MAM SOFTWARE GROUP, INC.
Form 10-Q
April 24, 2012

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

(Mark One)

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

For quarterly period ended March 31, 2012

or

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

For the transition period from _________________ to _________________

Commission File Number 000-27083

MAM SOFTWARE GROUP, INC.

(Exact name of registrant as specified

in its charter)

DELAWARE	84-1108035
(State or other jurisdiction of	(I.R.S. employer

incorporation or organization) identification no.)

Maple Park, Maple Court, Tankersley, Barnsley, UK S75 3DP

(Address of principal executive offices)(Zip code)

011 44 124 431 1794

(Registrant’s telephone number, including area code)

(Former address, changed

since last report)

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 ¨

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

Yes x No ¨

Indicate by checkmark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See definition of “large accelerated filer,” “accelerated filer,” and “smaller reporting company” in Rule 12b-2 of the Exchange Act.

Large accelerated filer ¨ Accelerated filer ¨ Non-accelerated filer ¨ Smaller reporting company x

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes ¨ No x

The registrant has 13,872,676 shares of its common stock outstanding as of April 20, 2012.

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PART I—FINANCIAL INFORMATION

Unless the context indicates or requires otherwise, (i) the term "MAM" refers to MAM Software Group, Inc. and its principal operating subsidiaries; (ii) the term "MAM Ltd." refers to MAM Software Limited and its operating subsidiaries; (iii) the term "ASNA" refers to Aftersoft Network N.A., Inc. and its operating subsidiaries; and (iv) the terms "we," "our," "ours," "us" and the "Company" refer collectively to MAM Software Group, Inc.

ITEM 1. FINANCIAL STATEMENTS

Index to Financial Statements

MAM SOFTWARE GROUP, INC.

Condensed Consolidated Balance Sheets

(In thousands, except share and per share data)

	March 31, 2012 (Unaudited)	June 30, 2011
ASSETS		
Current Assets		
Cash and cash equivalents	$ 4,107	$ 2,770
Accounts receivable, net of allowance of $142 and $174	3,337	3,340
Inventories	234	293
Prepaid expenses and other current assets	656	732
Total Current Assets	8,334	7,135
Property and Equipment, Net	724	776
Other Assets		
Goodwill	9,318	9,332
Amortizable intangible assets, net	1,553	2,093
Software development costs, net	1,160	1,364
Other long-term assets	50	70
TOTAL ASSETS	$ 21,139	$ 20,770
LIABILITIES AND STOCKHOLDERS’ EQUITY		
Current Liabilities		
Accounts payable	$ 1,316	$ 1,129
Accrued expenses and other	1,946	2,468
Payroll and other taxes	400	385
Derivative liabilities	491	672
Current portion of long-term debt	790	1,086
Current portion of deferred revenue	441	438
Sales tax payable	757	918
Income tax payable	572	664
Total Current Liabilities	6,713	7,760
Long-Term Liabilities		
Deferred revenue, net of current portion	140	190
Deferred income taxes	191	246
Long-term debt, net of current portion	486	776
Other	296	325
Total Liabilities	7,826	9,297
Commitments and Contingencies		
Stockholders' Equity		
Preferred stock: Par value $0.0001 per share; 2,000,000 shares authorized, none issued and outstanding	–	–

Common stock: Par value $0.0001 per share; 18,000,000 shares authorized, 14,337,273 shares issued and 13,850,540 shares outstanding at March 31, 2012 and 14,167,621 shares issued and outstanding at June 30,2011	1	1
Additional paid-in capital	33,462	33,156
Accumulated other comprehensive loss	(453)	(561)
Accumulated deficit	(18,829)	(21,123)
Treasury stock at cost, 486,733 shares and 0 shares at March 31, 2012 and June 30, 2011, respectively	(868)	–
Total Stockholders' Equity	13,313	11,473
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 21,139	$ 20,770

The Accompanying Notes Are an Integral Part of these Condensed Consolidated Financial Statements

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MAM SOFTWARE GROUP, INC.

Condensed Consolidated Statements of Income and Comprehensive Income

(Unaudited)

(In thousands, except share and per share data)

	For the Three Months Ended March 31,		For the Nine Months Ended March 31,	
	2012	2011	2012	2011
Revenues	$6,130	$6,116	$18,978	$18,867
Cost of revenues	2,688	2,600	8,022	7,921
Gross profit	3,442	3,516	10,956	10,946
Operating expenses				
Research and development	823	792	2,428	2,344
Sales and marketing	615	533	1,904	1,620
General and administrative	889	1,114	2,803	3,089
Depreciation and amortization	300	275	898	814
Total operating expenses	2,627	2,714	8,033	7,867
Operating income	815	802	2,923	3,079
Other income (expense)				
Interest expense	(47)	(59)	(148)	(594)
Change in fair value of derivative liabilities	(95)	(175)	181	(339)
Gain on settlement of liability	-	-	96	52
Total other income (expense), net	(142)	(234)	129	(881)
Income before provision for income taxes	673	568	3,052	2,198
Provision for income taxes	246	117	758	647
Net income	427	451	2,294	1,551
Foreign currency translation income	381	258	108	297
Total comprehensive income	$808	$709	$2,402	$1,848
Earnings per share attributed to common stockholders:				
Basic	$0.03	$0.03	$0.16	$0.13
Diluted	$0.03	$0.03	$0.16	$0.13
Weighted average shares outstanding:				
Basic	13,904,582	13,916,628	14,132,970	11,680,071
Diluted	14,173,986	14,153,503	14,397,939	11,828,744

The Accompanying Notes Are an Integral Part of these Condensed Consolidated Financial Statements

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MAM SOFTWARE GROUP, INC.

Condensed Consolidated Statements of Cash Flows

(Unaudited)

(In thousands)

	For the Nine Months Ended	
	March 31, 2012	March 31, 2011
Cash flows from operating activities:		
Net income	$ 2,294	$ 1,551
Adjustments to reconcile net income to net cash provided by operating activities:		
Bad debt expense	55	32
Depreciation and amortization	898	814
Amortization of debt discount and debt issuance cost	20	93
Fair value of stock issued for services	138	224
Gain on settlement of liability	(96)	(52)
Deferred income taxes	(55)	(396)
Change in fair value of derivative liabilities	(181)	339
Changes in assets and liabilities:		
Accounts receivable	(59)	(421)
Inventories	58	89
Prepaid expenses and other assets	75	(551)
Accounts payable	180	(14)
Accrued expenses and other liabilities	(100)	(428)
Deferred revenue	(44)	(287)
Sales tax payable	(157)	94
Net cash provided by operating activities	3,026	1,087

The Accompanying Notes Are an Integral Part of these Condensed Consolidated Financial Statements

MAM SOFTWARE GROUP, INC.

Condensed Consolidated Statements of Cash Flows (Continued)

(Unaudited)

(In thousands)

Cash flows from investing activities :		
Purchase of property and equipment	(94)	(81)
Capitalized software development costs	(10)	(14)
Net cash used in investing activities	(104)	(95)
Cash flows from financing activities:		
Proceeds from sale of common stock, net of issuance costs	-	3,194
Proceeds from exercise of warrants	-	3
Payments for treasury stock	(868)	-
Proceeds from the issuance of debt, net of issuance costs	-	2,076
Payments on debt	(575)	(5,320)
Net cash used in financing activities	(1,443)	(47)
Effect of exchange rate changes	(142)	110
Net increase in cash and cash equivalents	1,337	1,055
Cash and cash equivalents, beginning of period	2,770	1,196
Cash and cash equivalents, end of period	$4,107	$2,251
Supplemental disclosures of cash flow information		
Cash paid during the period for:		
Interest	$115	$502
Income taxes	$812	$1,000
Supplemental disclosures of non-cash investing and financing activities :		
Issuance of stock options in settlement of accrued liabilities	$62	$134
Issuance of common stock in settlement of accrued liabilities	$106	$70
Reclassification of non-employee warrants from additional paid-in capital to derivative liabilities	$-	$338
Reclassification of non-employee warrants from derivative liabilities to additional paid-in capital	$-	$(272)

The Accompanying Notes Are an Integral Part of these Condensed Consolidated Financial Statements

MAM SOFTWARE GROUP, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2012

(Unaudited)

NOTE 1. MANAGEMENT'S REPRESENTATIONS

The condensed consolidated financial statements included herein have been prepared by MAM Software Group, Inc ("MAM" or the "Company"), without audit, pursuant to the rules and regulations of the U.S. Securities and Exchange Commission ("SEC"). Certain information normally included in the condensed consolidated financial statements prepared in accordance with accounting principles generally accepted in the United States of America has been omitted pursuant to such rules and regulations. However, the Company believes that the disclosures are adequate to make the information presented not misleading. In the opinion of management, all adjustments (consisting primarily of normal recurring accruals) considered necessary for a fair presentation have been included.

Operating results for the three and nine months ended March 31, 2012 are not necessarily indicative of the results that may be expected for the fiscal year ending June 30, 2012. It is suggested that the condensed consolidated financial statements be read in conjunction with the audited consolidated financial statements and notes thereto included in the Company's Annual Report on Form 10-K for the year ended June 30, 2011, which was filed with the SEC on September 14, 2011. The Company has evaluated subsequent events through the filing date of this Quarterly Report on Form 10-Q, and determined that no subsequent events have occurred that would require recognition in the condensed consolidated financial statements or disclosure in the notes thereto, other than as disclosed in the accompanying notes.

NOTE 2. BASIS OF PRESENTATION

MAM is a leading provider of business and supply chain management solutions primarily to automotive parts manufacturers, retailers, tire and service chains, independent installers and wholesale distributors in the automotive aftermarket. The Company conducts its businesses through wholly owned subsidiaries with operations in Europe and North America. MAM Software Ltd. ("MAM Ltd.") is based in Tankersley, Barnsley, United Kingdom ("U.K.") and Aftersoft Network, N.A., Inc., ("ASNA") has offices in the United States ("U.S.") in Allentown, Pennsylvania. ASNA has one wholly owned operating subsidiary (i) MAM Software, Inc., and two inactive wholly owned subsidiaries, (ii) AFS Warehouse Distribution Management, Inc., and (iii) AFS Tire Management, Inc., which are all based in Allentown, Pennsylvania. MAM has offices in Allentown, Pennsylvania.

Effective December 30, 2011, the Company amended its Certificate of Incorporation to reduce the number of authorized shares of Common Stock from 150,000,000 to 18,000,000 and to reduce the number of authorized shares of Preferred Stock from 10,000,000 to 2,000,000.

On March 25, 2011, (“the Effective Date”), the Company amended its Certificate of Incorporation to effectuate a one-for-one hundred reverse stock split, followed by a ten-for-one forward stock split. Pursuant to this transaction, every 100 shares of the Company's Common Stock were converted into one share of the Company's Common Stock. Immediately thereafter, a forward stock split was undertaken whereby each share of Common Stock was converted into 10 shares of Common Stock. Stockholders owning fewer than 100 shares of Common Stock whose interests were converted into fewer than 1 share of Common Stock pursuant to the reverse split, were converted into the right to receive an amount equal to the average daily closing price per share of the Common Stock on the OTC Bulletin Board for the five trading days immediately before and including the Effective Date, without interest. Stockholders who held 100 or more shares as of the Effective Date received fractional shares in the reverse split and were not cashed out. Any fractional shares held after the ensuing forward split were rounded up to the nearest whole share. All share numbers and per share amounts in the consolidated financial statements and notes to the consolidated financial statements have been retroactively adjusted to give effect to the stock split.

MAM SOFTWARE GROUP, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2012

(Unaudited)

Principles of Consolidation

The condensed consolidated financial statements of the Company include the accounts of the Company and its wholly owned subsidiaries. All significant inter-company accounts and transactions have been eliminated in the condensed consolidated financial statements.

Reclassifications

Certain amounts in the March 31, 2011 condensed consolidated financial statements have been reclassified to conform to the current year presentations.

Concentrations of Credit Risk

The Company has no significant off-balance-sheet concentrations of credit risk such as foreign exchange contracts, options contracts or other foreign hedging arrangements.

Cash and Cash Equivalents

In the U.S., the Company maintains cash balances at financial institutions that are insured by the Federal Deposit Insurance Corporation (“FDIC”) up to $250,000. In addition to the basic insurance deposit coverage, effective December 31, 2010, the FDIC provided temporary unlimited coverage for noninterest bearing transaction accounts through December 31, 2012. At March 31, 2012 and June 30, 2011, the Company did not have balances in these accounts in excess of the FDIC insurance limits. For banks outside of the U.S., the Company maintains its cash accounts at financial institutions which it believes to be credit worthy. Bank accounts maintained outside the U.S. are not insured.

The Company considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents to the extent the funds are not being held for investment purposes.

Customers

The Company performs periodic evaluations of its customers and maintains allowances for potential credit losses as deemed necessary. The Company generally does not require collateral to secure its accounts receivable. Credit risk is managed by discontinuing sales to customers who are delinquent. The Company estimates credit losses and returns based on management’s evaluation of historical experience and current industry trends. Although the Company expects to collect amounts due, actual collections may differ from the estimated amounts.

No customers accounted for more than 10% of the Company’s revenue for the three and nine month periods ended March 31, 2012 and 2011, respectively. No customers accounted for more than 10% of the Company’s accounts receivable at March 31, 2012 and June 30, 2011.

Segment Reporting

The Company operates in one reportable segment. The Company evaluates financial performance on a Company-wide basis. The Company’s chief operating decision-maker is the chief executive officer, who evaluates the Company as a single segment.

MAM SOFTWARE GROUP, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2012

(Unaudited)

Geographic Concentrations

The Company conducts business in the U.S., Canada and the U.K. For customers headquartered in their respective countries, the Company derived 25% of its revenues from the U.S., 1% from Canada and 74% from its U.K. operations during the three months ended March 31, 2012 and 2011, respectively.

The Company derived 26% of its revenues from the U.S., 1% from Canada and 73% from its U.K. operations during the nine months ended March 31, 2012 compared to 25% of its revenues from the U.S., 1% from Canada and 74% from its U.K. operations during the nine months ended March 31, 2011. At March 31, 2012, the Company maintained 66% of its net property and equipment in the U.K. and the remaining 34% in the U.S.

Use of Estimates

The preparation of condensed consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the condensed consolidated financial statements, and the reported amounts of revenues and expenses during the reporting period. Significant estimates made by the Company's management include, but are not limited to, the collectibility of accounts receivable, the realizability of inventories, the fair value of investments in available-for-sale securities, the recoverability of goodwill and other long-lived assets, valuation of deferred tax assets and liabilities, the valuation of derivative liabilities and the estimated fair value of stock options, warrants and shares issued for non-cash consideration. Actual results could materially differ from those estimates.

Fair Value of Financial Instruments

The Company's financial instruments consist principally of cash and cash equivalents, investments in available-for-sale securities, accounts receivable, accounts payable, accrued expenses and debt instruments. Financial assets and liabilities that are re-measured and reported at fair value at each reporting period are classified and disclosed in one of the following three categories:

- Level 1 – Fair value based on quoted prices in active markets for identical assets or liabilities.

- Level 2 – Fair value based on significant directly observable data (other than Level 1 quoted prices) or significant indirectly observable data through corroboration with observable market data. Inputs would normally be (i) quoted prices in active markets for similar assets or liabilities, (ii) quoted prices in inactive markets for identical or similar assets or liabilities or (iii) information derived from or corroborated by observable market data.

- Level 3 – Fair value based on prices or valuation techniques that require significant unobservable data inputs. Inputs would normally be a reporting entity's own data and judgments about assumptions that market participants would use in pricing the asset or liability.

Determining which category an asset or liability falls within the hierarchy may require significant judgment. The Company evaluates its hierarchy disclosures each quarter.

MAM SOFTWARE GROUP, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2012

(Unaudited)

Available-for-Sale Securities

Management determines the appropriate classification of its investments in equity securities with readily determinable fair values that are not accounted for under the equity method of accounting at the time of purchase and re-evaluates such classification as of each balance sheet date. The specific identification method is used to determine the cost basis of securities disposed of. Unrealized gains and losses on the marketable securities are included as a separate component of accumulated other comprehensive income, net of tax. At March 31, 2012 and June 30, 2011, investments consist of corporate stock with a carrying value of $0, which is now the Company’s new cost basis in the securities as the Company wrote-down its investment in available – for – sale securities. In the event the fair value of the securities increases, the Company will not recognize any gain on the securities unless they are sold.

Inventories

Inventories are stated at the lower of cost or current estimated market value. Cost is determined using the first-in, first-out method. Inventories consist primarily of hardware that will be sold to customers. The Company periodically reviews its inventories and records a provision for excess and obsolete inventories based primarily on the Company’s estimated forecast of product demand and production requirements. Once established, write-downs of inventories are considered permanent adjustments to the cost basis of the obsolete or excess inventories.

Property and Equipment

Property and equipment are stated at cost, and are being depreciated using the straight-line method over the estimated useful lives of the related assets, ranging from three to five years. Leasehold improvements are amortized using the straight-line method over the lesser of the estimated useful lives of the assets or the related lease terms. Equipment under capital lease obligations is depreciated over the shorter of the estimated useful lives of the related assets or the term of the lease. Maintenance and routine repairs are charged to expense as incurred. Significant renewals and betterments are capitalized. At the time of retirement or other disposition of property and equipment, the cost and accumulated depreciation are removed from the accounts and any resulting gain or loss is reflected in the condensed consolidated statements of income and comprehensive income. Depreciation and amortization expense was $49,000 and $51,000 for the three months ended March 31, 2012 and 2011, respectively, and $147,000 and $146,000 for the nine months ended March 31, 2012 and 2011, respectively.

Software Development Costs

Costs incurred to develop computer software products to be sold or otherwise marketed are charged to expense until technological feasibility of the product has been established. Once technological feasibility has been established, computer software development costs (consisting primarily of internal labor costs) are capitalized and reported at the lower of amortized cost or estimated realizable value. Purchased software development cost is recorded at its estimated fair market value. When a product is ready for general release, its capitalized costs are amortized on a product-by-product basis. The annual amortization is the greater of: the ratio that current gross revenue for a product bear to the total of current and anticipated future gross revenues for that product: and, the straight-line method over the remaining estimated economic life (a period of three years) of the product including the period being reported on. If the future market viability of a software product is less than anticipated, impairment of the related unamortized development costs could occur, which could significantly impact the Company’s results of operations. Amortization expense was $72,000 and $44,000 for the three months ended March 31, 2012 and 2011, respectively, and $213,000 and $131,000 for the nine months ended March 31, 2012 and 2011, respectively.

MAM SOFTWARE GROUP, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2012

(Unaudited)

Amortizable Intangible Assets

Amortizable intangible assets consist of completed software technology, customer relationships and automotive data services and are recorded at cost. Completed software technology and customer relationships are amortized using the straight-line method over their estimated useful lives of 8 to 10 years, and automotive data services are amortized using the straight-line method over their estimated useful lives of 20 years. Amortization expense on amortizable intangible assets was $179,000 and $179,000 for the three months ended March 31, 2012 and 2011, respectively, and $538,000 and $537,000 for the nine months ended March 31, 2012 and 2011, respectively.

Goodwill

Goodwill and intangible assets that have indefinite useful lives are not to be amortized but rather are tested at least annually for impairment.

Goodwill is subject to impairment reviews by applying a fair-value-based test at the reporting unit level, which generally represents operations one level below the segments reported by the Company. As of March 31, 2012, the Company does not believe there is an impairment of its goodwill. There can be no assurance, however, that market conditions will not change or demand for the Company’s products and services will continue which could result in additional impairment of goodwill in the future.

For the nine months ended March 31, 2012, goodwill activity was as follows:

Balance, July 1, 2011	$9,332,000
Effect of exchange rate changes	(14,000)
Balance, March 31, 2012	$9,318,000

Long-Lived Assets

The Company's management assesses the recoverability of long-lived assets (other than goodwill discussed above) upon the occurrence of a triggering event by determining whether the carrying value of the long-lived asset can be recovered through projected undiscounted future cash flows over its remaining life. The amount of long-lived asset impairment, if any, is measured based on fair value and is charged to operations in the period in which long-lived asset impairment is determined by management. At March 31, 2012, management believes there is no impairment of its long-lived assets. There can be no assurance, however, that market conditions will not change or demand for the Company's products and services will continue, which could result in impairment of long-lived assets in the future.

Issuance of Equity Instruments to Non-Employees

All issuances of the Company's equity instruments to non-employees are measured at fair value based upon either the fair value of the equity instruments issued or the fair value of consideration received, whichever is more readily determinable. The majority of stock issuance for non-cash consideration received pertains to services rendered by consultants and others and has been valued at the fair value of the equity instruments on the dates issued.

MAM SOFTWARE GROUP, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2012

(Unaudited)

The measurement date for the fair value of the equity instruments issued is determined at the earlier of (i) the date at which a commitment for performance by the consultant or vendor is reached or (ii) the date at which the consultant or vendor's performance is complete. In the case of equity instruments issued to consultants, the fair value of the equity instrument is recognized over the term of the consulting agreement. Assets acquired in exchange for the issuance of fully vested, non-forfeitable equity instruments should not be presented or classified as an offset to equity on the grantor's balance sheet once the equity instrument is granted for accounting purposes.

Stock-Based Compensation

For valuing stock options awards, the Company has elected to use the Black-Scholes Merton option pricing valuation model ("Black-Scholes"). For the expected term, the Company uses a simple average of the vesting period and the contractual term of the option. Volatility is a measure of the amount by which the Company's stock price is expected to fluctuate during the expected term of the option. For volatility the Company considers its own volatility as applicable for valuing its options and warrants. Forfeitures are estimated at the time of grant and revised, if necessary, in subsequent periods if actual forfeitures differ from those estimates. The risk-free interest rate is based on the relevant U.S. Treasury Bill Rate at the time of each grant. The dividend yield represents the dividend rate expected to be paid over the option's expected term; the Company currently has no plans to pay dividends.

On June 12, 2008, the Company's shareholders approved the Company's 2007 Long-Term Stock Incentive Plan ("LTIP"). Stock awarded under the LTIP are accounted for in accordance with Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 718-10-25-5 because the awards were unilateral grants, the recipients do not have the ability to negotiate the key terms, and the conditions of the grant, and the key terms and conditions were communicated to the individual recipients within a relatively short period of time. Therefore the grant and measurement dates are May 13, 2008, July 1, 2008, July 1, 2009, July 1, 2010 and July 1, 2011, respectively. The maximum aggregate number of shares of common stock that may be issued under the LTIP, including stock awards and stock appreciation rights, is limited to 15% of the shares of common stock outstanding on the first trading day of any fiscal year. The Company issued restricted shares to management and board members in fiscal 2012 and 2011 and issued stock options to employees in fiscal 2012 under the LTIP (see Note 6).

Revenue Recognition

Software license revenue is recognized when persuasive evidence of an arrangement exists, delivery of the product component has occurred, the fee is fixed and determinable, and collectibility is probable. If any of these criteria are not met, revenue recognition is deferred until such time as all of the criteria are met.

The Company accounts for delivered elements in accordance with the selling price when arrangements include multiple product components or other elements and vendor-specific objective evidence exists for the value of all undelivered elements. Revenues on undelivered elements are recognized once delivery is complete.

MAM SOFTWARE GROUP, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2012

(Unaudited)

In those instances where arrangements include significant customization, contractual milestones, acceptance criteria or other contingencies (which represents the majority of the Company's arrangements), the Company accounts for the arrangements using contract accounting, as follows:

1) When customer acceptance can be estimated, but reliable estimated costs to complete cannot be determined, expenditures are capitalized as work-in process and deferred until completion of the contract at which time the costs and revenues are recognized.

2) When customer acceptance cannot be estimated based on historical evidence, costs are expensed as incurred and revenue is recognized at the completion of the contract when customer acceptance is obtained.

The Company records amounts collected from customers in excess of recognizable revenue as deferred revenue in the accompanying condensed consolidated balance sheets.

Revenues for maintenance agreements, software support, on-line services and information products are recognized ratably over the term of the service agreement.

Advertising Expense

The Company expenses advertising costs as incurred. For the three months ended March 31, 2012 and 2011, advertising expense totaled $41,000 and $21,000, respectively. For the nine months ended March 31, 2012 and 2011, advertising expense totaled $159,000 and $131,000, respectively.

Gain on Extinguishment of Liability for Services

The Company realized $96,000 of income from a settlement with a creditor for the nine months ended March 31, 2012, which is included in other income (expense) in the accompanying condensed statements of income and comprehensive income.

The Company realized $52,000 of income from a settlement with a creditor for the nine months ended March 31, 2011, which is included in other income (expense) in the accompanying condensed statements of income and comprehensive income.

Foreign Currency

Management has determined that the functional currency of its subsidiaries is the local currency. Assets and liabilities of the U.K. subsidiaries are translated into U.S. dollars at the period-end exchange rates. Income and expenses are translated at an average exchange rate for the period and the resulting translation gain (loss) adjustments are accumulated as a separate component of stockholders' equity, which totaled $381,000 and $258,000 for the three months ended March 31, 2012 and 2011, respectively, and $108,000 and $297,000 for the nine months ended March 31, 2012 and 2011, respectively.

Foreign currency gains and losses from transactions denominated in other than respective local currencies are included in income. The Company had no foreign currency transaction gains (losses) for all periods presented.

Comprehensive Income (Loss)

Comprehensive income (loss) includes all changes in equity (net assets) during a period from non-owner sources. For the three and nine months ended March 31, 2012 and 2011, the components of comprehensive income consist of changes in foreign currency translation gains (losses).

MAM SOFTWARE GROUP, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2012

(Unaudited)

Income Taxes

Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period the enactment occurs. Deferred taxation is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes. Valuation allowances are established, when necessary, to reduce deferred tax assets to the amount expected to be realized. The Company's practice is to recognize interest and/or penalties related to income tax matters in the income tax expense. The Company had no accrual for interest or penalties on the Company's consolidated balance sheets at March 31, 2012 and June 30, 2011, and has not recognized interest and/or penalties in the consolidated statements of income and comprehensive income for the three and nine months ended March 31, 2012.

Basic and Diluted Earnings (Loss) Per Share

Basic earnings per share ("BEPS") is computed by dividing the net income by the weighted average number of common shares outstanding for the year. Diluted earnings per share ("DEPS") is computed giving effect to all dilutive potential common shares outstanding during the year. Dilutive potential common shares consist of incremental shares issuable upon the exercise of stock options and warrants using the "treasury stock" method. The computation of DEPS does not assume conversion, exercise or contingent exercise of securities that would have an anti-dilutive effect on earnings. For the three and nine months ended March 31, 2012, there were 269,404 and 264,969 common share equivalents included in the computation of diluted earnings per share. For the three and nine months ended March 31, 2012 a total of 370,836 common stock purchase warrants were excluded from the computation of diluted earnings per share as their effect would have been anti-dilutive.

For the three and nine months ended March 31, 2011, there were 236,875 and 148,673 common shares common share equivalents included in the computation of diluted earnings per share. For the three and nine months ended March 31, 2011, a total of 714,586 common stock purchase warrants were excluded from the computation of diluted earnings per share as their effect would have been anti-dilutive.

The following tables present the computation of the basic and diluted earnings per share of the three and nine months ended March 31, 2012.

Three Months Ended March 31,	2012	2011
Numerator:		
Net income	$427,000	$451,000
Denominator:		
Basic weighted-average shares outstanding	13,904,582	13,916,628
Effect of dilutive securities	269,404	236,875
Diluted weighted-average diluted shares	14,173,986	14,153,503
Basic earnings per common share	$0.03	$0.03
Diluted earnings per common share	$0.03	$0.03

MAM SOFTWARE GROUP, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2012

(Unaudited)

Nine Months Ended March 31,	2012	2011
Numerator:		
Net income	$2,294,000	$1,551,000
Denominator:		
Basic weighted-average shares outstanding	14,132,970	11,680,071
Effect of dilutive securities	264,969	148,673
Diluted weighted-average diluted shares	14,397,939	11,828,744
Basic earnings per common share	$0.16	$0.13
Diluted earnings per common share	$0.16	$0.13

Derivative Liabilities

For purposes of determining whether certain instruments are derivatives for accounting treatment, the Company follows the accounting standard that provides guidance for determining whether an equity-linked financial instrument, or embedded feature, is indexed to an entity's own stock. The standard applies to any freestanding financial instruments or embedded features that have the characteristics of a derivative, and to any freestanding financial instruments that are potentially settled in an entity's own common stock.

The Company has certain common stock purchase warrants that are accounted for as derivative liabilities as they do not meet the requirements to be treated as equity instruments. The fair value of these common stock purchase warrants was $491,000 and $672,000 on March 31, 2012 and June 30, 2011, respectively. The total value of these derivative liabilities increased for the three months ended March 31, 2012, and as a result, the Company recognized an expense of approximately $95,000 and decreased for the nine months ended March 31, 2012, and as a result, the Company recognized a gain of $181,000 from the change in fair value of these warrants. The Company recognized a loss of approximately $175,000 and $339,000 from the change in fair value of these warrants for the three and nine months ended March 31, 2011, respectively.

On December 2, 2010 the Company accounted for all unexercised stock purchase warrants as derivative liabilities because if all outstanding options and warrants were exercised there would be insufficient authorized shares to fulfill the request. As of that date, additional paid-in-capital was reduced by $338,000 and derivative liabilities were increased by $338,000. On January 21, 2011, 3,563 warrants exercisable at $0.80 were exercised using the cashless exercised provision of the warrant agreement. The average closing price for the prior five days was $1.60 and 1,781 shares of common stock were issued. As a result of this exercise, $4,994 was reclassified to additional paid-in capital from derivative liabilities.

On February 11, 2011, 3,563 warrants were exercised for $2,850 and $5,318 was reclassified to additional paid-in capital from derivative liabilities. The fair value of the remaining unexercised warrants was $262,000 as of March 25, 2011, and the Company recorded expense of $65,000 for the year ended June 30, 2011 in connection with with the change in fair value of these warrants.

Effective March 25, 2011, the Company completed a reverse/forward stock split and reduced the number of shares outstanding from approximately 139,150,000 to 13,915,000 and no longer accounted for unexercised stock purchase warrants as derivative liabilities. The Company had sufficient authorized shares available for the exercise of all outstanding options and stock purchase warrants. As of March 25, 2011, additional paid-in capital was increased by $262,000 and derivative liabilities were reduced by $262,000.

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(Unaudited)

All future changes in the fair value of these warrants will still be treated as derivative liabilities and will be recognized in earnings until such time as the warrants are exercised or expire. These common stock purchase warrants do not trade in an active securities market, and as such, the Company estimates the fair value of these warrants using Black-Scholes and the following assumptions:

	March 31, 2012		June 30, 2011	
Annual dividend yield	0.0	%	0.0	%
Average expected life (years)	1.75-2.25		0.17 -4.00	
Risk-free interest rate	0.25%-0.33	%	0.16%– 1.79	%
Expected volatility	47%-91	%	87% - 151	%

Expected volatility is based primarily on historical volatility. Historical volatility was computed using weekly pricing observations for recent periods. The Company believes this method produces an estimate that is representative of the Company's expectations of future volatility over the expected term of these warrants. The Company currently has no reason to believe future volatility over the expected remaining life of these warrants is likely to differ materially from historical volatility. The expected life is based on the remaining term of the warrants. The risk-free rate is based on the U.S. Treasury rate that corresponds to the expected term of the warrants and conversion feature.

Liabilities measured at fair value on a recurring basis are summarized as follows (unaudited):

March 31, 2012	Level 1	Level 2	Level 3	Total
Derivative liability related to fair value of warrants	$ -	$ -	$491,000	$491,000
Total	$ -	$ -	$491,000	$491,000

June 30, 2011	Level 1	Level 2	Level 3	Total
Derivative liability related to fair value of warrants	$ -	$ -	$672,000	$672,000
Total	$ -	$ -	$672,000	$672,000

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(Unaudited)

The following table details the approximate fair value measurements within the fair value hierarchy of the Company's derivative liabilities using Level 3 Inputs:

Balance as of July 1, 2011	$672,000
Change in fair value of derivative liabilities	(181,000)
Balance as of March 31, 2012	$491,000

The Company has no assets that are measured at fair value on a recurring basis. There were no assets or liabilities measured at fair value on a non-recurring basis during the three and nine months ended March 30, 2012 and 2011, respectively.

Recent Accounting Pronouncements

In June 2011, the FASB issued guidance on the presentation of comprehensive income. The new guidance eliminates the current option to report other comprehensive income and its components in the statement of stockholders' equity. Instead, an entity will be required to present either a continuous statement of income and other comprehensive income or in two separate but consecutive statements. The new guidance will be effective for us beginning July 1, 2012 and will have presentation changes only.

In September 2011, the FASB issued an accounting standard update that amends the accounting guidance on goodwill impairment testing. The amendments in this accounting standard update are intended to reduce complexity and costs by allowing an entity the option to make a qualitative evaluation about the likelihood of goodwill impairment to determine whether it should calculate the fair value of a reporting unit. The amendments also improve previous guidance by expanding upon the examples of events and circumstances that an entity should consider between annual impairment tests in determining whether it is more likely than not that the fair value of a reporting unit is less than its carrying amount. The amendments in this accounting standard update are effective for interim and annual goodwill impairment tests performed for fiscal years beginning after December 15, 2011. The adoption of this accounting standard update will not have an impact on our consolidated financial position, results of operations, or cash flows, as it is intended to simplify the assessment for goodwill impairment.

NOTE 3. RELATED PARTY TRANSACTIONS

As part of the MAM share repurchase plan, during the quarter ended December 31, 2011, the Company purchased 33,466 shares of common stock at a cost of $56,000 from Channel Partners II L.P., an investment partnership affiliated with Wynnefield Capital, Inc. (see Note 6).

MAM SOFTWARE GROUP, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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(Unaudited)

NOTE 4. LONG -TERM DEBT

Long-term debt consists of the following as of March 31, 2012 and June 30, 2011:

	March 31, 2012 (Unaudited)	June 30, 2011
HSBC term loan	$1,144,000	$1,669,000
Secured notes	119,000	180,000
Other notes	13,000	13,000
	1,276,000	1,862,000
Less current portion	(790,000)	(1,086,000)
Long term portion	$486,000	$776,000

HSBC Bank plc.

On October 25, 2010, MAM Ltd., entered into a three-year term loan agreement with HSBC Bank plc. ("HSBC") as lender (the "HSBC Term Loan"). The HSBC Term Loan provides for £1,324,550 (approximately $2.0 million at the exchange rate on October 25, 2010) with a term of three years from the date the HSBC Term Loan is first drawn down. The HSBC Term Loan is repayable in thirty-six (36) monthly installments, inclusive of interest, together with such sums in the final month to discharge the balance of the HSBC Term Loan. The proceeds of the HSBC Term Loan were used to fully repay the residual balance of the credit facility due to ComVest Capital LLC ("ComVest") from the Company (see below).

The interest rate under the HSBC Term Loan is 2.9% per annum over HSBC's Sterling Base Rate, as published from time to time, which totals 3.4% at March 31, 2012. A prepayment fee of 1.5% of the amount prepaid will be payable by the Company in the event of the Term Loan being refinanced to another lender.

The HSBC Term Loan is secured by the following instruments: a guarantee granted by the Company, ASNA and MAM Software Inc. in favor of HSBC pursuant to which each would guarantee the repayment of the HSBC Term Loan (the “Guarantee”); an all assets debenture granted by MAM Ltd. in favor of HSBC including a first fixed charge over book debts and stock, which would create fixed and floating the charges over the assets and undertaking of MAM Ltd. for the provision of the HSBC Term Loan (“Debenture”); and a mortgage of the life insurance policies in favor of MAM Ltd. in relation to a Company employee and the Company’s CEO. The Company recorded debt issuance fees of $60,000 related to the HSBC Term Loan, which is being amortized over the life of the loan. Amortization expense was $6,000 and $20,000 for the three and nine months ended March 31, 2012. Amortization expense was $7,000 and $16,000 for the three and nine months ended March 31, 2011. The HSBC Term Loan contains various financial covenants. As of March 31, 2012, the Company was in compliance with all such covenants.

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ComVest Capital LLC Loan Agreement

On October 26, 2010, the Company repaid in full the ComVest Revolving Credit and Term Loan Agreement (the "Loan Agreement") from the proceeds from the HSBC Term Loan.

On December 21, 2007, the Company entered into a Loan Agreement with ComVest Capital LLC ("ComVest"), as lender, pursuant to which ComVest agreed to extend a $1,000,000 secured revolving Credit Facility and a $5,000,000 Term Loan.

The Company incurred certain fees in connection with the Loan Agreement with ComVest. The debt issuance costs of $478,000 were recorded on the date of the agreement as deferred costs and were amortized and charged to interest expense over the term of the loan using the effective interest method. The debt issuance costs were fully amortized as of December 31, 2010. Amortization of the debt issuance costs was $7,000 for the nine months ended March 31, 2011. In connection with the embedded conversion feature of the ComVest Loan Agreement and certain warrants issued to ComVest, which were accounted as derivative instruments, the Company recorded a debt discount as a reduction in the carrying value of the debt. The debt discount was amortized and charged to interest expense over the term of the loan using the effective interest method and was fully amortized as of December 31, 2010. Amortization of the debt discount was $50,000 for the nine months ended March 31, 2011.

Secured Notes

The Company has secured notes totaling $119,000 payable over 30 months with monthly payments of $4,340 which will mature through 2014. The notes bear interest rates of 5.49% to 9.54% and are secured by equipment with a net carrying value of $292,000 and $319,000 as of March 31, 2012 and June 30, 2011, respectively.

NOTE 5. COMMITMENTS AND CONTINGENCIES

Legal Matters

From time to time, the Company is subject to various legal claims and proceedings arising in the ordinary course of business. The ultimate disposition of these proceedings could have a material adverse effect on the consolidated financial position or results of operations of the Company.

Indemnities and Guarantees

The Company has made certain indemnities and guarantees, under which it may be required to make payments to a guaranteed or indemnified party, in relation to certain actions or transactions. The Company indemnifies its directors, officers, employees and agents, as permitted under the laws of the State of Delaware. In connection with its facility leases, the Company has indemnified its lessors for certain claims arising from the use of the facilities. In connection with its customers' contracts the Company indemnifies the customer that the software provided does not violate any U.S. patent. The duration of the guarantees and indemnities varies, and is generally tied to the life of the agreement. These guarantees and indemnities do not provide for any limitation of the maximum potential future payments the Company could be obligated to make. Historically, the Company has not been obligated nor incurred any payments for these obligations and, therefore, no liabilities have been recorded for these indemnities and guarantees in the accompanying condensed consolidated balance sheets.

MAM Ltd. has agreed to indemnify HSBC and others from and against all and any liability they might incur in the exercise of any powers, authorities and discretions under or in connection with the HSBC Term Loan (see Note 4).

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(Unaudited)

The Company agreed to indemnify ComVest and its directors, officers, employees, attorneys and agents against, and to hold ComVest and such persons harmless from, any and all losses, claims, damages and liabilities and related expenses, including reasonable counsel fees and expenses, they may incur, arising out of, related to, or as a result of, certain transactions or events in connection with the Credit Facility and Term Loan (see Note 4).

NOTE 6. STOCKHOLDERS' EQUITY

Common Stock

Effective December 30, 2011, the Company amended its Certificate of Incorporation to reduce the number of authorized shares of Common Stock from 150,000,000 to 18,000,000 and to reduce the number of authorized shares of Preferred Stock from 10,000,000 to 2,000,000.

On March 25, 2011, ("the Effective Date"), the Company amended its Certificate of Incorporation to effectuate a one-for-one hundred reverse stock split, immediately followed by a ten-for-one forward stock split. Pursuant to this transaction, every 100 shares of the Company's Common Stock were converted into one share of the Company's Common Stock. Immediately thereafter, a forward stock split was undertaken whereby each share of Common Stock was converted into 10 shares of Common Stock. Stockholders owning fewer than 100 shares of Common Stock, whose interests were converted into fewer than 1 share of Common Stock pursuant to the reverse split, were converted into the right to receive an amount equal to the average daily closing price per share of the Common Stock on the OTC Bulletin Board for the five trading days immediately before and including the Effective Date, without interest. Stockholders who held 100 or more shares as of the Effective Date received fractional shares in the reverse split and were not cashed out. Any fractional shares held after the ensuing forward split were rounded up to the nearest whole share. As of the Effective Date, pursuant to this corporate action, approximately 13,915,000 shares of Company common stock were outstanding.

On October 15, 2010, the Company closed its Rights Offering. The Rights were issued to the holders of the Common Stock outstanding on the Record Date of September 7, 2010 and enabled holders to purchase 0.6 of a share for each share of Common Stock owned for $0.65 per share. The Company raised approximately $3,194,000, net of expenses of approximately $154,000 and issued 5,151,347 shares of common stock.

During the quarter ended September 30, 2008, the Company approved the issuance of 48,300 shares to the non-management members of the Board of Directors under the Company's 2007 LTIP in respect of quarterly compensation. The shares vest over a three year period and are issued quarterly. During the quarter ended September 30, 2011 and September 30, 2010, the Company issued 3,863 and 4,166 shares of common stock valued at $10,000 and $3,000, respectively. During the quarter ended December 31, 2011 and December 31, 2010, the Company issued 820 and 4,166 shares of common stock valued at $2,000 and $3,000, respectively. During the quarter ended March 31, 2012, 820 shares valued at $2,000. During the quarter ended March 31, 2011, the Company issued 4,166 shares of common stock valued at $6,000.

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(Unaudited)

During the quarter ended September 30, 2009, the Company approved the issuance of 115,682 shares of common stock to the non-management members of the Board of Directors under the Company's 2007 LTIP in respect of quarterly compensation. The shares vest over a three year period and are issued quarterly. During the quarter ended September 30, 2010, the Company issued 8,504 shares which were valued at $7,000. During the quarter ended September 30, 2011, the Company issued 7,816 shares of common stock valued at $8,000. During the quarter ended December 31, 2011, the Company issued 7,815 shares of common stock valued at $8,000. During the quarter ended December 31, 2010, the Company issued 8,504 shares of common stock valued at $7,000. During the quarter ended March 31, 2012, the Company issued 7,815 shares of common stock valued at $9,000. During the quarter ended March 31, 2011, the Company issued 8,503 shares of common stock to certain directors which were valued at $12,000.

During the quarter ended September 30, 2010, the Company approved the issuance of 155,625 shares to the non-management members of the Board of Directors under the Company's 2007 LTIP in respect of quarterly compensation. The shares vest over a three year period and are issued quarterly. During the quarter ended September 30, 2011, the Company issued 10,745 shares of common stock valued at $8,000. During the quarter ended September 30, 2010, the Company did not issue any shares. During the quarter ended December 31 2011, the Company issued 10,745 shares of common stock valued at $9,000. During the quarter ended December 31, 2010, the Company issued 11,693 shares of common stock valued at $10,000. During the quarter ended March 31, 2012, the Company issued 10,745 shares of common stock valued at $9,000. During the quarter ended March 31, 2011, the Company issued 11,692 shares of common stock to certain directors, which were valued at $16,000.

On July 6, 2010, the Company issued 21,484 shares of common stock to certain directors in lieu of compensation, which were valued at approximately $17,000, based on the closing market price of the Company's common stock, on July 1, 2010.

On July 16, 2010, the Company issued 65,577 shares of common stock to certain officers in lieu of compensation, which were valued at approximately $52,000, based on the closing price of the Company's common stock on the date of the grant.

On July 5, 2011, the Company issued 3,591 shares of common stock to certain directors in lieu of cash compensation, which were valued at approximately $7,000 based on the closing market price of the Company's common stock on July 1, 2011.

On July 11, 2011, the Company issued 14,000 shares of common stock to officers of the Company, which were valued at approximately $11,000 based on the closing market price of the Company's common stock on the date of the grant.

On August 22, 2011, the Company issued 9,404 shares of common stock to an employee of the Company in lieu of cash compensation valued at $16,000, based on the closing price of the Company's common stock for previously accrued bonuses.

On September 21, 2011, the Company issued 50,000 shares of common stock to officers of the Company, which were valued at approximately $90,000 based on the closing market price of the Company's common stock for previously accrued bonuses.

On December 16, 2011, the shareholders of the Company approved an employee stock purchase plan and the Company reserved 100,000 shares of common stock for future issuance (see "Employee Stock Purchase Plan" below).

During the quarter ended September 30, 2011, the Company approved the issuance of 88,398 shares of common stock to the non-management members of the Board of Directors under the Company's 2007 LTIP in respect of quarterly compensation. The shares vest over a three year period and are issued quarterly. During the quarter ended December 31, 2011, the Company issued 6,238 shares of common stock valued at $11,000. No shares were issued during the quarter ended December 31, 2010. During the quarter ended March 31, 2012, the Company issued 6,238 shares of common stock valued at $11,000.

On October 7, 2010, the Company issued 19,097 shares of common stock to certain directors in lieu of quarterly cash compensation, which were valued at approximately $17,000, based on the closing market price of the Company's common stock.

During the quarter ended December 31, 2010, the Company issued 50,000 shares of the Company's common stock, valued at approximately $70,000, based on the closing market price of the Company's common stock for previously accrued bonuses.

During the quarter ended December 31, 2010, the Company issued 42,500 shares of common stock to employees as compensation, valued at approximately $54,000, based on the closing price of the Company's common stock.

During the quarter ended December 31, 2010, the Company issued 130,000 stock options to employees for previously accrued bonuses. The exercise price of these options was $0.65 per share. The fair value of the option shares on the grant date was $134,000 using Black-Scholes. The options valuation was computed using a 0.63% risk-free interest rate, a 92% volatility and a one-year life.

On January 7, 2011, the Company issued 12,277 shares of common stock to certain directors in lieu of quarterly cash compensation, which shares were valued at approximately $17,000 based on the closing market price of the Company's common stock.

On October 5, 2011, the Company issued 3,611 shares of common stock to certain directors in lieu of cash compensation, which were valued at approximately $7,000, based on the closing market price of the Company's common stock on October 1, 2011.

On January 4, 2012, the Company issued 3,715 shares of common stock to a certain directors in lieu of cash compensation, which were valued at approximately $7,000 based on the closing market price of the Company's common stock on January 3, 2012.

On January 4, 2012, the Company issued 9,286 shares of common stock to a certain officer in lieu of cash compensation, which were valued at approximately $16,000 based on the closing market price of the Company's common stock on January 3, 2012.

Preferred Stock

On July 20, 2010, the Company entered into an agreement with certain warrant holders to exchange 11,652,301 of their warrants for 1,792,662 shares of the Company's Series A Preferred Stock. The agreement provides that the Series A Preferred stock are contingently convertible into shares of the Company's common stock only upon the approval of the Company's shareholders to amend the Company's certificate of incorporation to increase the number of authorized shares.

On March 28, 2011, the Company entered into exchange agreements (collectively, the "Exchange Agreements") with all the holders of shares of the Company's Series A Convertible Preferred Stock. Under the Exchange Agreements, the holders agreed to exchange all of their shares of Series A Preferred Stock for shares of the Company's common stock, $0.0001 par value ("Common Stock"), at an exchange ratio of one share of Common Stock for ten shares of Series A Preferred Stock (the "Exchange"). The Company issued 179,270 shares of Common Stock to eight existing Series A Preferred stockholders in exchange for all of the previously outstanding 1,792,662 shares of Series A Preferred Stock. The Common Stock was issued in reliance upon the exemption from registration set forth in Section 3(a)(9) of the Securities Act of 1933 as amended exempting any security exchanged by an issuer exclusively with its existing security holders in a transaction where no commission or other remuneration is paid or given directly or indirectly for soliciting such exchange. As a result of the reverse/forward split, the Company obtained the shares required for the issuance to the warrant pursuant to the exchange without need for an increase in authorized shares.

Treasury Stock

On November 8, 2011, the Board of Directors authorized the repurchase of up to $250,000 of its common stock and on December 19, 2011 the Board of Directors authorized an increase in the aggregate amount of the Company's repurchase from $250,000 to $750,000. On March 5, 2012, the Board of Directors authorized the repurchase of up to an additional $1,000,000 of company common stock. As of March 31, 2012 the Company has repurchased 486,733 shares at a cost of approximately $868,000.

Stock-Based Compensation:

The Company granted common stock options to employees during fiscal 2012 under the Company's LTIP. A summary of the Company's common stock option activity is presented below (shares in thousands):

Options Outstanding

	Number of Shares (in thousands)	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Life (in years)	Aggregate Intrinsic Value (in thousands)
Options outstanding - July 1, 2011	524	$ 0.76		
Options granted	41	1.75		
Options exercised	-	-		
Options cancelled	-	-		
Options outstanding - March 31, 2012	565	$ 0.83	8.5	$ 774
Options exercisable - March 31, 2012	171	$ 0.91	9.0	$ 221
Options exercisable and expected to vest - March 31, 2012	171	$ 0.91	9.0	$ 221

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The following table presents details of the assumptions used to calculate the weighted-average grant date fair value of common stock options granted by the Company:

	Nine Months Ended March 31, 2012
Expected term (in years)	5.0
Expected volatility	128 %
Risk-free interest rate	2.30 %
Expected dividends	-
Weighted-average grant date fair value per share	$ 1.50

At March 31, 2012, the amount of unearned stock-based compensation currently that has not been expensed related to unvested common stock options is approximately $101,000. The unvested common stock options vest on June 30, 2013 based upon the achievement of certain performance targets.

At March 31, 2012, the amount of unearned stock-based compensation currently that has not been expensed related to unvested common stock grants is approximately $268,000, the majority of the unvested common stock grants vest on June 30, 2013 based upon the achievement of certain performance targets.

If there are any modifications or cancellations of the underlying unvested awards, the Company may be required to accelerate, increase or cancel any remaining unearned stock-based compensation expense or calculate and record additional expense. Future stock-based compensation expense and unearned stock-based compensation will increase to the extent that the Company grants additional common stock options or other stock-based awards.

Employee Stock Purchase Plan

On September 21, 2011, the Company approved the MAM Software Group, Inc. Employee Stock Purchase Plan (“ESPP” or the “Plan”). On December 16, 2011 the shareholders approved the ESPP. Under the ESPP the Company will grant eligible employees the right to purchase Common Stock through payroll deductions at a price equal to the lesser of 85 percent of the fair market value of a share of Common Stock on the Exercise Date of the current Offering Period or 85 percent of the fair market value of our Common Stock on the Grant Date of the Offering Period. No employee will be granted an option to purchase more than $2,400 of fair market value common stock in a calendar year. The Plan is intended to be an “employee stock purchase plan” as defined in Section 423 of the Internal Revenue Code. The Plan covers a maximum of 100,000 shares of Common Stock which will be offered to employees until January 2, 2022 or until the Plan is terminated by the Board of Directors. During the quarter ended March 31, 2012, the Company issued 2,385 shares of common stock to employees including an officer, under the ESPP in lieu of compensation, which were valued at approximately $3,000 based on the closing market price of the Company's common stock on December 31, 2011.

NOTE 7. SUBSEQUENT EVENTS

On April 3, 2012, the Company issued 3,171 shares of common stock to a certain directors in lieu of cash compensation, which were valued at approximately $6,000 based on the closing market price of the Company's common stock on April 2, 2012.

On April 16, 2012, the Company issued 25,348 shares of common stock valued at approximately $30,000 to the non - management members of the Board of Directors under the Company's 2007 LTIP.

Subsequent to March 31, 2012, the Company purchased 6,383 shares of its common stock at a cost of $13,000.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Some of the statements contained in this Quarterly Report on Form 10-Q, which are not purely historical, are forward-looking statements, including, but not limited to, statements regarding the Company's objectives, expectations, hopes, beliefs, intentions or strategies regarding the future. In some cases, you can identify forward-looking statements by the use of the words "may," "will," "should," "expects," "plans," "intends," "anticipates," "believes," "estimates," "predicts," "potential," or "continue" or the negative of those terms or other comparable terminology. Although we believe that the expectations reflected in the forward-looking statements are reasonable, our actual results could differ materially from those disclosed in these statements due to various risk factors and uncertainties affecting our business. We caution you not to place undue reliance on these forward-looking statements. We do not assume responsibility for the accuracy and completeness of the forward-looking statements and we do not intend to update any of the forward-looking statements after the date of this report to conform them to actual results. You should read the following discussion in conjunction with our financial statements and related notes included elsewhere in this report. For a more complete understanding of our industry, the drivers of our business and our current period results, you should read the following Management's Discussion and Analysis of Financial Condition and Results of Operation in conjunction with our Annual Report on Form 10-K for the year ended June 30, 2011 and our other filings with the SEC.

Overview

MAM Software Group, Inc. ("MAM" or the "Company") is a technology holding company that has one wholly owned subsidiaries based in the U.S., Aftersoft Network, N.A., Inc. ("ASNA") and one in the U.K., MAM Software Limited ("MAM Ltd.") based in Tankersley, Barnsley, U.K., which operate independently from one another. ASNA has one wholly owned operating subsidiary (i) MAM Software, Inc., and two inactive wholly owned subsidiaries, (ii) AFS Warehouse Distribution Management, Inc., and (iii) AFS Tire Management, Inc., which are all based in Allentown, Pennsylvania. We have and continue to market and develop business management software solutions that manage both the business and supply chain for small- and medium-sized firms in the automotive aftermarket. The automotive aftermarket includes those businesses that supply servicing, parts, oil, tires, and performance extras to the retail market.

We believe that the largest single issue facing the automotive aftermarket at this time is the downturn of the global economy, especially the economies in which we operate. The constraint of credit within the U.S. and U.K. markets is forcing automobile owners to retain their existing automobiles far longer than they may have previously planned. This phenomenon is forcing owners to seek out more economic ways of maintaining their vehicles, and we believe this presents an opportunity to the Company. The need for consumers to maintain their vehicles longer requires service suppliers to offer a wide range of services at highly competitive prices. We believe that this can be achieved only by those businesses that are able to efficiently manage their businesses and find methods to reduce costs without affecting service levels, which may best be done through investments in ‘up to date’ management information systems, specifically those designed for the automotive market. However, we have recently noticed that some businesses wishing to invest in new management systems are also finding their access to credit reduced. This may have a detrimental effect on our revenues if customers are unable to fund purchases. We still believe that the aftermarket landscape will continue to change over the next 18 months, with the convergence of the aftermarket and tire markets, but this rate of change maybe slower than first expected.

Our revenue and income is derived primarily from the sale of software, data, services and support. In the U.K., we also earn a percentage of our revenue and income from the sale of hardware systems to clients. In the three months ended March 31, 2012, we generated revenues of $6,130,000 and had net income of $427,000; 74% of these revenues came from the U.K. market. In the nine months ended March 31, 2012, we generated revenues of $18,978,000 with income of $2,294,000. Approximately 73% of these revenues come from the U.K. market.

We are headquartered in Tankersley, Barnsley, U.K. and maintain additional offices for our U.S. operating subsidiary in Allentown, Pennsylvania, and, for our U.K. operating subsidiary, in Barnsley, Northampton and Wareham.

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The software that we sell is mainly based on a Microsoft Windows ™ - based technology, although we do still have an older ‘Green Screen’ terminal-based product. The four main products that we support in the U.S. cover all of the components of the automotive aftermarket supply chain. First is “warehouse distribution.” For this market we sell our Autopart product integrated to our warehouse management software module to new prospects and continue to support our Direct Step product. Both products enable large warehouses with hundreds of thousands of stock keeping units (sku’s) to locate, manage, pack and deliver the parts with ease and efficiency. Second, these parts are distributed to the next business in the chain, which is the “jobber.” For this market segment we also sell our Autopart product, which manages a jobber’s whole business (i.e., financial, stock control and order management) but more importantly enables the jobber to quickly identify the parts that his client needs, either via the internet or telephone, so that the correct product for the vehicle on the ramp can be supplied. The third and next segment of the automotive aftermarket supply chain is the “installer,” which repairs and maintains automobiles. The installer needs systems that enable him to efficiently and simply manage his businesses, whether as a single entity or national multi-site franchise. Into this segment we sell VAST. The fourth segment is the “OpenWebs.” This technology allows these three separate business solutions to connect to each other to allow, among other processes, ordering, invoicing and stock checking to take place in real- time both up and down the supply chain. The U.K. market differs from that of the U.S. in that it does not have the same number of large warehouse distribution centers, so we do not sell the Direct Step product in the U.K. We continue to sell the Autopart product to the jobber market, but sell Autowork Online to the installer market. In the U.K., we also sell our catalog solution, Autocat+, which is an Internet-based identification tool used by the warehouse distribution, jobber and installer.

Our management has identified five key areas that it believes we need to focus on. The first area is the continued success of our ‘cloud’ computing solution, Autowork Online, which is sold into the “installer” market in the U.K. The product has been developed by MAM Ltd., our U.K. subsidiary. The Autowork Online solution is made available to end- users via the Internet and does not require them to purchase the software directly but ‘rent’ it over a fixed period of time. Our management believes that revenues from the sale of Autowork Online will continue to grow in the U.K. as businesses continue to look for ways of reducing capital expenditures while maintaining levels of service. Autowork Online was launched in 2010 and as of March 31, 2012 we had 2,532 subscribers of this service. The product is currently being localized for the U.S. market.

The second area of focus is the sales and marketing strategy within the U.S. market. Our management believes that continued investment in this key area is required to help the development of the MAM brand and to promote existing products such as VAST and OpenWebs. The Company added one salesman in the U.S. during the first quarter and is actively seeking to recruit additional sales personnel.

The third area of focus relates to the continued sales and market initiatives tied to the Autopart product within the U.S. market. A senior member of the U.K. management team was appointed to join the U.S. business in 2009 to head the efforts relating to this product. To date this move has proved successful, as we have secured new business, increased levels of interest in Autopart as well as improving service and knowledge of our U.S. staff members.

The fourth area is within the U.K. market and we are continually working to sustain the previous year's levels of growth in the U.K. business by focusing on certain vertical markets, which share common issues to that of the automotive market. Autopart has been 'rebadged' as Trader and will be marketed as a business management software solution for builders, plumbers and engineering supplies merchants, decorating centers and electrical wholesalers to begin with. We have developed a reputation for providing high levels of service and knowledge within the automotive market; and are now working on replicating this reputation in these additional vertical markets. Our management intends to carefully monitor this expansion as a result of the current state of the global economy.

The fifth area is the continued investment in research and development that will allow us to deliver innovative new solutions and modules in support of the previous four key areas. During the second quarter EMI+, our new business intelligence solution with mobile capability and the new warehouse management software module were trialed with Autopart customers in the U.K.

Critical Accounting Policies

There were no changes to those policies disclosed in the Annual Report on Form 10-K for the fiscal year ended June 30, 2011.

Impact of Currency Exchange Rate

Our net revenue derived from sales in currencies other than the U.S. dollar was 74% and 73% for the three and nine month periods ended March 31, 2012, respectively, as compared to 74% and 74% for the corresponding periods in 2011. As the U.S. Dollar strengthens in relation to the British Pound ("GBP"), as it has recently done, our revenue and income, which is reported in U.S. dollars, is negatively impacted. Changes in the currency values occur regularly and in some instances may have a significant effect on our results of operations.

Income and expenses of our MAM subsidiary are translated at the average exchange rate for the period. During the three and nine month periods ended March 31, 2012, the exchange rate for MAM's operating results was U.S. $1.548 per GBP, compared with U.S. $1.5769 per GBP for the three and nine periods ended March 31, 2011.

Assets and liabilities of our MAM Ltd. subsidiary are translated into U.S. dollars at the period-end exchange rates. The exchange rate used for translating our MAM Ltd. subsidiary was US$1.5987 per 1GBP at March 31, 2012 and US$1.6018 per 1GBP at June 30, 2011.

Currency translation (loss) and gain adjustments are accumulated as a separate component of stockholders' equity, which totaled $381,000 and $258,000 for the three months ended March 31, 2012 and 2011, respectively, and $108,000 and $297,000 for the nine months ended March 31, 2012 and 2011, respectively.

Results of Operations

Our results of operations for the three months and nine months ended March 31, 2012 compared with the three months and nine months ended March 31, 2011 were as follows:

Revenues. Revenues were $6,130,000 and $18,978,000 for the three and nine months ended March 31, 2012, respectively, an increase of 0.2% and 0.6%, respectively, compared with revenues of $6,116,000 and $18,867,000 for the three and nine months ended March 31, 2011, respectively.

U.S. operations decreased revenue by $43,000 and the U.K. operation increased revenue by $58,000 for the three month period. U.S. operations increased revenue by $345,000 and the U.K. operation deceased revenue by $234,000 for the nine month periods. Our U.S. operation experienced lower revenues for the three month periods ended March 31, 2012 and higher revenues for the nine month periods ended March 31, 2012 than it did during the 2011 periods due to increased maintenance revenue and increased software revenue for the year. U.K. revenues were negatively impacted by decreased system sales.

Revenues in the U.K. for the three months ended March 31, 2012 were 2,902,000 GBP vs. 2,811,000 GBP in March 31, 2011, an increase of 91,000 GBP or 3.2%. Revenues in the U.K. for the nine months ended March 31, 2012 were 8,704,000 GBP, vs. 8,896,000 GBP for March 31, 2011, a decrease of 192,000 GBP or 2.2%. The weakness of the U.S. dollar vs. the British Pound for the quarter ending March 31, 2012 when compared to the quarter ending March 31, 2011 had a positive effect on reported revenue for our U.K. operations and resulted in dollar denominated revenue of $4,558,000 for the three months ended March 31, 2012 as compared to $4,500,000 for the three months ended March 31, 2011, an increase of $58,000 or 1.3%. The strength of the U.S. dollar vs. the British Pound for the nine months ending March 31, 2012 when compared to the nine months ending March 31, 2011 had a negative effect on reported revenue for our U.K. operations and resulted in dollar denominated revenue of $13,794,000 for the nine months ended March 31, 2012 vs. $14,028,000 for the 2011 period, an decrease of $234,000 or 1.7%.

As of March 31, 2012, we had a backlog of unfilled orders of business management systems of $1,404,000 compared to a backlog of $1,973,000 at March 31, 2011. We expect to recognize approximately 65% of such backlog during the next six months.

Cost of Revenues. Total cost of revenues for the three months and nine months ended March 31, 2012, were $2,688,000 and $8,022,000, respectively, compared with $2,600,000 and $7,921,000 for the same periods of March 31, 2011, respectively. The increase in cost of revenue for the three months was 3.4% or $88,000. Our UK operations experienced an increase of 49,000GBP from 1,154,000GBP to 1,203,000GBP. This resulted in a dollar denominated increase of $41,000. The increase in cost of revenue for the nine months was 1.3% or $101,000. Our UK operations experienced an increase of $29,000 from a currency adjustment caused by a stronger dollar. Our US operations experienced an increase of $72,000 the result of increased revenue.

Operating Expenses. The following tables set forth, for the periods indicated, our operating expenses and the variance thereof:

(In thousands)	For the Three Months Ended March 31, 2012	2011	Variance $	Variance %
Research and development	$823,000	$792,000	$31,000	3.9 %
Sales and marketing	615,000	533,000	82,000	15.4 %
General and administrative	889,000	1,114,000	(225,000)	-20.2 %
Depreciation and amortization	300,000	275,000	25,000	9.1 %
Total Operating Expenses	$2,627,000	$2,714,000	$(87,000)	-3.2 %

(In thousands)	For the Nine Months Ended March 31, 2012	2011	Variance $	Variance %
Research and development	$2,428,000	$2,344,000	$84,000	3.6 %
Sales and marketing	1,904,000	1,620,000	284,000	17.5 %
General and administrative	2,803,000	3,089,000	(286,000)	-9.3 %
Depreciation and amortization	898,000	814,000	84,000	10.3 %
Total Operating Expenses	$8,033,000	$7,867,000	$166,000	2.1 %

Operating expenses decreased by $87,000, or 3.2% for the three months ended March 31, 2012 compared with the three months ended March 31, 2011, and increased by $166,000 or 2.1% for the nine months ended March 31, 2012, compared with the nine months ended March 31, 2011. This is due to the following:

Research and Development Expenses. Research and Development expenses increased by $31,000 or 3.9% for the three month period ended March 31, 2012 and increased by $84,000 or 3.6% for the nine month period ended March 31, 2012 compared to the same periods in the prior fiscal year. The increase for the three and nine month periods ended March 31, 2012 is primarily a result of an increase in the number of personnel working on development projects.

Sales and Marketing Expenses. Sales and Marketing expenses increased by $82,000 or 15.4% during the three months ended March 31, 2012 as compared with the same period in 2011 and increased by $284,000 or 17.5% for the nine months ended March 31, 2012 compared with the nine months ended March 31, 2011. The increase for the three month period was the result of new hires in the U.S. business unit. The increase for the nine months ended March 31, 2012 was the result of additional new hires.

General and Administrative Expenses. General and Administrative expenses decreased by $225,000 or 20.2% for the three months ended March 31, 2012 as compared to the same period in 2011, and decreased $286,000 or 9.3% for the nine months ended March 31, 2012 as compared with the same period in 2011. The decrease for the three month period was the result of reductions in most expense items including a reduction in legal fees of $17,000, SEC fees and related expenses of $10,000 and $53,000 in incentive compensation. The decrease for the nine month period was the result of reductions in most expense items including a reduction in legal fees of $55,000, SEC fees and related expenses of $9,000 and $68,000 in incentive compensation.

Depreciation and Amortization Expenses. Depreciation and amortization expenses increased $25,000, or 9.1%, and increased $84,000, or 10.3%, for the three and nine month periods ended March 31, 2012, respectively, as compared to the same periods in 2011, which is primarily due to higher capital expenditures at our U.K. and U.S. businesses.

Interest Expense. Interest expense decreased by $12,000 or 20.3% to $47,000 for the three months ended March 31, 2012, as compared to the three months ended March 31, 2011, and decreased $446,000 or 75.1% to $148,000 for the nine months ended March 31, 2012 as compared to the nine months ended March 31, 2011. The decrease in interest expense is related to a reduction in our total interest bearing liabilities and a reduction in amortization of debt discount and debt issuance costs, which are included in interest expense. For the three months ended March 31, 2012 we paid or incurred $29,000 in interest expense to HSBC. For the nine months ended March 31, 2012, we paid or incurred $93,000 in interest expense.

Other Income (Expense). During the three and nine month periods ended March 31, 2012, the Company had a loss from the change in fair value of derivative liabilities of ($95,000) and a gain of $181,000, respectively. During the three and nine month periods ended March 31, 2011, the Company had a loss from the change in fair value of derivative liabilities of ($175,000) and $(339,000), respectively. Other income includes a $96,000 and $52,000 gain from the net settlement of outstanding liabilities for the nine month period ended March 31, 2012 and 2011, respectively

Income Taxes. Income taxes increased by $129,000, or 110.3%, to $246,000 for the three month period ended March 31, 2012, and increased by $111,000, or 17.2%, to $758,000 for the nine month period ended March 31, 2012 as compared to the same periods in 2011.

Net Income. As a result of the above, we recorded net income of $427,000 for the three month period ended March 31, 2012, compared with a net income of $451,000 for the three month period ended March 31, 2011, and net income of $2,294,000 for the nine months ended March 31, 2012, as compared with a net income of $1,551,000 for the nine months ended March 31, 2011.

Liquidity and Capital Resources

To date, most of our profits have been generated in Europe, but with the introduction of new products and our efforts to streamline our U.S. operations, our U.S. operating subsidiary generated a profit for the three and nine month periods of fiscal 2012. While there is no guarantee that the trend in profitability in the U.S. will continue, our current goal is to seek to increase overall revenues and earnings from U.S. operations in fiscal 2012. The Company is not capital intensive and currently is generating cash flow in excess of earnings.

At March 31, 2012, we had cash and cash equivalents of $4,107,000, an improvement of $1,337,000 from June 30, 2011.

During the nine months ended March 31, 2012 we reduced our HSBC Term Loan by $525,000 and our secured term debt by $61,000 using internally generated funds and working capital.

We continued to experience positive cash flow during the period ended March 31, 2012 and increased our cash position by $1,337,000 after repayment of $575,000 in long-term debt, capital expenditures of $104,000 and the purchase of $868,000 of treasury stock.

We expect to see continued growth from both the U.S. and U.K. operations during fiscal 2012 as we have identified a number of opportunities to widen our client base within the automotive industry and are actively pursuing those at this time.

We intend to continue to work at maximizing customer retention by supplying and developing products that streamline and simplify customer operations, thereby increasing their profit margin. By supporting our customers' recurring revenues, we expect to continue to build our own revenue stream. We believe that we can continue to grow our customer base through additional sales personnel, targeted media and marketing campaigns and products that completely fit clients' requirements. We also intend to service existing clients to higher levels and increasingly partner with them so that together we'll both achieve our goals.

Revenues in the U.K. and U.S. are generating positive cash flow and are sufficient to cover corporate expenses resulting in a positive cash flow for the quarter. Our current plans still require us to hire additional sales and marketing staff, to expand within the U.S. market, to target new vertical markets effectively in the U.K. and to support expanded operations overall.

We believe our plan will strengthen our relationships with our existing customers and provide new income streams by targeting new vertical markets for our Autopart product.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Not applicable.

ITEM 4. CONTROLS AND PROCEDURES

(a) Evaluation of Disclosure Controls and Procedures

As of the end of the period covered by this report, we carried out an evaluation, under the supervision and with the participation of the our management, including our Chief Executive Officer and the Company's Chief Financial Officer, of the effectiveness of the design and operation of the Company's disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended). Based on this evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures are effective as of March 31, 2012.

(b) Changes in Internal Control Over Financial Reporting

There were no changes in our internal control over financial reporting in the Company's second fiscal quarter of the fiscal year ending June 30, 2012 covered by this Quarterly Report on Form 10-Q, that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

None

ITEM 1A. RISK FACTORS

Not applicable.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS.

On April 3, 2012, the Company issued 3,171 shares of common stock to a certain director in lieu of compensation, which were valued at approximately $6,000 based on the closing market price of the Company’s common stock on April 2, 2012.

On April 16, 2012, the Company issued 25,348 shares of common stock valued at $30,000 to the non-management members of the Board of Directors under the 2007 LTIP.

The above transactions were not registered under the Securities Act in reliance on an exemption from registration set forth in Section 4(2) thereof and Rule 506 of Regulation D promulgated hereunder as a transaction by the Company not involving any public offering, the purchasers met the “accredited investor” criteria and had adequate information about the Company as required by the rules and regulations promulgated under the Securities Act.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES.

None.

ITEM 4. MINE SAFETY DISCLOSURE.

ITEM 5. OTHER INFORMATION.

There have been no material changes to the procedures by which security holders may recommend nominees to our Board of Directors.

ITEM 6. EXHIBITS

Exhibit Description

Number	
31.1	Certification of Principal Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification of Principal Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1	Certification of Principal Executive Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2	Certification of Principal Financial Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

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SIGNATURES

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.

MAM Software Group, Inc.

Date: April 24, 2012 By: /s/ Michael G. Jamieson
Michael G. Jamieson
Chief Executive Officer

(Principal Executive Officer)

Date: April 24, 2012 By: /s/ Charles F. Trapp
Charles F. Trapp
Chief Financial Officer

(Principal Financial Officer)

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