



Quality Systems Reports Fiscal 2010 Third Quarter Results

IRVINE, Calif. ... January 28, 2010 ... Quality Systems, Inc. (NASDAQ:QSII) today announced the results of operations for its fiscal 2010 third quarter ended December 31, 2009. The Company posted record net revenues of \$75.0 million in the third quarter, an increase of 14 percent from \$65.5 million for same period last year. The Company reported net income of \$13.2 million in the third quarter, which remained unchanged from the comparable quarter last year. Fully diluted earnings per share were \$0.46 in the quarter, which also remained unchanged when compared with \$0.46 fully diluted earnings per share for the same quarter last year.

For the third quarter, the Company's NextGen Healthcare Information Systems division posted record revenue of \$70.6 million, up 15 percent from the same period a year ago and operating income of \$24.5 million, an increase of 8 percent versus the comparable period last year.

"We are pleased with the results for the third quarter, which represent our team's ability to grow the business to record levels. Time and again, we have stated that the Company continues to make the necessary investments in its infrastructure to ensure that we remain in a state of preparedness as the stimulus plan takes effect during the next three years," noted Steven T. Plochocki, chief executive officer.

"We are well positioned to garner additional market share and fuel future growth as the healthcare industry shifts to an electronic-based medical records platform. We will continue to capitalize on the significant business opportunities that lie ahead from the implementation of the American Recovery and Reinvestment Act," Plochocki concluded.

Quality Systems, Inc. will hold a conference call to discuss fiscal 2010 third quarter financial results on Thursday, January 28, 2010 at 10:00 AM ET (7:00 AM PT). All participants should dial 877-941-8609 at least ten minutes prior to the start of the call. International callers should dial 480-629-9031. To hear a live web simulcast or to listen to the archived web cast following completion of the call, please visit the company web site at www.qsii.com, click on the "Investor Relations" tab, then select "Conference Calls," to access the link to the call. To listen to a telephone replay of the conference call, please dial 800-406-7325 and enter reservation identification number 4206115. The replay will be available from approximately 12:00 PM ET on Thursday, January 28, 2010, through 11:59 PM ET on Thursday, February 4, 2010.

A transcript of the conference call will be made available on the QSII website (www.qsii.com).

About Quality Systems, Inc.

Irvine, Calif.-based Quality Systems, Inc. and its NextGen Healthcare Information Systems subsidiary develop and market computer-based practice management, patient records and revenue cycle management applications as well as connectivity products and services for medical and dental group practices. Visit www.qsii.com and www.nextgen.com for additional information.

QUALITY SYSTEMS, INC.
CONSOLIDATED STATEMENTS OF INCOME
(IN THOUSANDS, EXCEPT PER SHARE DATA)
(UNAUDITED)

	Three Months Ended		Nine Months Ended	
	December 31,		December 31,	
	2009	2008	2009	2008
Revenues:				
Software, hardware and supplies	\$ 24,346	\$ 22,336	\$ 64,978	\$ 65,002
Implementation and training services	3,313	2,675	10,150	9,746
System sales	27,659	25,011	75,128	74,748
Maintenance	22,139	19,152	65,254	53,522
Electronic data interchange services	8,897	8,008	25,855	21,663
Revenue cycle management and related services	9,602	6,835	27,482	13,319
Other services	6,665	6,473	19,579	16,432
Maintenance, EDI, RCM and other services	47,303	40,468	138,170	104,936
Total revenues	74,962	65,479	213,298	179,684
Cost of revenue:				
Software, hardware and supplies	2,810	3,030	9,251	9,912
Implementation and training services	2,898	2,143	9,075	7,783
Total cost of system sales	5,708	5,173	18,326	17,695
Maintenance	3,392	2,826	9,672	8,856
Electronic data interchange services	6,525	5,541	18,579	15,688
Revenue cycle management and related services	7,124	4,475	20,502	8,912
Other services	5,560	5,085	15,430	12,398
Total cost of maintenance, EDI, RCM and other services	22,601	17,927	64,183	45,854
Total cost of revenue	28,309	23,100	82,509	63,549
Gross profit	46,653	42,379	130,789	116,135
Operating expenses:				
Selling, general and administrative	21,951	18,601	62,829	52,136
Research and development costs	3,954	3,624	12,277	10,085
Total operating expenses	25,905	22,225	75,106	62,221
Income from operations	20,748	20,154	55,683	53,914
Interest income	43	328	180	1,042
Other income	136	-	194	-
Income before provision for income taxes	20,927	20,482	56,057	54,956
Provision for income taxes	7,775	7,332	20,739	20,193
Net income	\$ 13,152	\$ 13,150	\$ 35,318	\$ 34,763
Net income per share:				
Basic	\$ 0.46	\$ 0.46	\$ 1.24	\$ 1.25
Diluted	\$ 0.46	\$ 0.46	\$ 1.23	\$ 1.23
Weighted average shares outstanding:				
Basic	28,667	28,340	28,586	27,913
Diluted	28,833	28,473	28,755	28,275
Dividends declared per common share	\$ 0.30	\$ 0.30	\$ 0.90	\$ 0.85

CONSOLIDATED BALANCE SHEETS
(IN THOUSANDS, EXCEPT PER SHARE DATA)
(UNAUDITED)

	December 31, 2009	March 31, 2009
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 79,111	\$ 70,180
Restricted cash	1,514	1,303
Marketable securities	7,454	-
Accounts receivable, net	101,660	90,070
Inventories, net	1,433	1,125
Income tax receivable	3,117	5,605
Net current deferred tax assets	4,848	3,994
Other current assets	6,603	6,312
Total current assets	205,740	178,589
Marketable securities	-	7,395
Equipment and improvements, net	7,962	6,756
Capitalized software costs, net	9,958	9,552
Intangibles, net	7,577	8,403
Goodwill	32,884	28,731
Other assets	4,100	2,675
Total assets	\$ 268,221	\$ 242,101
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 4,433	\$ 5,097
Deferred revenue	55,658	47,584
Accrued compensation and related benefits	7,254	9,511
Dividends payable	8,598	8,529
Other current liabilities	12,878	8,888
Total current liabilities	88,821	79,609
Deferred revenue, net of current	443	521
Net deferred tax liabilities	3,589	4,566
Deferred compensation	1,897	1,838
Total liabilities	94,750	86,534
Commitments and contingencies		
Shareholders' equity		
Common Stock		
\$0.01 par value; authorized 50,000 shares; issued and outstanding 28,660 and 28,447 shares at December 31, 2009 and March 31, 2009, respectively	287	284
Additional paid-in capital	111,852	103,524
Retained earnings	61,332	51,759
Total shareholders' equity	173,471	155,567
Total liabilities and shareholders' equity	\$ 268,221	\$ 242,101