FORM 10–Q

AXS ONE INC – AXO

Filed: August 13, 1999 (period: June 30, 1999)

Quarterly report which provides a continuing view of a company's financial position

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SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

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

For the quarter ended June 30, 1999 Commission File Number 0-26358

COMPUTRON SOFTWARE, INC.

(Exact name of registrant as specified in its charter)

DELAWARE	13-2966911
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
301 Route 17 North Rutherford, New Jersey	07070
(Address of principal executive offices)	(Zip Code)

(201) 935-3400

(Registrant's telephone number, including area code)

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.

YES |X| NO |_|

Number of shares outstanding of the issuer's common stock as of July 16, 1999

Class	Number of Shares Outstanding
Common Stock, par value $0.01 per share	23,913,557

COMPUTRON SOFTWARE, INC.

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COMPUTRON SOFTWARE, INC.
CONSOLIDATED BALANCE SHEETS
(In thousands)

	December 31, 1998	June 30, 1999
ASSETS		(Unaudited)
Current assets:		
Cash and cash equivalents	$ 4,009	$ 1,579
Restricted cash	4,856	299
Accounts receivable, net of allowance for doubtful accounts of $2,192 and $1,876 at December 31, 1998 and June 30, 1999, respectively	11,172	13,226
Prepaid expenses and other current assets	2,309	1,687
Total current assets	22,346	16,791
Equipment and leasehold improvements, at cost:		
Computer and office equipment	12,641	12,373
Furniture and fixtures	1,510	1,438
Leasehold improvements	976	1,050
	15,127	14,861
Less--accumulated depreciation and amortization	11,957	12,298
	3,170	2,563
LIABILITIES AND STOCKHOLDERS' DEFICIT		
Capitalized software development costs, net of accumulated amortization of $4,439 and $4,719 at December 31, 1998 and June 30, 1999, respectively	1,024	1,394
Goodwill, net of accumulated amortization of $1,607 and $507 at December 31, 1998 and June 30, 1999, respectively	1,291	647
Other assets	686	643
	$ 28,517	$ 22,038
Current liabilities:		
Current portion of long-term debt and capital lease obligations	$ 1,685	$ 1,673
Accounts payable	4,513	4,137
Accrued expenses	8,503	7,834
Due to shareholders	4,404	--
Deferred revenue	9,558	10,665
Total current liabilities	28,663	24,309
Long-term liabilities:		
Long-term debt and capital lease obligations, less current portion	2,229	1,393
Commitments and contingencies		
Stockholders' deficit:		
Preferred stock, $.01 par value, authorized 5,000 shares, no shares issued and outstanding	--	--
Common stock, $.01 par value, authorized 50,000 shares; 23,913 shares and 23,914 shares issued and outstanding at December 31, 1998 and June 30, 1999, respectively	239	239
Additional paid-in capital	70,122	70,122
Accumulated deficit	(72,059)	(73,502)
Accumulated other comprehensive loss	(677)	(523)
Total stockholders' deficit	(2,375)	(3,664)
	$ 28,517	$ 22,038

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

COMPUTRON SOFTWARE, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
(In thousands, except per share data)
(Unaudited)

	Three Months Ended		Six Months Ended	
	June 30, 1998	June 30, 1999	June 30, 1998	June 30, 1999
Revenues:				
License fees	$ 3,360	$ 2,332	$ 7,379	$ 5,849
Services	11,460	13,057	22,464	25,327
Total revenues	14,820	15,389	29,843	31,176
Operating expenses:				
Cost of license fees	796	554	1,810	1,216
Cost of services	7,470	6,710	14,892	13,545
Sales and marketing	4,235	3,100	8,590	6,372
Research and development	2,734	2,013	5,636	4,080
General and administrative	3,437	3,503	7,082	6,915
Restructuring costs	1,311	--	1,311	--
Total operating expenses	19,983	15,880	39,321	32,128
Operating loss	(5,163)	(491)	(9,478)	(952)
Other income (expense):				
Costs related to class action litigation	(18)	--	(40)	--
Loss on sale of subsidiary	--	(261)	--	(261)
Interest income	131	19	259	57
Interest expense	(145)	(111)	(157)	(216)
Other expense	(38)	(55)	(22)	(71)
Other income (expense), net	(70)	(408)	40	(491)
Net loss	$ (5,233)	$ (899)	$ (9,438)	$ (1,443)
Basic and diluted net loss per common share	$ (0.22)	$ (0.04)	$ (0.40)	$ (0.06)
Weighted average basic and diluted common shares outstanding shares	23,791	23,914	23,784	23,914

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

COMPUTRON SOFTWARE, INC.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS
(In thousands)
(Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	1998	1999	1998	1999
Net loss	$(5,233)	$ (899)	$(9,438)	$(1,443)
Translation adjustment	94	440	(86)	154
Comprehensive loss	$(5,139)	$ (459)	$(9,524)	$(1,289)

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

COMPUTRON SOFTWARE, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands)
(Unaudited)

	Six Months Ended June 30, 1998	1999
Cash flows from operating activities:		
Net loss	$(9,438)	$(1,443)
Adjustments to reconcile net loss to net cash flows used in operating activities		
Depreciation and amortization	1,919	1,503
Provision for doubtful accounts	--	198
Loss on sale of subsidiary	--	261
Changes in current assets and liabilities, net of divestiture		
Restricted cash	139	4,307
Accounts receivable	(1,114)	(2,998)
Prepaid expenses and other current assets	151	533
Accounts payable and accrued expenses	101	(264)
Due to shareholders	--	(4,404)
Deferred revenue	982	1,190
Net cash flows used in operating activities	(7,260)	(1,117)
Cash flows from investing activities:		
Other assets	229	(11)
Net Proceeds from sale of subsidiary	--	1,191
Capitalized software development costs	--	(650)
Purchase of equipment and leasehold improvements	(1,460)	(465)
Short-term investments	2	--
Net cash flows provided by (used in) investing activities	(1,229)	65
Cash flows from financing activities:		
Proceeds from exercise of stock options	23	--
Proceeds from long term debt	5,000	--
Payments of long term debt and capital lease obligations	(325)	(846)
Net cash flows provided by (used in) financing activities	4,698	(846)
Foreign currency exchange rate effects	(74)	(532)
Net decrease in cash and cash equivalents	(3,865)	(2,430)
Cash and cash equivalents, beginning of period	6,280	4,009
Cash and cash equivalents, end of period	$ 2,415	$ 1,579
Supplemental disclosures of cash flow information and noncash financing activities:		
Cash paid during the period for -		
Interest	$ 86	$ 178
Income taxes	$ 40	$ 30

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

COMPUTRON SOFTWARE, INC.
NOTES TO CONSOLIDATED INTERIM FINANCIAL STATEMENTS
(In thousands, except per share data)

(1) OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES

The Company designs, develops, markets and supports client/server financial, workflow, plant maintenance and archival data management software solutions to manage mission-critical applications in large organizations operating across a broad range of industries worldwide.

Basis of Presentation:

The accompanying consolidated financial statements include the accounts of Computron Software, Inc. and its wholly owned foreign subsidiaries located in Australia, Canada, France, Germany (through May 31, 1999), Poland, Singapore, South Africa and the United Kingdom (collectively, the "Company"). The unaudited consolidated financial statements have been prepared by the Company in accordance with generally accepted accounting principles and in the opinion of management, contain all adjustments, consisting only of those of a normal recurring nature, necessary for a fair presentation of these consolidated financial statements.

These consolidated financial statements should be read in conjunction with the consolidated financial statements and related notes included in the Company's 1998 Annual Report on Form 10-K filed with the Securities and Exchange Commission.

The results of operations for the three and six months ended June 30, 1999, are not necessarily indicative of results to be expected for any future periods.

(a) Revenue Recognition

The Company recognizes revenue in accordance with Statement of Position 97-2 "Software Revenue Recognition" ("SOP 97-2"). Revenue from non-cancelable software licenses is recognized when the license agreement has been signed, delivery has occurred, the fee is fixed or determinable and collectibility is probable. Post contract support (maintenance) fees are typically billed separately and are recognized on a straight line basis over the life of the applicable agreement. The Company recognizes service revenues from consulting and implementation services, including training, provided by both its own personnel and by third parties, upon performance of the services, pursuant to a professional services agreement. When the Company enters into a license agreement requiring development or significant customization of the software products, the Company recognizes revenue relating to the agreement using contract accounting. Anticipated losses, if any, are charged to operations in the period such losses are determined.

(b) Cash and Cash Equivalents

Cash equivalents are stated at cost, which approximates market, and consist of short-term, highly liquid investments with original maturities of less than three months.

(2) REVOLVING LINE OF CREDIT AND LONG-TERM DEBT

On March 31, 1998, the Company entered into a Loan and Security Agreement ("Agreement") which provides for maximum borrowings of up to $10 million. The Agreement contains a revolving line of credit and a term loan. The term loan provided for $5 million available in one drawdown which the Company borrowed on the closing date. The term loan bears interest at prime rate (7.75% at June 30, 1999) plus 1.5%, and is repayable in 36 monthly installments beginning May 1, 1998. Under the revolving line of credit the Company currently has available the lesser of $5 million or 85% of eligible receivables, as defined. Such available amount is reduced further by a $0.6 million letter of credit outstanding at June 30, 1999. The available amount under the revolving line of credit at June 30, 1999 was approximately $2.4 million.

Borrowings under the revolving line of credit bear interest at prime rate plus 1.25%. The Agreement provides for yearly fees as follows: (i) $111 in year one, $86 in years two and three and (ii) an unused revolving line of credit fee of .375% per annum. The Agreement is secured by substantially all domestic assets of the Company together with a pledge of 65% of the stock of its foreign subsidiaries, and contains certain financial restrictive covenants. The Company was in compliance with the covenants as of June 30, 1999.

Effective March 8, 1999, the Company amended the Agreement ("Amended Agreement") in order to increase amounts available under the term loan portion of the facility by the lesser of $1 million or eligible maintenance revenue, as defined, through September, 2001, to extend the termination date of the credit facility to March 31, 2002, and to establish financial restrictive covenants for 1999.

Additional amounts under the Amended Agreement are available in as many as two one-time borrowings of $500, and are subject to the limitation that the total outstanding balance of term loans under the credit line may not exceed 50% of eligible maintenance revenues through March 2000, 40% of eligible maintenance revenues from April 1, 2000 through March 31, 2001, and 30% of eligible maintenance revenues from April 1, 2001 to September 30, 2001. Additional term loans borrowed are repayable in equal monthly principal installments from the date of borrowing to March 31, 2002. As of June 30, 1999, the amount available under the term loan against the eligible maintenance revenues was approximately $1.0 million.

(3) CONTINGENCIES

On March 6, 1998, the District Court issued a final order approving the settlement of the class action securities litigation. The overall settlement included consideration totaling $15 million for the benefit of class members, including $6 million of consideration from the Company, and payments from certain of its present and former officers and directors, its former auditors, and the insurance companies that provided Computron with directors and officers liability insurance. In return for the payments by the insurance companies, the settlement also resolved a separate lawsuit brought by the Company against the insurance companies. As its share of the settlement,

the Company paid $1 million in cash, and issued one million shares of Common Stock of the Company ("Settlement Stock"). The Company recorded a charge to operations of $6 million during the quarter ended September 30, 1997, reflecting the Company's share of the settlement costs, excluding legal fees.

The class members received a non-transferable right to resell the Settlement Stock to a business trust formed by the Company at a price of $5.00 per share during a period from December 1, 1998 to December 21, 1998 (the "Put Period"). The trust was capitalized by a contribution of $5 million in cash by the Company in March 1998. During the Put Period, class members exercised the put with respect to 881 shares of Settlement Stock. The right to put the remaining shares of Settlement Stock automatically expired as of midnight on December 21, 1998. Pursuant to the terms of the stipulation of settlement, the Company paid $4,404 during January 1999 in satisfaction of the timely claims made under the put, and returned to the Company the remaining balance of the trust. Shares of Settlement Stock that were not timely put according to the terms of the settlement remain freely transferable.

Historically, the Company has been involved in other disputes and/or litigation encountered in its normal course of business. The Company believes that the ultimate outcome of these proceedings will not have a material adverse effect on the Company's business, consolidated financial condition, results of operations or cash flows.

(4) COMPREHENSIVE INCOME (LOSS)

Effective January 1, 1998 the Company adopted Statement of Financial Accounting Standards (SFAS) No. 130, "Reporting Comprehensive Income," a new accounting rule on reporting comprehensive income (loss). SFAS No. 130 requires reporting of comprehensive income (loss), which includes net income (loss) and all other non-owner changes in equity (deficit) during a period.

(5) BASIC AND DILUTED NET LOSS PER COMMON SHARE

Basic and diluted net loss per common share is presented in accordance with SFAS No. 128, "Earnings Per Share" ("SFAS No. 128"). Basic net loss per common share is based on the weighted average number of shares of common stock outstanding during the period. Diluted net loss per common share is the same as basic net loss per common share since the effect of stock options, warrants and contingently issuable shares in connection with the December 1997 private placement of common stock and the Settlement Stock, as defined in Note 3, is anti-dilutive for all periods presented.

(6) SALE OF SUBSIDIARY

On June 1, 1999, the Company sold its wholly-owned subsidiary located in Germany for gross proceeds totaling $1,350. The Company recorded a loss of $261 or $0.01 per share.

The following table sets forth significant financial data of the German subsidiary for comparison purposes. The 1999 amounts include results through May 31, 1999.

	Three Months Ended		Six Months Ended	
	June 30, 1998	June 30, 1999	June 30, 1998	June 30, 1999
Revenues:				
License fees	$ 456	$ 126	$ 1,780	$ 438
Services	895	716	1,609	1,472
	1,351	842	3,389	1,910
Total operating expenses	1,573	820	3,500	2,009
Operating loss	(222)	22	(111)	(99)
Other income, net	7	14	24	16
Net income (loss)	$ (215)	$ 36	$ (87)	$ (83)

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Overview

This Report contains statements of a forward-looking nature relating to future events or the future financial performance of the Company. Investors are cautioned that such statements are only predictions and that actual events or results may differ materially. In evaluating such statements, investors should specifically consider the various factors identified in this Report and in the Company's 1998 Annual Report on Form 10-K filed with the Securities and Exchange Commission which could cause actual results to differ materially from those indicated by such forward-looking statements, including the matters set forth under the caption "Certain Factors That May Affect Future Results and Financial Condition and the Market Price of Securities" below.

The Company was founded in 1978 as a developer of custom financial software for mission-critical applications in large organizations, primarily financial institutions. In the early 1980's, the Company developed financial software for legacy platforms and introduced sophisticated enterprise-wide financial software. Identifying the need for client/server financial software applications in the late 1980's, the Company commenced the re-architecture of its financial software and began the development and deployment of new products, specifically a workflow and document management product. In 1993, the Company introduced Computron Financials and Computron Workflow, the client/server versions of its financial and workflow products. Computron COOL was introduced in the latter half of 1993. Since 1994, the Company has released versions of its products with the capability to interoperate with popular RDBMS software. During the fourth quarter of 1995, the Company acquired the rights to its Computron Yorvik software.

In April and June 1996, respectively, the Company acquired the Financial Services Division of Generale de Service Informatique (GSI) based in Paris, France, and a portion of the business and assets of AT&T Istel and Co., GMBH, in Essen, Germany. These operations primarily provide software products and services in their respective countries.

On June 1, 1999, the Company sold its wholly-owned subsidiary located in Essen, Germany.

The Company's revenues are derived from license fees and services. Revenue from non-cancelable software licenses is recognized when the license agreement has been signed, delivery has occurred, the fee is fixed or determinable and collectibility is probable. Revenues for consulting and implementation services, including training, are recognized upon performance of the services. When the Company enters into a license agreement requiring development or significant customization of the software products, the Company recognizes revenue relating to the agreement using contract accounting. The Company's license agreements generally do not provide a right of return. Historically, the Company's backlog has not been substantial, since products are generally shipped as orders are received.

The Company has experienced, and may in the future experience, significant fluctuations in its quarterly and annual revenues and results of operations. The Company believes that domestic and international operating results will continue to fluctuate significantly in the future as a result of a variety of factors, including the timing of revenue recognition related to significant license agreements, the lengthy sales cycle for the Company's products, the proportion of revenues

attributable to license fees versus services, the utilization of third parties to perform services, the amount of revenue generated by resales of third party software, changes in product mix, demand for the Company's products, the size and timing of individual license transactions, the introduction of new products and product enhancements by the Company or its competitors, changes in customers' budgets, competitive conditions in the industry and general economic conditions. For a description of certain factors which may affect the Company's operating results, see "Potential for Significant Fluctuations in Operating Results; Seasonality."

The Company incurred net losses of $31.8 million for 1996, $13.6 million for 1997 and $9.0 million for 1998, and reported a net loss of $1.4 million for the six months ended June 30, 1999. As of June 30, 1999 the Company had an accumulated deficit of $73.5 million. There can be no assurance that the Company will be profitable in the future.

Restructuring Costs

During its fiscal second quarter of 1998, the Company committed itself to a plan whereby it eliminated 32 positions in the United States, which were rendered redundant through a reengineering process, and eliminated 16 positions outside the United States, which were servicing legacy products. Of the 48 positions eliminated, all were terminated prior to December 31, 1998 except as follows: six people resigned prior to being terminated and one position was terminated subsequent to December 31, 1998. Accordingly, the Company recorded a net charge to operations in 1998 totaling approximately $1.0 million ($1.3 million in the second quarter of 1998, reduced in the third quarter of 1998 by $0.3 million for anticipated savings attributable to resignations) reflecting the termination costs of those personnel. As of December 31, 1998 the Company had incurred cash outlays of $0.8 million. The remaining $0.2 million included in accrued expenses was satisfied through cash outlays during the first quarter of 1999.

New Accounting Standards

On December 22, 1998, the AICPA Accounting Standards Executive Committee issued Statement of Position (SOP) 98-9,"Software Revenue Recognition, with Respect to Certain Transactions." SOP 98-9 amends paragraphs 11 and 12 of SOP 97-2 to require recognition of revenue using the "residual method" when (1) there is vendor-specific objective evidence of the fair values of all undelivered elements in a multiple-element arrangement that is not accounted for using long-term contract accounting, (2) vendor-specific objective evidence of fair value does not exist for one or more of the delivered elements in the arrangement, and (3) all revenue-recognition criteria in SOP 97-2 other than the requirement for vendor-specific objective evidence of the fair value of each delivered element of the arrangement are satisfied. Under the residual method, the arrangement fee is recognized as follows: (1) the total fair value of the undelivered elements, as indicated by vendor-specific objective evidence, is deferred and subsequently recognized in accordance with the relevant sections of SOP 97-2 and (2) the difference between the total arrangement fee and the amount deferred for the undelivered elements is recognized as revenue related to the delivered elements. The Company will adopt SOP 98-9 on January 1, 2000, as required. The Company expects that the adoption of SOP 98-9 will not have a material effect on its consolidated financial statements.

Euro Currency

On January 1, 1999, certain countries of the European Union established fixed conversion rates between their existing currencies and one common currency, the euro. The euro will then trade on

currency exchanges and may be used in business transactions. Beginning in January 2002, new euro-denominated currencies will be issued and the existing local currencies will be withdrawn from circulation by July 1, 2002. The Company is in the process of arranging euro bank accounts for the conversion to the euro currency, and is evaluating other systems and business issues raised by the euro conversion. These issues include the need to ascertain the effect on its suite of products held for resale. During 1998, the Company derived approximately 47.1% of its total revenues outside the United States, a significant portion of which is in Europe. The Company has not completed its assessment of the potential impact of the euro conversion. However, at present, the Company believes the euro conversion will not have a material effect on the Company's consolidated financial position or results of operations.

Year 2000 Compliance

The efficient operation of the Company's business is dependent in part on its information technology ("IT") systems (which include computer software programs and operating systems) and its non-IT systems (process control and other systems which include embedded technologies), collectively the "Internal Programs and Systems". The Company has been evaluating its Internal Programs and Systems to identify potential Year 2000 compliance problems, and has primarily conducted these evaluations and assessments using the Company's information technology personnel (Phase 1). These actions are necessary to ensure that the Internal Programs and Systems will be Year 2000 compliant.

It is anticipated that modification or replacement of some of the Internal Programs and Systems may be necessary to make such Programs and Systems Year 2000 compliant (Phase 2). The Company is also communicating with its suppliers, domestically and abroad, and others to coordinate Year 2000 conversion. Based on present information, the Company believes that it will be able to achieve such Year 2000 compliance through a combination of modification of some existing Internal Programs and Systems and the replacement of other Internal Programs and Systems with new programs and systems that are already Year 2000 compliant by September 30, 1999. However, there can be no assurance that these efforts will be successful or that the systems of other companies on which the Company's business relies will be timely converted.

To date, costs incurred in evaluating its Internal Programs and Systems have been less than $50,000, and anticipated costs necessary to complete such evaluations, modifications and/or replacements are not expected to exceed $100,000. Most costs incurred to achieve Year 2000 compliance, have, in fact, been the same as those required as a normal part of technology upgrades, a critical part of normal operations within a technology-based organization.

The Company has focused resources on the thorough review, testing, and replacement, where necessary, of Internal Programs and Systems. The Company uses its own software, which has already been Year 2000 certified, for all accounting functions. Contingency plans are currently being developed, primarily focusing on third-party deliverables and dependencies which may affect implementation of identified anomalies.

With respect to software programs which the Company licenses externally to customers (collectively, the "External Programs"), the most recent versions of the Company's External Programs have been Year 2000 certified. The Company has notified its customer base that the older versions of the External Programs may not be Year 2000 compliant, and the Company encouraged these customers to upgrade to its most recent versions of the External Programs. In

addition, continuing periodic communication with customers is scheduled for the remainder of 1999, focused on providing assistance and education to customers as they transition to the new century, minimizing any possibility of anomalous conditions. Costs incurred to date to evaluate and identify potential Year 2000 compliance problems contained in the Company's External Programs have not been material, and the Company expects that future expenses associated with achieving Year 2000 compliance will not have a material effect on the consolidated financial results in 1999 and 2000.

Results of Operations

The following table sets forth, for the periods indicated, certain operating data as a percentage of total revenues:

	Three Months Ended June 30,		Six Months Ended June 30,	
	1998	1999	1998	1999
Revenues:				
License fees	22.7%	15.2%	24.7%	18.8%
Services	77.3	84.8	75.3	81.2
Total revenues	100.0	100.0	100.0	100.0
Operating expenses:				
Cost of license fees	5.4	3.6	6.1	3.9
Cost of services	50.4	43.6	49.9	43.5
Sales and marketing	28.6	20.1	28.8	20.4
Research and development	18.4	13.1	18.9	13.1
General and administrative	23.2	22.8	23.7	22.2
Restructuring costs	8.8	--	4.4	--
Total operating expenses	134.8	103.2	131.8	103.1
Operating loss	(34.8)	(3.2)	(31.8)	(3.1)
Other income (expense)	(0.5)	(2.6)	0.2	(1.5)
Net loss %	(35.3)%	(5.8)%	(31.6)%	(4.6)%

Total Revenues

Total revenues increased 3.8% and 4.5% for the three and six months ended June 30, 1999, compared to the corresponding prior year periods. The increase was primarily attributable to an increase in service revenue offset by a decrease in license fees.

The Company derived approximately $6.2 million and $12.6 million, or 40.2 % and 40.4 % of its total revenues, from customers outside of the United States for the three and six months ended June 30, 1999, respectively, compared to $6.5 million and $14.4 million, or 44.0% and 48.3%, respectively, for the corresponding prior year periods. The Company expects that revenues from customers outside the United States will continue to represent a significant percentage of its total revenues in the future. Most of the Company's international license fees and services revenue are denominated in foreign currencies. With respect to the Company's sales that are US dollar-denominated, decreases in the value of foreign currencies relative to the US dollar could make the Company's products less price competitive.

License Fees

License fees include revenues from software license agreements and hardware sales entered into between the Company and its customers with respect to both the Company's products and, to a lesser degree, third party products resold by the Company. Total license fees decreased 30.6% and

20.7% for the three and six months ended June 30, 1999 respectively, as compared to the prior year periods. The majority of the decrease for the three and six month periods related to license and low margin hardware sales in Germany (sold as of June 1, 1999) whose license fee revenue decreased from $1.8 million for the six months ended June 30, 1998 to $0.4 million for the six months ended June 30, 1999 (see note 6 to the Consolidated Interim Financial Statements).

Services Revenue

Services revenue includes fees from software maintenance agreements, training, installation and consulting services. Maintenance fees are billed separately and are recognized ratably over the period of the maintenance agreement. Training, installation and consulting service revenues are recognized as the services are performed. Services revenue increased 13.9% and 12.7% for the three and six months ended June 30, 1999, respectively, as compared to the comparable prior year periods. The increase was mainly due to higher utilization rates in the U.S. associated with the demand for version upgrades and implementation services for the Company's core products offset by declines in legacy product service revenues in the Company's France operations and only five months of services revenue in the Company's German operations.

Cost of License Fees

Cost of license fees consists primarily of amortization of capitalized software development costs, amounts paid to third parties with respect to products resold by the Company in conjunction with licensing of the Company's products and, to a lesser extent, the costs of documentation.

Cost of license fees decreased during the three and six months ended June 30, 1999 as compared to the corresponding prior year period due to the related decrease in Germany of hardware sales, as well as, lower amortization of capitalized software costs.

Cost of Services

Cost of services consists primarily of personnel costs for product quality assurances, training, installation, consulting and customer support.

For the three and six months ended June 30, 1999, cost of services as a percentage of services revenue was 51.4% and 53.5% respectively, compared to 65.2% and 66.3% for the comparable prior year periods. The decrease is primarily due to continued high utilization rates as demand for services increased and a decrease in lower margin outsourcing revenue in the Company's France operations.

Sales and Marketing

Sales and marketing expenses consist primarily of salaries, commission and bonuses paid to sales and marketing personnel, as well as travel and promotional expenses.

Sales and marketing expenses decreased 26.8% and 25.8% respectively, for the three and six months ended June 30, 1999 as compared to the comparable prior year periods, as a result of restructuring in the second quarter of 1998 that lowered headcount and a reduction in marketing program costs.

Research and Development

Research and development expenses consist primarily of personnel costs, costs of equipment, facilities and third party software development costs. Research and development expenses are generally charged to operations as incurred. However, certain software development costs are capitalized in accordance with Statement of Financial Accounting Standards No. 86. Such capitalized software development costs are generally amortized over periods not exceeding three years.

Research and development expenses decreased to $2.0 million and $4.1 million for the three and six months ended June 30, 1999 from $2.7 million and $5.6 million for the comparable prior year periods mainly due to a decrease in personnel in France and Germany as well as a decrease in temporary employees in the U.S. The Company capitalized $0.3 and $0.6 million in software development costs in the three and six months ended June 30, 1999 as compared to none in the first half of 1998. The rate of capitalization of software development costs may fluctuate depending on the mix and stage of development of the Company's product development and engineering projects.

General and Administrative

General and administrative expenses consist primarily of salaries for administrative, executive and financial personnel, and outside professional fees. General and administrative expenses represented 22.8% and 22.2% of total revenues for the three and six months ended June 30, 1999, compared to 23.2% and 23.7% of total revenues for the comparable prior year periods. General and administrative expenses increased 1.9% and decreased 2.4% for the three and six months ended June 30, 1999, as compared to the prior year periods, primarily due to decreases in professional fees and depreciation offset by increases in payroll related costs.

Other Income (Expense)

Other income (expense) net decreased to $(408) and $(491) for the three and six months ended June 30, 1999 from $(70) and $40 for the three and six months ended June 30, 1998, primarily due to interest expense on the term loan (Note 2), a reduction in interest income, and as a result of the net loss on the sale of the wholly-owned subsidiary located in Germany.

Liquidity and Capital Resources

At June 30, 1999, the Company had cash and cash equivalents of $1.6 million and restricted cash of $0.3 million and a working capital deficit of $7.5 million. Included in the deficit is $10.7 million of deferred revenue. On March 31, 1998, the Company entered into a Loan and Security Agreement ("Agreement") which provides for maximum borrowings of up to $10 million. The Agreement contains a revolving line of credit and a term loan. The term loan provided for $5 million available in one drawdown which the Company borrowed on the closing date. The original term loan was repayable in 36 monthly installments which began on May 1, 1998. Under the revolving line of credit the Company currently has available the lesser of $5 million or 85% of eligible receivables, as defined. Such available amount is reduced further by a $.6 million letter of credit outstanding at June 30, 1999. The available amount under the revolving line of credit at June 30, 1999 was approximately $2.4 million. Effective March 8, 1999, the Company amended its credit facility with

its bank in order to increase amounts available under the term loan portion of the agreement by the lesser of $1 million or eligible maintenance revenue, as defined, through September, 2001, to extend the termination date of the credit facility to March 31, 2002, and to establish financial restrictive covenants for 1999 (see note 2 to the Consolidated Interim Financial Statements). The available amount under this amendment at June 30, 1999 was approximately $1.0 million.

The Company is required to comply with quarterly and annual financial statement reporting requirements, as well as certain restrictive financial covenants. The ability to continue to borrow under the Agreement is dependent upon future compliance with such covenants and available collateral. Management believes that the Company's projected operating results over the next twelve months will result in compliance under the Agreement, although there can be no assurances that such operating results will be achieved.

The Company's operating activities used cash of and $7.3 million and $1.1 million for the six months ended June 30, 1998 and 1999, respectively. Net cash used by operations during the six months ended June 30, 1999 was comprised primarily of the net loss offset by depreciation and amortization expense and an increase in accounts receivable, net of deferred revenue, totaling $1.8 million. Net cash used by operations during the six months ended June 30, 1998 was comprised primarily of the net loss offset by depreciation and amortization.

The Company's investing activities provided (used) cash of $(1.2) million and $65 thousand for the six months ended June 30, 1998 and 1999, respectively. Cash provided for the six months ended June 30, 1999 included proceeds from the sale of the German subsidiary of $1.2 million offset by cash used for capitalized software development costs and the purchase of equipment. The principal uses during 1998 were leasehold improvements and equipment purchases.

Cash provided (used) by financing activities was $4.7 million and $(0.8) million during the six months ended June 31, 1998 and 1999, respectively and related mainly to the issuance of long-term debt in 1998 and repayments of debt in 1999.

The Company has no significant capital commitments. Planned capital expenditures for 1999 total approximately $0.8 million. The Company's aggregate minimum operating lease payments for 1999 will be approximately $2.4 million. The Company expects that its operating cash flow will be sufficient to fund the Company's working capital requirements through 1999. However, the Company's ability to achieve this result is affected by the extent of cash generated from operations and the pace at which the Company utilizes its available resources. Accordingly, the Company may in the future be required to seek additional sources of financing including the issuance of debt and/or sale of equity securities. No assurance can be given that any such additional sources of financing will be available on acceptable terms or at all.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

In the normal course of business, the Company is exposed to fluctuations in interest rates and equity market risks as the Company seeks debt and equity capital to sustain its operations. The Company is also exposed to fluctuations in foreign currency exchange rates as the financial results of its foreign subsidiaries are translated into U.S. dollars in consolidation. The Company does not use derivative instruments or hedging to manage its exposures and does not currently hold any market risk sensitive instruments for trading purposes.

The information below summarizes the Company's market risk associated with its debt obligation as of June 30, 1999. Fair value included herein has been estimated taking into consideration the nature and term of the debt instrument and the prevailing economic and market conditions at the balance sheet date. The table below presents principal cash flows by year of maturity based on the terms of the debt. The variable interest rate disclosed represents the rate at June 30, 1999. Changes in the prime interest rate during fiscal 1999 will have a positive or negative effect on the Company's interest expense. Each 1% fluctuation in the prime interest rate will increase or decrease annual interest expense for the Company by approximately $30,000, based on the debt outstanding as of June 30, 1999. Further information specific to the Company's debt is presented in Note 2 to the consolidated financial statements.

(In thousands)

			Year of Maturity		
Description	Estimated Fair Value	Carrying Amount	1999	2000	2001
Term loan	$3,056	$3,056	$ 835	$1,667	$ 554
Variable Interest rate			9.00%	--	--

Certain Factors That May Affect Future Results and Financial Condition and the Market Price of Securities

The Company's future business, results of operations and financial condition are also dependent on the Company's ability to successfully develop, manufacture, market and support its products in order to meet customer demands. Inherent in this process are a number of factors that the Company must carefully manage in order to be successful. A discussion of certain of these factors is discussed below.

History of Operating and Net Losses

The Company generated a net loss of $13.6 million for 1997, $9.0 million for 1998, and reported a net loss for the six months ended June 30, 1999 of $1.4 million. As of June 30, 1999, the Company had an accumulated deficit of $73.5 million. There can be no assurance that the Company will be profitable in the future.

Potential for Significant Fluctuations in Quarterly Operating Results; Seasonality

The Company has experienced, and may in the future experience, significant quarter to quarter fluctuations in revenues and results of operations. Such fluctuations may result in volatility in the price of the Company's Common Stock. Quarterly revenues and results of operations may fluctuate as a result of a variety of factors, including the proportion of revenues attributable to license fees versus services, the utilization of third parties to perform services, the amount of revenue generated by resales of third party software, changes in product mix, demand for the Company's products, the size and timing of individual license transactions, the introduction of new products and product enhancements by the Company or its competitors, changes in customer budgets, competitive conditions in the industry and general economic conditions. Further, the license of the Company's products generally involves a significant commitment of capital by the customer and may be delayed due to time-consuming authorization procedures within an organization. For these and

other reasons, the sales cycles for the Company's products are typically lengthy and subject to a number of significant risks over which the Company has little or no control, including customers' budgetary constraints and internal authorization reviews. The Company has historically operated with little backlog, since its products are generally shipped as orders are received. The Company has historically recognized a substantial portion of its revenues in the last month of a quarter, with these revenues frequently concentrated in the last week of the quarter. License fees in any quarter are substantially dependent on orders booked and shipped in the last month and last week of that quarter. Delays in the timing of recognition of specific revenues may adversely and disproportionately affect the Company's results of operations because a high percentage of the Company's operating expenses are relatively fixed, planned expenditures are based primarily on sales forecasts and only a small percentage of the Company's operating expenses vary with its revenues. Accordingly, the Company believes that period to period comparisons of results of operations are not necessarily meaningful and should not be relied upon as an indication of future results of operations. There can be no assurance that the Company will be profitable in any future quarter.

The Company's business has experienced and is expected to continue to experience significant seasonality, due in part to customer buying patterns. These fluctuations are caused primarily by customer budgeting and purchasing patterns, and by the Company's sales commission policies which generally compensate sales personnel on the basis of quarterly and annual performance quotas. The Company believes this pattern may continue in the future.

Due to the foregoing factors, the Company's operating results may be below the expectations of public market analysts and investors, in some future quarter . Such an event may have a material adverse effect on the price of the Company's Common Stock. See "Management's Discussion and Analysis of Financial Condition and Results of Operations."

Litigation

Historically, the Company has been involved in disputes and/or litigation encountered in its normal course of business. The Company believes that the ultimate outcome of these proceedings will not have a material adverse effect on the Company's business, financial condition and results of operations or cash flows.

Management Changes

In December 1998, a new Senior Vice President of Sales and Marketing was added. No other changes were made to the executive management in 1998 or the first half of 1999. Failure to attract and maintain key management and employee personnel could have material adverse effects on the quality of the Company's products, and the Company's business and financial condition and results of operations.

Intense Competition

The financial applications and business software market is intensely competitive and rapidly changing. A number of companies offer products similar to the Company's products and target the same customers as the Company. The Company believes its ability to compete depends upon many factors within and outside its control, including the timing and market acceptance of new products and enhancements developed by the Company and its competitors, product functionality,

performance, price, reliability, customer service and support, sales and marketing efforts and product distribution. The primary competition for Computron Financials is the financial applications software offered by Oracle Corporation and PeopleSoft, Inc. The principal competitors for the Company's Computron Workflow and Computron COOL(TM) software are Eastman Kodak Company ("Kodak"), Micro Bank, TASC, Staffware Corporation and FileNet Corporation. The principal competitors for the Company's Computron Yorvik(TM) software are Project Software Development, Inc. (PSDI), Indus International, Inc. (Indus) and others. The Company has an agreement with Kodak pursuant to which Kodak has the right to license Computron COOL software to third parties under its own private label and modify such software. Most of the Company's competitors are substantially larger than the Company and have significantly greater financial, technical, and marketing resources, and extensive direct and indirect channels of distribution. As a result, they may be able to respond more quickly to new or emerging technologies and changes in customer requirements, or to devote greater resources to the development, promotion and sale of their products than the Company. The Company's products also compete with products offered by other vendors, and with proprietary software developed by third-party professional service organizations and management information systems departments of potential customers. Due to the relatively low barriers to entry in the software market, the Company expects additional competition from other established and emerging companies as the client/server applications software market continues to develop and expand. The Company also expects that competition will increase as a result of software industry consolidations. In addition, current and potential competitors have established or may establish cooperative relationships among themselves or with third parties to increase the ability of their products to address the needs of the Company's prospective customers. Accordingly, it is possible that new competitors or alliances among competitors may emerge and rapidly acquire significant market share. Increased competition is likely to result in price reductions, reduced gross margins and loss of market share, any of which would have a material adverse effect on the Company's business, results of operations and financial condition. There can be no assurance that the Company will be able to compete successfully against current or future competitors or that competitive pressures will not have a material adverse effect on the Company's business, results of operations and financial condition. See "Business--Competition", in the Company's 1998 Annual Report on Form 10-K.

Dependence on Principal Products

Substantially all of the Company's revenues are derived from the licensing of Computron Financials, Computron Workflow, Computron COOL, Computron Yorvik and fees from related services. These products and services are expected to continue to account for substantially all of the Company's revenues for the foreseeable future. Accordingly, the Company's future results of operations will depend, in part, on achieving broader market acceptance of these products and services, as well as the Company's ability to continue to enhance these products and services to meet the evolving needs of its customers. A reduction in demand or increase in competition in the market for financial applications or business software, or decline in sales of such products and services, could have a material adverse effect on the Company's business, results of operations and financial condition. See "Management's Discussion and Analysis of Financial Condition and Results of Operations" and, in the Company's Annual Report on Form 10-K, "Business--Products".

New Products and Rapid Technological Change; Risk of Product Defects, Development Delays and Lack of Market Acceptance

The financial applications and business software market is characterized by rapid technological change, changes in customer requirements, frequent new product introductions and enhancements and emerging industry standards. Such changes may or may not affect the Company's software performance, customization, reporting functionality, or other business objectives, and may or may not render the Company incapable of meeting future customer software demands. The introduction of products embodying new technologies and emergence of new industry standards can render existing products obsolete and unmarketable. Accordingly, the life cycles of the Company's products are difficult to estimate. The Company's future success will depend in part upon its ability to enhance its current products and to develop and introduce new products that respond to evolving customer requirements and keep pace with technological development and emerging industry standards, such as new operating systems, hardware platforms, interfaces and third party applications software. There can be no assurance that the Company will be successful in developing and marketing product enhancements or new products that respond to technological change, changes in customer requirements, or emerging industry standards, that the Company will not experience difficulties that could delay or prevent the successful development, introduction and marketing of such products and enhancements, or that any new products or enhancements that it may introduce will achieve market acceptance. The inability of the Company, for technological or other reasons, to develop and introduce new products or enhancements in a timely manner in response to changing customer requirements, technological change or emerging industry standards, would have a material adverse effect on the Company's business, results of operations and financial condition.

Software products as complex as those offered by the Company often encounter development delays and may contain undetected errors or failures when introduced or when new versions are released. Such delays, errors or failures create a risk that the software will not meet its stated functionality and could cause the Company's future operating results to fall short of the published expectations of certain public market financial analysts. From time to time, the Company ports its products to various, new platforms, though no assurance can be given concerning the successful development of the Company's software products on these additional platforms or the performance characteristics of its applications. In addition, the Company and its products and technologies rely upon third-party products from hardware vendors, software vendors, RDBMS vendors, tools vendors, reporting products, etc. Such dependencies may or may not affect the Company's ability in the future to provide continued availability and/or support for all Computron products. The Company has in the past experienced delays in the development of software by third parties which software is being licensed to and implemented by customers who are simultaneously licensing and implementing the Company's products. Those delays have resulted in delays in the development and shipment of the Company's products. There can be no assurance that, despite testing by the Company and by current and potential customers, errors will not be found in new products or enhancements after commencement of commercial shipments, or that the Company will not experience development delays, resulting in loss of or delay in market acceptance of a new product or enhancement, which could have a material adverse effect on the Company's business, results of operations and financial condition. See "Business--Product Development," in the Company's 1998 Annual Report on Form 10-K.

Dependence on Proprietary Rights; Risks of Infringement

The Company's success is heavily dependent upon its proprietary technology. The Company regards its software as proprietary, and relies primarily on a combination of contractual provisions and trade secrets, copyright and trademark law to protect its proprietary rights. The Company has

no patents or patent applications pending, and existing trade secrets and copyright laws afford only limited protection. Despite the Company's efforts to protect its proprietary rights, unauthorized parties may attempt to copy aspects of the Company's products or to obtain and use information that the Company regards as proprietary. Policing unauthorized use of the Company's products is difficult, and while the Company is unable to determine the extent to which piracy of its software products exists, software piracy can be expected to be a persistent problem. The Company makes source code available to certain of its customers which may increase the likelihood of misappropriation or other misuse of the Company's software. In addition, the laws of some foreign countries do not protect the Company's proprietary rights to the same extent as do the laws of the United States. There can be no assurance that the steps taken by the Company to protect its proprietary rights will be adequate or that the Company's competitors will not independently develop technologies that are substantially equivalent or superior to the Company's technologies.

The Company has obtained Federal registrations for its trademark "Computron" and "Yorvik". In addition, the Company has certain U.S. common law rights, and rights under foreign laws in relation to its trademarks, service marks and product names. Although the Company believes that the trademarks and service marks it uses are distinct, there can be no assurance that the Company will be able to register or protect such trademarks and service marks.

The Company does not believe that any of its products, trademarks or other proprietary rights infringe the proprietary rights of third parties. However, there can be no assurance that third parties will not assert infringement claims against the Company in the future with respect to current or future products. As the number of software products in the industry increases and the functionality of these products further overlap, the Company believes that software developers may become increasingly subject to infringement claims. Any such claims, with or without merit, can be time consuming and expensive to defend, cause product shipment delays or require the Company to enter into royalty or licensing agreements. Such royalty and license agreements, if required, may not be available on terms acceptable to the Company, or at all, which could have a material adverse effect on the Company's business, results of operations and financial condition. See "Business--Intellectual Property," in the Company's 1998 Annual Report on Form 10-K.

Security Risks

The Company's products provide security features designed to protect its users' data from unauthorized retrieval or modification. Its built in security features utilize the capabilities of its own applications, the client operating system software, as well as the security features contained in the RDBMS platforms on which the applications run. Computron's systems add additional capabilities to those provided by the underlying security systems. Though the Company is not aware of any violations of its application security architecture within its installed base, and its security features are subject to constant review and enhancement, no assurances can be given concerning the successful implementation of security features and their effectiveness within a customer's operating environment. In the event of an actual security breach, there may be a material adverse effect on the Company's business, results of operations, and financial condition.

Risks Associated with International Operations

The Company derived approximately $21.3 million, $29.4 million and $29.9 or 39.2%, 43.4% and 47.1% of its total revenues, from customers outside of the United States in 1996, 1997 and 1998, respectively. The Company derived approximately $14.4 million and $12.6 million or 48.3% and

40.4% of its total revenues from customers outside the United States for the six months ended June 30, 1998 and 1999, respectively. The Company expects that such revenues will continue to represent a significant percentage of its total revenues in the future. The Company believes that its continued growth and profitability will require expansion of its sales in international markets. There can be no assurance, however, that the Company will be able to maintain or increase international market demand for its products and services. Most of the Company's international license fees and services revenue are denominated in foreign currencies. The Company does not currently hedge its foreign exchange exposure. With respect to the Company's sales that are U.S. dollar-denominated, decreases in the value of foreign currencies relative to the U.S. dollar could make the Company's products less price competitive. Additional risks inherent in the Company's international business activities generally include unexpected changes in regulatory requirements, tariffs and other trade barriers, costs of localizing products for foreign countries, lack of acceptance of localized products in foreign markets, longer accounts receivable payment cycles, difficulties in managing international operations, potentially adverse tax consequences, restrictions on repatriation of earnings, reduced legal protection of the Company's intellectual property, and the burdens of complying with a wide variety of foreign laws. There can be no assurance that such factors will not have a material adverse effect on the Company's future international revenues and, consequently, on the Company's business, results of operations and financial condition. See "Management's Discussion and Analysis of Financial Condition and Results of Operations."

Reliance on Certain Relationships

The Company relies on relationships with a number of consultants, systems integrators and software and hardware vendors to enhance its product development and marketing and sales efforts, to implement the Company's software products and to support its customers. These relationships, many of which are not the subject of formal written agreements, provide marketing and sales leads to the Company's direct sales force, assistance in the Company's product development process and assistance in the service and implementation of the Company's products. There can be no assurance that these companies, most of which have significantly greater financial and marketing resources than the Company, will not develop or market software products which compete with the Company's products in the future or will not otherwise discontinue their relationships with or support of the Company. The failure by the Company to maintain its existing relationships, or to establish new relationships in the future, because of a divergence of interests, acquisition of one or more of these third parties or other reason, could have a material adverse effect on the Company's business, product development, results of operations, and financial condition.

The Company also licenses software from third parties which is incorporated into its products. These licenses expire from time to time. In addition, the Company generally does not have access to source code for the software supplied by these third parties. Certain of these third parties are small companies that do not have extensive financial and technical resources. If any of these relationships were terminated or if any of these third parties were to cease doing business or terminate the support of these products, the Company may be forced to expend significant time and development resources to try to replace the licensed software. Such an event would have a material adverse effect upon the Company's business, results of operations and financial condition. See "Business--Strategic Alliances," and "Intellectual Property," in the Company's 1998 Annual Report on Form 10-K.

Control by Existing Stockholders

The Company's executive officers, directors and affiliates together beneficially own approximately 59% of the outstanding shares of Common Stock as of March 15, 1999. As a result, these stockholders are able to exercise control over matters requiring stockholder approval, including the election of directors, and mergers, consolidations and sales of all or substantially all of the assets of the Company. This may prevent or discourage tender offers for the Company's Common Stock unless the terms are approved by such stockholders.

Reliance on Key Personnel

The Company's future success will depend to a significant extent upon a number of key management and technical personnel. The loss of the services of one or more key employees could have a material adverse effect on the Company's business. The Company is a party to employment agreements with certain key personnel. In addition, the Company is the beneficiary of key-person life insurance on the lives of certain key personnel. The Company believes that its future success will also depend in large part upon its ability to attract and retain highly skilled technical, management, sales and marketing personnel. Competition for such personnel is intense, and the services of qualified personnel are difficult to obtain and replace. There can be no assurance that the Company will be successful in attracting and retaining the personnel necessary to develop, market, service and support its products and conduct its operations successfully. The inability of the Company to attract, hire, assimilate and retain such personnel, or to increase revenues at a rate sufficient to absorb the resulting increased expenses, would have a material adverse effect on the Company's business, results of operations and financial condition.

Possible Volatility of Stock Price

The trading price of the Company's Common Stock has been, and, in the future could be, subject to significant fluctuations in response to variations in quarterly operating results, the gain or loss of significant contracts, changes in estimates of operating results by analysts, announcements of technological innovations or new products by the Company or its competitors, general conditions in the software and computer industries and other events or factors. In addition, the stock market in general has experienced extreme price and volume fluctuations which have affected the market price from many companies in industries similar or related to that of the Company and which have been unrelated to the operating performance of such companies. These market fluctuations may adversely affect the market price of the Company's Common Stock.

Part II
Other Information

Item 1. Legal Proceedings

Historically, the Company has been involved in disputes and/or litigation encountered in its normal course of business. The Company believes that the ultimate outcome of these proceedings will not have a material adverse effect on the Company's business, financial condition and results of operations or cash flows.

Item 4. Submission of Matters to a Vote of Security Holders

At the Company's Annual Meeting of Stockholders on June 25, 1999, the Stockholders voted to ratify the appointment of KPMG LLP as the Company's independent auditors for 1999 (13,692,664 votes for 28,001 votes against, 15,763 votes abstained). Further, at the Annual Meeting of Stockholders held on June 25, 1999, the following directors were nominated and elected by the votes indicated:

	Votes For	Votes Withheld
Elias Typaldos	13,645,549	90,879
John A. Rade	13,657,073	79,355
Gennaro Vendome	13,665,273	71,155
Gregory Kopchinsky	13,687,907	48,521
Robert Migliorino	13,690,573	45,855
William E. Vogel	13,692,073	44,355
Edwin T. Brondo	13,687,073	49,355

Item 6. Exhibits and Reports on Form 8-K

Exhibits

Exhibit 27 - Financial Data Schedule (Edgar filing only).

Reports on Form 8-K - None

COMPUTRON SOFTWARE, INC.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

COMPUTRON SOFTWARE, INC.

Date: August 13, 1999

By: /s/ Michael R. Jorgensen

Michael R. Jorgensen
Executive Vice President, Chief Financial Officer and Treasurer

By: /s/ William G. Levering III

William G. Levering III
Vice President, Corporate Controller, Chief Accounting Officer

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