from \$1.4 million for the nine-months.

Net income from continuing operations was adjusted by \$1.3 million to \$13.6 million from \$14.9 million for the quarter and \$4.0 million from \$5.3 million for the nine-month period. Diluted earnings per share for the quarter were \$0.59, and \$0.18 for the nine-months. Complete financial statements are included at the end of this press release and in the Company's form 10-Q filed this morning with the SEC.

Forward-Looking Language

This release contains certain management expectations, which may constitute forward-looking information within the meaning of Section 27A of the Securities Act of 1933, Section 21E of the Securities and Exchange Act of 1934 and the Private Securities Reform Act of 1995. Forward-looking information speaks only as to the date of this presentation and may be identified by use of words such as "may," "will," "believes," "anticipates," "plans," "expects," "estimates," "projects," "targets," "forecasts," "continues," "seeks," or the negative of those terms or similar expressions. Many important factors could cause actual results to be materially different from those in forward-looking information including, without limitation, competitive factors, disruption of supplies, changes in market conditions, pending or future claims or litigation, or technology advances. No assurances can be provided as to the outcome of cost reductions, business strategies, future financial results, unanticipated downturns to our relationships with customers, and macroeconomic demand for IT products and services, unanticipated difficulties integrating acquisitions, new laws and government regulations, interest rate changes, and unanticipated deterioration in economic and financial conditions in the United States and around the world or the consequences if the shareholders either approve or fail to approve the proposed Control Share Acquisition by MAK Capital announced on November 20, 2009. We do not undertake to update or revise any forward-looking information even if events make it clear that any projected results, actions, or impact, express or implied, will not be realized.

Other potential risks and uncertainties that may cause actual results to be materially different from those in forward-looking information are described in the Company's Annual Report on Form 10-K filed with the Securities and Exchange Commission (SEC), under Item 1A, "Risk Factors." Copies are available from the SEC or the Agilysys website.

Use of Non-GAAP Financial Information

To supplement the unaudited condensed consolidated financial statements presented in accordance with U.S. GAAP in this release, certain non-GAAP financial measures as defined by the SEC rules are used.

Management believes that such information can enhance investors' understanding of the Company's ongoing operations and is a measure used in the Company's debt agreement. The non-GAAP measures included in this release have been reconciled to the comparable GAAP measures within an accompanying table, shown on the last page of this release.

About Agilysys, Inc.

Agilysys is a leading provider of innovative IT solutions to corporate and public-sector customers, with special expertise in select markets, including retail and hospitality. The company uses technology — including hardware, software and services — to help customers resolve their most complicated IT needs. The company possesses expertise in enterprise architecture and high availability, infrastructure optimization, storage and resource management, identity management and business continuity; and provides industry-specific software, services and expertise to the retail and hospitality markets. Headquartered in Cleveland, Agilysys operates extensively throughout North America, with additional sales and support offices in the United Kingdom, Singapore and Hong Kong.

News releases and other information on Agilysys are available on the Internet at: www.agilysys.com.

—FINANCIAL RESULTS FOLLOW—

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AGILYSYS, INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS (Unaudited)

<i>(In thousands, except share and per share data)</i>	Three Months Ended		Nine Months Ended	
	December 31,		December 31,	
	2009	2008	2009	2008
Net sales:				
Products	\$ 185,509	\$ 169,260	\$ 416,743	\$ 430,692
Services	33,490	54,816	87,857	144,573
Total net sales	218,999	224,076	504,600	575,265
Cost of goods sold:				
Products	156,067	146,952	340,986	359,119
Services	12,956	18,102	37,914	59,994
Total cost of goods sold	169,023	165,054	378,900	419,113
Gross margin	49,976	59,022	125,700	156,152
Selling, general and administrative expenses	40,542	47,556	124,686	155,391
Asset impairment charges	238	-	238	145,643
Restructuring charges	677	13,357	745	36,930
Operating income (loss)	8,519	(1,891)	31	(181,812)
Other (income) expense :				
Other (income) expense, net	(4,921)	1,175	(5,311)	695
Interest income	-	(59)	(9)	(521)
Interest expense	246	638	673	1,090
Income (loss) before income taxes	13,194	(3,645)	4,678	(183,076)
Income tax (benefit) expense	(410)	(1,402)	593	(15,481)
Income (loss) from continuing operations	13,604	(2,243)	4,085	(167,595)
Income (loss) from discontinued operations	3	(1,477)	(38)	(2,751)
Net income (loss)	\$ 13,607	\$ (3,720)	\$ 4,047	\$ (170,346)
Income (loss) per share – basic				
Income (loss) from continuing operations	\$ 0.60	\$ (0.10)	\$ 0.18	\$ (7.42)
Loss from discontinued operations	0.00	(0.07)	(0.00)	(0.12)
Net income (loss)	\$ 0.60	\$ (0.17)	\$ 0.18	\$ (7.54)
Income (loss) per share – diluted				
Income (loss) from continuing operations	\$ 0.59	\$ (0.10)	\$ 0.18	\$ (7.42)
Loss from discontinued operations	0.00	(0.07)	(0.00)	(0.12)
Net income (loss)	\$ 0.59	\$ (0.17)	\$ 0.18	\$ (7.54)
Weighted average shares outstanding				
Basic	22,624,622	22,603,641	22,625,866	22,580,726
Diluted	23,170,992	22,603,641	23,010,272	22,580,726
Cash dividends per share	\$ -	\$ 0.03	\$ 0.06	\$ 0.09

AGILYSYS, INC.
BUSINESS SEGMENT INFORMATION (Unaudited)

<i>(In thousands)</i>	Three Months Ended		Nine Months Ended	
	December 31,		December 31,	
	2009	2008	2009	2008
Hospitality (HSG)				
Total revenue	\$ 23,329	\$ 27,911	\$ 63,715	\$ 76,153
Elimination of intersegment revenue	(833)	-	(1,890)	(82)
Revenue from external customers	\$ 22,496	\$ 27,911	\$ 61,825	\$ 76,071
Gross margin	\$ 14,312	\$ 15,074	\$ 38,089	\$ 43,920
	63.6%	54.0%	61.6%	57.7%
Depreciation and amortization	\$ 1,081	\$ 1,551	\$ 3,308	\$ 4,737
Operating income (loss)	4,108	3,166	6,203	(105,598)
Adjusted EBITDA	\$ 5,189	\$ 4,717	\$ 9,511	\$ (100,861)
Asset Impairment	\$ 90	\$ -	\$ 90	\$ 110,851
Retail (RSG)				
Total revenue	\$ 37,753	\$ 34,793	\$ 85,696	\$ 102,497
Elimination of intersegment revenue	(43)	(3)	(63)	(319)
Revenue from external customers	\$ 37,710	\$ 34,790	\$ 85,633	\$ 102,178
Gross margin	\$ 7,416	\$ 8,937	\$ 17,486	\$ 23,431
	19.7%	25.7%	20.4%	22.9%
Depreciation and amortization	\$ 49	\$ 16	\$ 143	\$ 157
Operating income (loss)	2,925	4,229	5,688	(16,085)
Adjusted EBITDA	\$ 2,974	\$ 4,245	\$ 5,831	\$ (15,928)
Asset Impairment	\$ -	\$ -	\$ -	\$ 24,910
Technology (TSG)				
Total revenue	\$ 161,072	\$ 161,451	\$ 359,465	\$ 400,199
Elimination of intersegment revenue	(2,279)	(76)	(2,323)	(3,183)
Revenue from external customers	\$ 158,793	\$ 161,375	\$ 357,142	\$ 397,016
Gross margin	\$ 28,248	\$ 33,765	\$ 70,887	\$ 85,210
	17.8%	20.9%	19.8%	21.5%
Depreciation and amortization	\$ 811	\$ 4,067	\$ 5,579	\$ 12,547
Operating income (loss)	8,295	11,817	12,081	(14,496)
Adjusted EBITDA	\$ 9,106	\$ 15,884	\$ 17,660	\$ (1,949)
Asset Impairment	\$ -	\$ -	\$ -	\$ 9,882
Restructuring charge	\$ -	\$ -	\$ -	\$ 23,573

AGILYSYS, INC.
BUSINESS SEGMENT INFORMATION (Unaudited)

<i>(In thousands)</i>	Three Months Ended		Nine Months Ended	
	December 31,		December 31,	
	2009	2008	2009	2008
Corporate / Other				
Gross margin	\$ -	\$ 1,246	\$ (762)	\$ 3,591
Depreciation and amortization (a)	\$ 1,201	\$ 1,048	\$ 3,610	\$ 3,200
Operating loss	(6,809)	(21,103)	(23,941)	(45,633)
Adjusted EBITDA	\$ (5,608)	\$ (20,055)	\$ (20,331)	\$ (42,433)
Asset Impairment	\$ 148	\$ -	\$ 148	\$ -
Restructuring charge	\$ 677	\$ 13,357	\$ 745	\$ 13,357
Consolidated				
Total revenue	\$ 222,154	\$ 224,155	\$ 508,876	\$ 578,849
Elimination of intersegment revenue	(3,155)	(79)	(4,276)	(3,584)
Revenue from external customers	\$ 218,999	\$ 224,076	\$ 504,600	\$ 575,265
Gross margin	\$ 49,976	\$ 59,022	\$ 125,700	\$ 156,152
	22.8%	26.3%	24.9%	27.1%
Depreciation and amortization (a)	\$ 3,142	\$ 6,682	\$ 12,640	\$ 20,641
Operating income (loss)	8,519	(1,891)	31	(181,812)
Adjusted EBITDA	\$ 11,661	\$ 4,791	\$ 12,671	\$ (161,171)
Asset Impairment	\$ 238	\$ -	\$ 238	\$ 145,643
Restructuring charge	\$ 677	\$ 13,357	\$ 745	\$ 36,930

(a) Does not include the amortization of deferred financing fees totaling \$126 and \$471 for the three months ended Dec. 31, 2009 and 2008, respectively, and \$346 and \$584 for the nine months ended Dec. 31, 2009 and 2008, respectively, which related to the Corporate and Other segment.

AGILYSYS, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS (Unaudited)

<i>(In thousands, except share data)</i>	December 31, 2009	March 31, 2009
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 24,435	\$ 36,244
Accounts receivable, net	182,566	151,944
Inventories, net	25,138	27,216
Deferred income taxes - current, net	4,930	6,836
Prepaid expenses and other current assets	7,782	4,564
Income taxes receivable	6,171	3,871
Assets of discontinued operations – current	282	1,075
Total current assets	<u>251,304</u>	<u>231,750</u>
Goodwill	50,612	50,382
Intangible assets, net	32,717	36,659
Deferred income taxes - non-current, net	-	511
Other non-current assets	18,243	29,008
Assets of discontinued operations – non-current	-	56
Property and equipment, net	27,067	26,070
Total assets	<u>\$ 379,943</u>	<u>\$ 374,436</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 122,699	\$ 28,042
Floor plan financing	-	74,159
Deferred revenue	14,397	18,709
Accrued liabilities	23,902	37,807
Long-term debt - current	199	238
Liabilities of discontinued operations - current	569	1,176
Total current liabilities	<u>161,766</u>	<u>160,131</u>
Deferred income taxes - non-current, net	260	-
Other non-current liabilities	19,428	21,588
Shareholders' equity:		
Common shares, without par value, at \$0.30 stated value; authorized 80,000,000 shares; 31,606,831 shares issued and 23,031,119 shares outstanding at December 31, 2009	9,370	9,366
Treasury stock (8,510,712 and 8,896,778 shares at December 31, 2009 and March 31, 2009, respectively)	(2,670)	(2,670)
Capital in excess of stated value	(9,298)	(11,036)
Retained earnings	202,634	199,947
Accumulated other comprehensive loss	(1,547)	(2,890)
Total shareholders' equity	<u>198,489</u>	<u>192,717</u>
Total liabilities and shareholders' equity	<u>\$ 379,943</u>	<u>\$ 374,436</u>

AGILYSYS, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (Unaudited)

(In thousands)	Nine Months Ended December 31,	
	2009	2008
Operating activities:		
Net income (loss)	\$ 4,047	\$ (170,346)
Add: Loss from discontinued operations	38	2,751
Income (loss) from continuing operations	4,085	(167,595)
Adjustments to reconcile net income (loss) from continuing operations to net cash provided by (used for) operating activities (net of effects from business acquisitions):		
Impairment of property and equipment	238	-
Impairment of investment in The Reserve Fund's Primary Fund	-	1,087
Impairment of goodwill and intangible assets	-	166,223
Gain on redemption of cost basis investment	-	(56)
Gain on investment in The Reserve Fund's Primary Fund	(2,505)	-
Loss on the sale of securities	91	-
Depreciation	2,859	2,863
Amortization	10,127	18,362
Deferred income taxes	2,724	(20,087)
Stock based compensation	1,709	825
Changes in working capital:		
Accounts receivable	(30,622)	(4,849)
Inventories	2,078	(31)
Accounts payable	95,024	(90,739)
Accrued and other liabilities	(20,442)	(29,404)
Income taxes (receivable) payable	(5,322)	1,359
Other changes, net	12	(823)
Other non-cash adjustments	(1,128)	701
Total adjustments	54,843	45,431
Net cash provided by (used for) operating activities	58,928	(122,164)
Investing activities:		
Proceeds from (claim on) The Reserve Fund's Primary Fund	2,337	(7,657)
Proceeds from the redemption of cost basis investment	-	9,513
Proceeds from borrowings against company-owned life insurance policies	12,500	-
Change in cash surrender value of company owned life insurance policies	(159)	(155)
Acquisition of businesses, net of cash acquired	-	(2,381)
Purchase of property and equipment	(9,672)	(4,335)
Net cash provided by (used for) investing activities	5,006	(5,015)
Financing activities:		
Floor plan financing agreement, net	(74,159)	131,323
Proceeds from borrowings under credit facility	5,000	-
Principal payments under credit facility	(5,000)	-
Principal payment under long term obligations	(258)	(71)
Issuance of common shares	33	-
Debt financing costs	(1,520)	-
Dividends paid	(1,360)	(2,038)
Net cash (used for) provided by financing activities	(77,264)	129,214
Effect of exchange rate changes on cash	1,317	(69)
Cash flows (used for) provided by continuing operations	(12,013)	1,966
Cash flows of discontinued operations:		
Operating cash flows	204	510
Investing cash flows	-	-
Net (decrease) increase in cash	(11,809)	2,476
Cash at beginning of period	36,244	69,935
Cash at end of period	\$ 24,435	\$ 72,411

AGILYSYS, INC.
RECONCILIATION OF NET INCOME (LOSS) TO ADJUSTED EBITDA (Unaudited)

<i>(In thousands)</i>	Three Months Ended December 31,		Nine Months Ended December 31,	
	2009	2008	2009	2008
	Net income (loss)	\$ 13,607	\$ (3,720)	\$ 4,047
<i>Plus:</i>				
Interest expense, net	246	579	664	569
Other income, net	(4,921)	1,175	(5,311)	695
Income tax (benefit) expense	(410)	(1,402)	593	(15,481)
Depreciation and amortization expense (a)	3,142	6,682	12,640	20,641
(Income) loss from discontinued operations, net of tax	(3)	1,477	38	2,751
Adjusted EBITDA	11,661	4,791	12,671	(161,171)
Asset impairment charges	238	-	238	145,643
Restructuring charges	677	13,357	745	36,930
Adjusted EBITDA excluding asset impairment and restructuring charges	\$ 12,576	\$ 18,148	\$ 13,654	\$ 21,402

(a) Depreciation and amortization expense excludes amortization of deferred finance costs, totaling \$126 and \$471 for the three months ended Dec. 31, 2009 and 2008, respectively, and \$346 and \$584 for the nine months ended Dec. 31, 2009 and 2008, respectively, as such costs are already included in interest expense, net.

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