



OTCBB: PCYG

**Reconciliations of Non-GAAP
Financial Measures**

May 26, 2009

Non-GAAP Metrics disclosure



- ❑ The Company believes that providing both GAAP and adjusted non-GAAP measures of its performance will provide meaningful supplemental information regarding its operational effectiveness and to enhance investors' overall understanding of the Company's current financial performance and prospects for the future. Management believes that investors benefit from seeing its results "through the eyes" of management in addition to the GAAP presentation.
- ❑ It is Management's belief that while not in accordance with or an alternative for GAAP, the adjusted information allows for greater transparency to supplemental information used by management in its financial and operational decision making.
- ❑ The adjusted information excludes items, such as amortization of intangible assets, impairment charges, depreciation, charges to consolidate and integrate recently acquired businesses and non-cash stock based compensation, and other non-cash charges that may have a material effect on the Company's net income and net income per share in accordance with GAAP.
- ❑ Management monitors these items to ensure that expenses are in line with expectations and that its GAAP results are correctly stated, but does not use them to measure the ongoing bottom line operating performance of the Company. Furthermore, the non-GAAP or adjusted information provided by the Company may be different from the non-GAAP or adjusted information provided by other companies.

Q309 Reconciliation of GAAP Net Income to Adjusted EBITDA



(In 000's)	Three Months Ended, March 31,		Nine Months Ended, March 31,	
	<u>FY 2009</u>	<u>FY 2008</u>	<u>FY 2009</u>	<u>FY 2008</u>
Unaudited Statement of Operations				
Net loss applicable to common shareholders	\$ (2,036)	\$ (290)	\$ (4,388)	\$ (2,463)
Non-GAAP Adjustments:				
Impairment of capitalized software	\$ 1,457	\$ -	\$ 1,457	\$ -
Impairment of goodwill	-	-	-	-
Depreciation and amortization	238	135	512	370
Bad debt expense	-	18	81	75
Stock issued for services and expenses	20	18	76	75
Income from patent activities	-	(400)	-	(600)
Gain (loss) on equity method investment	-	-	163	-
Interest income (expense)	257	(3)	337	(40)
Dividends on preferred stock	200	98	528	255
(b) Acquisition related costs	76	-	210	-
Adjusted Non-GAAP EBITDA	\$ 213	\$ (422)	\$ (1,024)	\$ (2,327)

(In 000's)	Three Months Ended, March 31,		Nine Months Ended, March 31,	
	<u>FY 2009</u>	<u>FY 2008</u>	<u>FY 2009</u>	<u>FY 2008</u>
Unaudited pro-forma combined condensed Statement of Operations				
Net loss applicable to common shareholders	\$ (2,036)	\$ (535)	\$ (6,916)	\$ (3,588)
Non-GAAP Adjustments:				
Impairment of capitalized software	\$ 1,457	\$ -	\$ 1,457	\$ -
Impairment of goodwill	-	-	2,370	-
Depreciation and amortization	238	135	755	728
Bad debt expense	-	18	102	90
Stock issued for services and expenses	20	18	71	142
Income from patent activities	-	(400)	-	600
Interest income (expense)	257	(3)	415	(130)
Provision for income taxes	-	-	23	38
Dividends on preferred stock	200	98	1,537	1,961
(b) Acquisition related costs	76	-	210	-
(a) Adjusted Pro Forma EBITDA	\$ 213	\$ (668)	\$ 24	\$ (160)

(a) The unaudited pro-forma results of operations for the three and nine months ended March 31, 2009 and 2008 include the operating results of Prescient, and assumes Prescient had been acquired as of July 1, 2007.

(b) Acquisition related costs are certain costs that were incurred during the period that were not capitalized. These costs include travel costs, rents incurred on vacant corporate facilities, training and costs to rebrand the combined Company.



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