

Edgar Filing: AMDOCS LTD - Form 20-F/A

AMDOCS LTD  
Form 20-F/A  
February 14, 2007

UNITED STATES SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

-----  
Amendment No. 1 to  
FORM 20-F

[ ] REGISTRATION STATEMENT PURSUANT TO SECTION 12(b) OR (g) OF THE SECURITIES  
EXCHANGE ACT OF 1934

OR

[X] ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE  
ACT OF 1934

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2006

OR

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

OR

[ ] SHELL COMPANY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES  
EXCHANGE ACT OF 1934

Date of event requiring this shell company report.....

FOR THE TRANSITION PERIOD FROM \_\_\_\_\_ TO \_\_\_\_\_.

COMMISSION FILE NUMBER 1-14840

AMDOCS LIMITED

-----  
(Exact name of Registrant as specified in its charter)

ISLAND OF GUERNSEY

-----  
(Jurisdiction of incorporation or organization)

SUITE 5, TOWER HILL HOUSE LE BORDAGE  
ST. PETER PORT, ISLAND OF GUERNSEY, GY1 3QT CHANNEL ISLANDS

AMDOCS, INC.  
1390 TIMBERLAKE MANOR PARKWAY, CHESTERFIELD, MISSOURI 63017

-----  
(Address of principal executive offices)

Securities registered or to be registered pursuant to Section 12(b) of the  
Act:

Edgar Filing: AMDOCS LTD - Form 20-F/A

TITLE OF EACH CLASS

NAME OF EXCHANGE ON WHICH REGISTERED

-----

-----

Ordinary Shares, par value L0.01

New York Stock Exchange

Securities registered or to be registered pursuant to Section 12(g) of the Act:

NONE

-----

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act:

NONE

-----

Indicate the number of outstanding shares of each of the issuer's classes of capital or common stock as of the close of the period covered by the Annual Report.

Ordinary Shares, par value L0.01  
(Title of class)

206,792,730(1)  
(Number of shares)

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

Yes

No

If this report is an annual or transition report, indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934.

Yes

No

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

No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act.:

Large accelerated filer

Accelerated filer   
filer

Non-accelerated

## Edgar Filing: AMDOCS LTD - Form 20-F/A

Indicate by check mark which financial statement item the registrant has elected to follow.

Item 17 [ ]      Item 18 [X]

If this is an annual report, indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes [ ]      No [X]

-----

- (1) Net of 27,138,823 shares held in treasury. Does not include (a) 22,793,944 ordinary shares reserved for issuance upon exercise of stock options granted under our stock option plan or by companies we have acquired, and (b) 10,437,895 ordinary shares reserved for issuance upon conversion of outstanding convertible debt securities.

### EXPLANATORY NOTE

This Amendment No. 1 to Annual Report on Form 20-F of Amdocs Limited for the fiscal year ended September 30, 2006 is filed solely for the purpose of revising page F-3 of Part III, Item 18 Financial Statements, to include a revised Report of Independent Registered Public Accounting Firm. The report that was filed as a part of our Annual Report on Form 20-F filed on December 13, 2006 (the "Original Filing") inadvertently omitted an explanatory paragraph to refer to the Company's change in method of accounting for equity-based compensation as set forth in Note 2 to the financial statements contained the Original Filing. This report has been revised to include such an explanatory paragraph to refer to the Company's change in method of accounting for equity-based compensation. The attached revised Report of Independent Registered Public Accounting Firm and accompanying financial statements and notes are substituted for the form of report and financial statements contained in the Original Filing. Except as described above and except for certain updates to Part III, Item 19 Exhibits, no other changes have been made to the Annual Report on Form 20-F and accordingly, all Items other than Part III, Items 18 and 19 have been omitted.

### PART III

#### ITEM 18. FINANCIAL STATEMENTS

##### FINANCIAL STATEMENTS AND SCHEDULE

The following Financial Statements and Financial Statement Schedule of Amdocs Limited, with respect to financial results for the fiscal years ended September 30, 2006, 2005 and 2004, are included at the end of this Annual Report:

##### AUDITED FINANCIAL STATEMENTS OF AMDOCS LIMITED

Reports of Independent Registered Public Accounting Firm

Consolidated Balance Sheets as of September 30, 2006 and 2005

Consolidated Statements of Income for the years ended September 30, 2006, 2005 and 2004

Consolidated Statements of Changes in Shareholders' Equity for the years

Edgar Filing: AMDOCS LTD - Form 20-F/A

ended September 30, 2006, 2005 and 2004

Consolidated Statements of Cash Flows for the years ended September 30, 2006, 2005 and 2004

Notes to Consolidated Financial Statements

FINANCIAL STATEMENT SCHEDULES OF AMDOCS LIMITED

Valuation and Qualifying Accounts

All other schedules have been omitted since they are either not required or not applicable, or the information has otherwise been included.

ITEM 19. EXHIBITS

The exhibits listed on the Exhibit Index hereof are filed herewith in response to this Item.

SIGNATURES

The registrant hereby certifies that it meets all of the requirements for filing on Form 20-F and that it has duly caused and authorized the undersigned to sign this Amendment No. 1 to Annual Report on Form 20-F on its behalf.

Amdocs Limited

/s/ Thomas G. O'Brien

-----  
Thomas G. O'Brien  
Treasurer and Secretary  
Authorized U.S.  
Representative

Date: February 14, 2007

EXHIBIT INDEX

EXHIBIT NO. -----	DESCRIPTION -----
1.	Memorandum and Articles of Association of Amdocs Limited (incorporated by reference to Exhibits 3.1 and 3.2 to Amdocs' Registration Statement on Form F-1 dated June 19, 1998; Registration No. 333-8826)
2.a.1	Indenture dated May 30, 2001 between Amdocs and United States Trust Company of New York (incorporated by reference to Exhibit 4.1 to Amdocs' Form 6-K dated May 31, 2001)
2.a.2	Registration Rights Agreement dated May 30, 2001 between Amdocs and Goldman, Sachs & Co. (incorporated by reference to Exhibit 4.2 to Amdocs' Form 6-K dated May 31, 2001)
2.a.3	Indenture, dated March 5, 2004, between Amdocs Limited and The Bank of

## Edgar Filing: AMDOCS LTD - Form 20-F/A

- New York, as trustee, for 0.50% Convertible Senior Notes due 2024 (incorporated by reference to Exhibit 99.1 to Amdocs' Form 6-K, filed March 5, 2004)
- 2.a.4 Registration Rights Agreement, dated March 5, 2004, among Amdocs Limited and Morgan Stanley & Co. Incorporated, Goldman, Sachs & Co. and Merrill Lynch, Pierce Fenner & Smith Incorporated (incorporated by reference to Exhibit 99.2 to Amdocs' Form 6-K, filed March 5, 2004)
- 4.a.1 Share Sale and Purchase Agreement, dated as of July 1, 2005, by and among DST Systems, Inc., Amdocs, Inc. and Amdocs Limited (incorporated by reference to Exhibit 99.1 to Amdocs' Form 6-K dated July 5, 2005)
- 4.a.2 Agreement and Plan of Merger, dated as of April 17, 2006, by and among Amdocs Limited, Amdocs Thesaurus, Inc., Qpass Inc. and Ray A. Rothrock, as Shareholders' Agent (incorporated by reference to Exhibit 99.1 to Amdocs' Form 6-K dated April 21, 2006)
- 4.a.3 Share Sale and Purchase Agreement relating to Cramer Systems Group Limited, dated July 18, 2006, by and among Amdocs Limited, Amdocs Astrum Limited and certain shareholders of Cramer Systems Group Limited (incorporated by reference to Exhibit 99.1 to Amdocs' Form 6-K dated July 20, 2006)
- 4.a.4 Agreement, dated August 14, 2006, amending the Share Sale and Purchase Agreement relating to Cramer Systems Group Limited dated July 18, 2006, by and among Amdocs Limited, Amdocs Astrum Limited and certain shareholders of Cramer Systems Group Limited (incorporated by reference to Exhibit 99.1 to Amdocs' Form 6-K dated August 17, 2006)
- 4.a.5 Agreement, dated September 14, 2006, amending the Share Sale and Purchase Agreement relating to Cramer Systems Group Limited dated July 18, 2006, by and among Amdocs Limited, Amdocs Astrum Limited and certain shareholders of Cramer Systems Group Limited, as amended (incorporated by reference to Exhibit 99.1 to Amdocs' Form 6-K dated September 14, 2006)
- 4.b.1 Information Technology Services Agreement between Amdocs, Inc. and SBC Services, Inc. dated January 9, 2003 (confidential material has been redacted and complete exhibits have been separately filed with the Securities and Exchange Commission) (incorporated by reference to Exhibit 4.b.1 to Amdocs' Annual Report on Form 20-F for the fiscal year ended September 30, 2003)
- 4.b.2 Master Agreement for Software and Services between Amdocs, Inc. and SBC Operations, Inc., effective July 7, 1998 (confidential material has been redacted and complete exhibits have been separately filed with the Securities and Exchange Commission) (incorporated by reference to Exhibit 10.13 to Amdocs' Amendment No. 1 to Registration Statement on Form F-1, dated May 21, 1999, Registration No. 333-75151)
- 4.b.3 Software Master Agreement between Amdocs Software Systems Limited and SBC Services, Inc., effective December 10, 2003 (confidential material has been redacted and complete exhibits have been separately filed with the Securities and Exchange Commission) (incorporated by reference to Exhibit 99.2 to Amdocs' Amendment No. 1 to Registration Statement on Form F-3, dated September 21, 2004, Registration No. 333-114344)
- 4.b.4 Agreement between Amdocs Inc. and SBC Services, Inc. for Software and Professional Services, effective August 7, 2003 (confidential material has been redacted and complete exhibits have been separately filed with the Securities and Exchange Commission) (incorporated by reference to Exhibit 99.3 to Amdocs' Amendment No. 1 to Registration Statement on Form F-3, dated September 21, 2004, Registration No. 333-114344)

## Edgar Filing: AMDOCS LTD - Form 20-F/A

EXHIBIT NO. -----	DESCRIPTION -----
4.b.5	Amended and Restated Customer Care and Billing Services Agreement, dated as of July 1, 2006, between Sprint/United Management Company and Amdocs Software Systems Limited (confidential material has been redacted and complete exhibits have been separately filed with the Securities and Exchange Commission) (incorporated by reference to Exhibit 99.1 to Amdocs' Form 6-K dated December 13, 2006)
4.b.6	Agreement Amending the Further Amended and Restated Master Outsourcing Agreement and Master License and Services Agreement, dated as of October 5, 2006, between Bell Canada and Amdocs Canadian Managed Services Inc. (confidential material has been redacted and complete exhibits have been separately filed with the Securities and Exchange Commission) (incorporated by reference to Exhibit 99.2 to Amdocs' Form 6-K dated December 13, 2006)
4.c.1* 8*	Amdocs Limited 1998 Stock Option and Incentive Plan, as amended Subsidiaries of Amdocs Limited
12.1	Certification of Chief Executive Officer pursuant to Rule 13a-14(a)/15d-14(a)
12.2	Certification of Chief Financial Officer pursuant to Rule 13a-14(a)/15d-14(a)
13.1	Certification of Chief Executive Officer pursuant to 18U.S.C. 1350
13.2	Certification of Chief Financial Officer pursuant to 18U.S.C. 1350
14.1	Consent of Ernst & Young LLP

-----  
 \* Previously filed as exhibits to the Company's Annual Report on Form 20-F for the fiscal year ended September 30, 2006.

### AMDOCS LIMITED INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

	PAGE ----
AUDITED CONSOLIDATED FINANCIAL STATEMENTS	
Management's Report on Internal Control Over Financial Reporting.....	F-2
Reports of Independent Registered Public Accounting Firm.....	F-3
Consolidated Balance Sheets as of September 30, 2006 and 2005.....	F-5
Consolidated Statements of Income for the years ended September 30, 2006, 2005 and 2004.....	F-6
Consolidated Statements of Changes in Shareholders' Equity for the years ended September 30, 2006, 2005 and 2004.....	F-7
Consolidated Statements of Cash Flows for the years ended September 30, 2006, 2005 and 2004.....	F-8
Notes to the Consolidated Financial Statements.....	F-10
FINANCIAL STATEMENT SCHEDULE	
Valuation and Qualifying Accounts.....	F-44

F-1

MANAGEMENT'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

The management of the Company is responsible for establishing and maintaining adequate internal control over financial reporting for the Company. Internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles and includes those policies and procedures that:

- Pertain to the maintenance of records that in reasonable detail accurately and fairly reflect the transactions and dispositions of the assets of the Company;
- Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company; and
- Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

The Company's management assessed the effectiveness of the Company's internal control over financial reporting as of September 30, 2006. In making this assessment, the Company's management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in Internal Control-Integrated Framework.

Based on its assessment, management concluded that, as of September 30, 2006, the Company's internal control over financial reporting is effective based on those criteria.

The financial statements and internal control over financial reporting have been audited by Ernst & Young LLP, an independent registered public accounting firm. Ernst & Young's report with respect to the management's assessment of the Company's internal control over financial reporting is included herein.

F-2

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Shareholders

## Edgar Filing: AMDOCS LTD - Form 20-F/A

Amdocs Limited

We have audited the accompanying consolidated balance sheets of Amdocs Limited as of September 30, 2006 and 2005, and the related consolidated statements of income, changes in shareholders' equity, and cash flows for each of the three years in the period ended September 30, 2006. Our audits also included the financial statement schedule listed in the Index at Item 18 of Part III. These financial statements and the schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements and the schedule based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion. Also, in our opinion, the related financial statement schedule, when considered in relation to the basic financial statements taken as a whole, presents fairly in all material respects the information set forth therein.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Amdocs Limited at September 30, 2006 and 2005, and the consolidated results of its operations and its cash flows for each of the three years in the period ended September 30, 2006, in conformity with U.S. generally accepted accounting principles.

As discussed in Note 2 to the consolidated financial statements, effective October 1, 2005, the Company changed its method of accounting for equity-based compensation to adopt Statement of Financial Accounting Standards No. 123(R), Share-Based Payment.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the effectiveness of Amdocs Limited's internal control over financial reporting as of September 30, 2006, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated November 30, 2006 expressed an unqualified opinion thereon.

/s/ ERNST & YOUNG LLP

New York, New York  
November 30, 2006

F-3

### REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM ON MANAGEMENT'S ASSESSMENT OF INTERNAL CONTROL OVER FINANCIAL REPORTING

To the Board of Directors and Shareholders  
Amdocs Limited

We have audited management's assessment, included in the accompanying Management's Report on Internal Control Over Financial Reporting, that Amdocs Limited maintained effective internal control over financial reporting as of September 30, 2006, based on criteria established in Internal Control -- Integrated Framework issued by the Committee of Sponsoring



## Edgar Filing: AMDOCS LTD - Form 20-F/A

Organizations of the Treadway Commission (the COSO criteria). Amdocs Limited's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting. Our responsibility is to express an opinion on management's assessment and an opinion on the effectiveness of the company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, evaluating management's assessment, testing and evaluating the design and operating effectiveness of internal control, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, management's assessment that Amdocs Limited maintained effective internal control over financial reporting as of September 30, 2006, is fairly stated, in all material respects, based on the COSO criteria. Also, in our opinion, Amdocs Limited maintained, in all material respects, effective internal control over financial reporting as of September 30, 2006, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets of Amdocs Limited as of September 30, 2006 and 2005, and the related consolidated statements of income, changes in shareholders' equity, and cash flows for each of the three years in the period ended September 30, 2006 and our report dated November 30, 2006 expressed an unqualified opinion thereon.

/s/ ERNST & YOUNG LLP

New York, New York  
November 30, 2006

Edgar Filing: AMDOCS LTD - Form 20-F/A

AMDOCS LIMITED

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

	AS OF SEPTEMBER 30,	
	----- 2006 -----	2005 -----
<b>ASSETS</b>		
<b>CURRENT ASSETS:</b>		
Cash and cash equivalents.....	\$ 607,187	\$ 707,552
Short-term interest-bearing investments.....	372,194	438,011
Accounts receivable, net.....	425,805	304,237
Deferred income taxes and taxes receivable.....	136,044	101,162
Prepaid expenses and other current assets.....	97,476	76,780
	-----	-----
TOTAL CURRENT ASSETS.....	1,638,706	1,627,742
Equipment, vehicles and leasehold improvements, net.....	220,290	181,812
Deferred income taxes.....	133,690	120,217
Goodwill.....	1,461,606	969,639
Intangible assets, net.....	347,716	159,619
Other noncurrent assets.....	160,820	143,439
	-----	-----
TOTAL ASSETS.....	\$3,962,828	\$3,202,468
	=====	=====
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>CURRENT LIABILITIES:</b>		
Accounts payable.....	\$ 148,398	\$ 114,392
Accrued expenses and other current liabilities.....	270,268	199,458
Accrued personnel costs.....	178,441	148,426
Short-term portion of financing arrangements and capital lease obligations.....	1,963	8,480
Deferred revenue.....	253,376	216,770
Deferred income taxes and taxes payable.....	179,241	171,377
	-----	-----
TOTAL CURRENT LIABILITIES.....	1,031,687	858,903
Convertible notes.....	450,000	450,272
Deferred income taxes.....	129,339	50,571
Noncurrent liabilities and other.....	197,637	186,270
	-----	-----
TOTAL LIABILITIES.....	1,808,663	1,546,016
	-----	-----
<b>SHAREHOLDERS' EQUITY:</b>		
Preferred Shares -- Authorized 25,000 shares; L0.01 par value; 0 shares issued and outstanding.....	--	--
Ordinary Shares -- Authorized 550,000 shares; L0.01 par value; 233,932 and 227,321 issued and 206,793 and 200,182 outstanding, in 2006 and 2005, respectively.....	3,763	3,644
Additional paid-in capital.....	2,035,309	1,870,922
Treasury stock, at cost -- 27,139 Ordinary Shares in 2006 and 2005.....	(602,392)	(602,392)
Accumulated other comprehensive income (loss).....	2,723	(10,886)

Edgar Filing: AMDOCS LTD - Form 20-F/A

Unearned compensation.....	--	(962)
Retained earnings.....	714,762	396,126
	-----	-----
TOTAL SHAREHOLDERS' EQUITY.....	2,154,165	1,656,452
	-----	-----
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY....	\$3,962,828	\$3,202,468
	=====	=====

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

F-5

AMDOCS LIMITED

CONSOLIDATED STATEMENTS OF INCOME  
(IN THOUSANDS, EXCEPT PER SHARE DATA)

	YEAR ENDED SEPTEMBER 30,		
	2006 (1)	2005	2004
	-----	-----	-----
REVENUE:			
License.....	\$ 116,285	\$ 100,044	\$ 76,586
Service.....	2,363,765	1,938,577	1,697,146
	-----	-----	-----
	2,480,050	2,038,621	1,773,732
	-----	-----	-----
OPERATING EXPENSES:			
Cost of license.....	4,003	4,083	5,022
Cost of service.....	1,579,823	1,291,572	1,117,810
Research and development.....	186,760	144,457	126,407
Selling, general and administrative.....	313,997	232,066	210,384
Amortization of purchased intangible assets..	37,610	15,356	17,909
Restructuring charges, in-process research and development and other acquisition- related costs.....	25,725	12,595	--
	-----	-----	-----
	2,147,918	1,700,129	1,477,532
	-----	-----	-----
Operating income.....	332,132	338,492	296,200
Interest income and other, net.....	41,741	22,303	4,903
	-----	-----	-----
Income before income taxes.....	373,873	360,795	301,103
Income taxes.....	55,237	72,159	66,243
	-----	-----	-----
NET INCOME.....	\$ 318,636	\$ 288,636	\$ 234,860
	=====	=====	=====
BASIC EARNINGS PER SHARE.....	\$ 1.57	\$ 1.44	\$ 1.13

Edgar Filing: AMDOCS LTD - Form 20-F/A

DILUTED EARNINGS PER SHARE.....	\$ 1.48	\$ 1.35	\$ 1.08
BASIC WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING.....	203,194	201,023	208,726
DILUTED WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING.....	218,534	217,162	220,285

(1) The twelve months ended September 30, 2006 include equity-based compensation pre-tax expense of \$46,178, which was classified as follows: \$18,042 to cost of service, \$4,711 to research and development and \$23,425 to selling, general and administrative.

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

F-6

AMDOCS LIMITED

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY  
(IN THOUSANDS)

	ORDINARY SHARES	ADDITIONAL	TREASURY	ACCUMULATED OTHER COMPREHENSIVE	UNEARNED COMPENSATION
	SHARES	PAID-IN CAPITAL	STOCK	INCOME (LOSS)	
	AMOUNT				
BALANCE AS OF OCTOBER 1, 2003.....	216,058	\$3,580	\$ (109,281)	\$ 3,715	\$ --
Comprehensive income:					
Net income.....	--	--	--	--	--
Unrealized loss on foreign currency hedging contracts, net of \$(1,575) tax.....	--	--	--	(4,915)	--
Unrealized loss on short- term interest-bearing investments, net of \$(204) tax.....	--	--	--	(719)	--
Comprehensive income.....					
Employee stock options					

Edgar Filing: AMDOCS LTD - Form 20-F/A

exercised.....	1,157	21	12,056	--	--	--
Tax benefit of stock options exercised.....	--	--	3,094	--	--	--
Repurchase of shares.....	(16,442)	--	--	(407,527)	--	--
Issuance of Ordinary Shares related to acquisition, net.....	561	--	747	14,392	--	--
Stock options granted, net of forfeitures.....	--	--	749	--	--	(749)
Amortization of unearned compensation.....	--	--	--	--	--	575
Expense related to vesting of stock options.....	--	--	6	--	--	--
	-----	-----	-----	-----	-----	-----
BALANCE AS OF SEPTEMBER 30, 2004.....	201,334	3,601	1,837,608	(502,416)	(1,919)	(174)
Comprehensive income:						
Net income.....	--	--	--	--	--	--
Unrealized loss on foreign currency hedging contracts, net of \$(1,927) tax.....	--	--	--	--	(7,865)	--
Unrealized loss on short-term interest-bearing investments, net of \$(253) tax.....	--	--	--	--	(1,102)	--
Comprehensive income.....						
Employee stock options exercised.....	2,229	41	23,983	--	--	--
Tax benefit of stock options exercised.....	--	--	3,147	--	--	--
Repurchase of shares.....	(3,525)	--	--	(99,976)	--	--
Issuance of restricted stock and stock options related to acquisitions, net.....	144	2	6,034	--	--	(1,428)
Amortization of unearned compensation.....	--	--	--	--	--	640
Expense related to vesting of stock options.....	--	--	150	--	--	--
	-----	-----	-----	-----	-----	-----
BALANCE AS OF SEPTEMBER 30, 2005.....	200,182	3,644	1,870,922	(602,392)	(10,886)	(962)
Comprehensive income:						
Net income.....	--	--	--	--	--	--
Unrealized gain on foreign currency hedging contracts, net of \$1,847 tax.....	--	--	--	--	11,938	--
Unrealized gain on short-term interest-bearing investments, net of \$485 tax.....	--	--	--	--	1,671	--
Comprehensive income.....						
Employee stock options exercised.....	5,869	106	106,853	--	--	--
Tax benefit of stock options exercised.....	--	--	7,619	--	--	--
Issuance of restricted						

Edgar Filing: AMDOCS LTD - Form 20-F/A

stock, net of cancellations.....	742	13	--	--	--	--
Issuance of restricted stock and stock options related to acquisitions, net.....	--	--	4,634	--	--	--
Equity-based compensation expense related to employees.....	--	--	46,178	--	--	--
Reclassification of unearned compensation to additional paid-in capital.....	--	--	(962)	--	--	962
Equity-based compensation expense related to non employee stock options....	--	--	65	--	--	--
	-----	-----	-----	-----	-----	-----
BALANCE AS OF SEPTEMBER 30, 2006.....	206,793	\$3,763	\$2,035,309	\$(602,392)	\$ 2,723	\$ --
	=====	=====	=====	=====	=====	=====

As of September 30, 2006, 2005 and 2004, accumulated other comprehensive income (loss) is comprised of unrealized (loss) gain on derivatives, net of tax, of \$2,841, \$(9,097) and \$(1,232) and unrealized loss on cash equivalents and short-term interest-bearing investments, net of tax, of \$(118), \$(1,789) and \$(687).

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

F-7

AMDOCS LIMITED

CONSOLIDATED STATEMENTS OF CASH FLOWS  
(IN THOUSANDS)

	YEAR ENDED SEPTEMBER 30,		
	2006	2005	2004
	-----	-----	-----
CASH FLOW FROM OPERATING ACTIVITIES:			
Net income.....	\$ 318,636	\$ 288,636	\$ 234,860
Reconciliation of net income to net cash provided by operating activities:			
Depreciation and amortization.....	117,900	93,828	100,877
In-process research and development expenses.....	25,725	2,760	--
Equity-based compensation expense.....	46,178	--	--
Loss (gain) on sale of equipment.....	789	(786)	(1,436)

Edgar Filing: AMDOCS LTD - Form 20-F/A

Deferred income taxes.....	22,811	8,062	(11,272)
Excess tax benefit from equity-based compensation.....	(722)	--	--
Tax benefit of stock options exercised.....	--	3,147	3,094
Realized (gain) loss from short-term interest-bearing investments and other....	(4,030)	(657)	1,850
Net changes in operating assets and liabilities, net of amounts acquired:			
Accounts receivable.....	(79,363)	(15,106)	(53,723)
Prepaid expenses and other current assets.....	(10,536)	3,667	1,856
Other noncurrent assets.....	(18,313)	(17,593)	(44,401)
Accounts payable and accrued expenses.....	54,569	26,542	31,697
Deferred revenue.....	(52,050)	(5,702)	46,713
Income taxes payable.....	(10,796)	(6,643)	33,773
Noncurrent liabilities and other.....	18,422	1,596	516
	-----	-----	-----
Net cash provided by operating activities.....	429,220	381,751	344,404
	-----	-----	-----
CASH FLOW FROM INVESTING ACTIVITIES:			
Proceeds from sale of equipment, vehicles and leasehold improvements.....	4,274	5,829	4,431
Payments for purchase of equipment, vehicles and leasehold improvements.....	(80,717)	(71,374)	(54,148)
Purchase of short-term interest-bearing investments.....	(1,216,259)	(747,073)	(1,325,383)
Proceeds from sale of short-term interest-bearing investments.....	1,288,261	948,711	1,125,538
Net cash paid for acquisitions.....	(624,801)	(262,253)	(10,651)
	-----	-----	-----
Net cash used in investing activities.....	(629,242)	(126,160)	(260,213)
	-----	-----	-----
CASH FLOW FROM FINANCING ACTIVITIES:			
Proceeds from employee stock options exercised...	106,853	24,024	12,077
Excess tax benefit from equity-based compensation.....	722	--	--
Repurchase of shares.....	--	(99,976)	(407,527)
Repurchase of 2% convertible notes.....	(97)	--	(400,169)
Net proceeds from issue of long-term 0.50% convertible notes.....	--	--	441,610
Borrowings under financing arrangements.....	--	--	987
Principal payments under financing arrangements..	(4,677)	(667)	(2,213)
Principal payments on capital lease obligations..	(3,144)	(21,772)	(26,204)
	-----	-----	-----
Net cash provided by (used in) financing activities.....	99,657	(98,391)	(381,439)
	-----	-----	-----
Net (decrease) increase in cash and cash equivalents.....	(100,365)	157,200	(297,248)
Cash and cash equivalents at beginning of year...	707,552	550,352	847,600
	-----	-----	-----
Cash and cash equivalents at end of year.....	\$ 607,187	\$ 707,552	\$ 550,352
	=====	=====	=====

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

Edgar Filing: AMDOCS LTD - Form 20-F/A

AMDOCS LIMITED

CONSOLIDATED STATEMENTS OF CASH FLOWS -- (CONTINUED)  
(IN THOUSANDS)

	YEAR ENDED SEPTEMBER 30,		
	2006	2005	2004

SUPPLEMENTARY CASH FLOW INFORMATION

Interest and Income Taxes Paid Cash paid for:

Income taxes, net of refunds.....	\$40,861	\$62,668	\$35,677
Interest.....	2,630	5,233	11,940

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

F-9

AMDOCS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
(DOLLAR AND SHARE AMOUNTS IN THOUSANDS, EXCEPT PER SHARE DATA)  
SEPTEMBER 30, 2006

NOTE 1 -- NATURE OF ENTITY

Amdocs Limited (the "Company") is a leading provider of software products and services to the communications industry. The Company and its subsidiaries operate in one segment, providing integrated offering products and services that enable its customers to move toward an integrated approach to customer management. The Company designs, develops, markets, supports, operates and provides information system solutions, including Managed Services, primarily to leading communications companies throughout the world.

The Company is a Guernsey corporation, which directly or indirectly holds several wholly owned subsidiaries around the world. The majority of the Company's customers are in North America, Europe, Latin America and the Asia-Pacific region. The Company's main production and operating facilities are located in Israel, the United States, United Kingdom, Cyprus, Australia, Canada, China, Ireland and India.

NOTE 2 -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PRESENTATION

The consolidated financial statements are prepared in accordance with U.S.



## Edgar Filing: AMDOCS LTD - Form 20-F/A

generally accepted accounting principles.

### CONSOLIDATION

The financial statements include the accounts of the Company and its wholly owned subsidiaries. All intercompany transactions and balances have been eliminated in consolidation.

### FUNCTIONAL CURRENCY

The Company manages its foreign subsidiaries as integral direct components of its operations. According to the salient economic factors indicated in Statement of Financial Accounting Standards ("SFAS") No. 52, "Foreign Currency Translation," the Company's cash flow, sales price, sales market, expense, financing and intercompany transactions and arrangement indicators are predominantly denominated in the U.S. dollar. The operations of the Company's foreign subsidiaries provide the same type of services with the same type of expenditures throughout the Amdocs group. Accordingly, the Company has determined that its functional currency is the U.S. dollar. The Company periodically assesses the applicability of the U.S. dollar as the Company's functional currency by reviewing the salient indicators.

### CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of cash and interest-bearing investments with insignificant interest rate risk and original maturities of 90 days or less.

### INVESTMENTS

The Company classifies all of its short-term interest-bearing investments as available-for-sale securities. Such short-term interest-bearing investments consist primarily of commercial paper, U.S. treasury notes, U.S. federal agency securities, corporate bonds, corporate backed obligations and mortgages, which are stated at market value. Unrealized gains and losses are comprised of the difference between market value and amortized costs of such securities and are reflected, net of tax, as "accumulated other comprehensive income (loss)" in shareholders' equity. Realized gains and losses on short-term interest-bearing investments are included in earnings and are derived using the specific identification method for determining the cost of securities.

F-10

### AMDOCS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)  
(DOLLAR AND SHARE AMOUNTS IN THOUSANDS, EXCEPT PER SHARE DATA)

### EQUIPMENT, VEHICLES AND LEASEHOLD IMPROVEMENTS

Equipment, vehicles and leasehold improvements are stated at cost. Assets under capital leases are recorded at the present value of the future minimum lease payments at the date of acquisition. Depreciation is computed using the straight-line method over the estimated useful life of the asset, which primarily ranges from 3 to 10 years and includes the amortization of assets under capitalized leases. Leasehold improvements are amortized over the shorter of the estimated useful lives or the term of the related lease. Management reviews property and equipment and other long-lived assets on a periodic basis to determine whether events or changes in circumstances indicate that the

## Edgar Filing: AMDOCS LTD - Form 20-F/A

carrying amount of such assets may not be recoverable.

### GOODWILL AND OTHER INTANGIBLE ASSETS

SFAS No. 141, "Business Combinations" ("SFAS No. 141") requires that the purchase method of accounting be used for all business combinations. Under SFAS No. 142, "Goodwill and Other Intangible Assets," goodwill and intangible assets deemed to have indefinite lives are subject to an annual impairment test in accordance with the Statement. Goodwill impairment is deemed to exist if the net book value of a reporting unit exceeds its estimated fair value. Other intangible assets are amortized over their useful lives.

The total purchase price of business acquisitions accounted for using the purchase method is allocated first to identifiable assets and liabilities based on estimated fair values. The excess of the purchase price over the fair value of net assets of purchased businesses is recorded as goodwill.

Other intangible assets consist primarily of purchased computer software, intellectual property rights, core technology and customer arrangements. Intellectual property rights, purchased computer software and core technology acquired by the Company are amortized over their estimated useful lives on a straight-line basis.

Some of the acquired customer arrangements are amortized over their estimated useful lives in proportion to the economic benefits realized. This accounting policy results in accelerated amortization of such customer arrangements as compared to the straight-line method. All other acquired customer arrangements are amortized over their estimated useful lives on a straight-line basis.

### LONG-LIVED ASSETS

The Company considers whether there are indicators of impairment that would require the comparison of the estimated net realizable value of intangible assets with finite lives, equipment, leasehold improvements and vehicles and other long-lived assets, using an undiscounted cash flow analysis, to their carrying value under SFAS No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets." Any impairment would be recognized when the fair market value of such long-lived assets is less than their carrying value. During the year ended September 30, 2004, the Company identified and recognized an impairment charge (included in cost of service) of \$2,785 related to software technology that the Company had no future use for, and therefore was abandoned.

### COMPREHENSIVE INCOME (LOSS)

The Company accounts for comprehensive income (loss) under the provisions of SFAS No. 130, "Reporting Comprehensive Income," which established standards for the reporting and display of comprehensive income (loss) and its components. Comprehensive income (loss) represents the change in shareholders' equity during a period from transactions and other events and circumstances from nonowner sources. It includes all changes in equity except those resulting from investments by owners and distributions to owners.

F-11

AMDOCS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)  
(DOLLAR AND SHARE AMOUNTS IN THOUSANDS, EXCEPT PER SHARE DATA)

## Edgar Filing: AMDOCS LTD - Form 20-F/A

### CONVERTIBLE NOTES

Accrued interest on the Company's convertible notes is included in "accrued expenses and other current liabilities." The Company amortizes the issuance costs related to the convertible notes on a straight-line basis over the term of the convertible notes. The amortized issuance cost calculated on a pro-rata basis, related to the repurchased 0.5% convertible notes, is included in "interest income and other, net."

### TREASURY STOCK

The Company repurchases its Ordinary Shares from time to time on the open market or in other transactions and holds such shares as treasury stock. The Company presents the cost to repurchase treasury stock as a reduction of shareholders' equity.

### INCOME TAXES

The Company records deferred income taxes to reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting and tax purposes. Deferred taxes are computed based on tax rates anticipated to be in effect when the deferred taxes are expected to be paid or realized. A valuation allowance is provided for deferred tax assets if it is more likely than not these items will either expire before the Company is able to realize their benefit, or where future deductibility is uncertain. In the event that a valuation allowance relating to a business acquisition is subsequently reduced, the adjustment will reduce the original amount allocated to goodwill.

Deferred tax liabilities and assets are classified as current or noncurrent based on the classification of the related asset or liability for financial reporting, or according to the expected reversal dates of the specific temporary differences if not related to an asset or liability for financial reporting, and also include anticipated withholding taxes due on subsidiaries' earnings when paid as dividends to the Company.

It is the Company's policy to establish accruals for taxes that may become payable in future years as a result of examinations by tax authorities. The Company establishes the accruals based upon management's assessment of probable contingencies. The Company believes it has appropriately accrued for probable contingencies.

### REVENUE RECOGNITION

Revenue is recognized only when all of the following conditions have been met: (i) there is persuasive evidence of an arrangement; (ii) delivery has occurred; (iii) the fee is fixed and determinable; and (iv) collectibility of the fee is reasonably assured. The Company usually sells its software licenses as part of an overall solution offered to a customer that combines the sale of software licenses with a broad range of services, which normally include significant customization, modification, implementation and integration. As a result, combined license and service revenue generally is recognized over the course of these long-term projects, using the percentage of completion method of accounting in conformity with Accounting Research Bulletin ("ARB") No. 45, "Long Term Construction-Type Contracts," Statement of Position ("SOP") 81-1, "Accounting for Performance of Construction-Type and Certain Production-Type Contracts" and SOP 97-2, "Software Revenue Recognition." Losses are recognized on contracts in the period in which the loss is identified in accordance with SOP 81-1.

Initial license fee for software revenue is recognized as work is

## Edgar Filing: AMDOCS LTD - Form 20-F/A

performed, under the percentage of completion method of accounting. Subsequent license fee revenue is recognized upon completion of specified conditions in each contract, based on a customer's subscriber level or transaction volume or other measurements when greater than the level specified in the contract for the initial license fee.

F-12

### AMDOCS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)  
(DOLLAR AND SHARE AMOUNTS IN THOUSANDS, EXCEPT PER SHARE DATA)

Service revenue that involves significant ongoing obligations, including fees for software customization, implementation and modification as part of a long-term contract is recognized as work is performed, under the percentage of completion method of accounting. In cases where extended payment terms exist, license and related customization fees are recognized when payments are due, in accordance with SOP 97-2. Revenue from software solutions that do not require significant customization and modification is recognized upon delivery or as services are provided, in accordance with SAB 104, "Revenue Recognition" and SOP 97-2. The Company complies with Emerging Issues Task Force ("EITF") 03-05, "Applicability of AICPA SOP 97-2 to Non-Software Deliverables in an Arrangement Containing More Than Incidental Software."

In Managed Services contracts as well as in other long term contracts, revenue from the operation of a customer's system is recognized either as services are performed based on time elapsed, output produced or volume of data processed. Revenue from ongoing support services is recognized as work is performed.

Revenue from third-party hardware sales is recognized upon delivery and installation, and revenue from third-party software sales is recognized upon delivery. Revenue from third-party hardware and software sales is recorded according to the criteria established in EITF 99-19, "Recording Revenue Gross as a Principal versus Net as an Agent" and SAB 104. Revenue is recorded at gross amount for transactions in which the Company is the primary obligor under the arrangement and/or possesses other attributes such as pricing and supplier selection latitude. In specific circumstances where the Company does not meet the above criteria, particularly when the contract stipulates that the Company is not the primary obligor, the Company recognizes revenue on a net basis.

Included in service revenue are sales of third-party products. Revenue from sales of such products includes third-party computer hardware and computer software products and was less than 10% of total revenue in each of fiscal 2006, 2005 and 2004.

Maintenance revenue is recognized ratably over the term of the maintenance agreement, which in most cases is one year or less.

As a result of a significant portion of the Company's revenue being subject to the percentage of completion accounting method, the Company's annual and quarterly operating results may be significantly affected by the size and timing of customer projects and the Company's progress in completing such projects.

Many of the Company's agreements include multiple deliverables. For these multiple element arrangements, the fair value of each component is determined based on specific objective evidence for that element and revenue is allocated to each component based upon its fair value. The revenue associated with each

## Edgar Filing: AMDOCS LTD - Form 20-F/A

element is recognized using the respective methodology discussed above. The Company uses the residual method in accordance with SOP 97-2 and EITF 00-21, "Revenue Arrangements with Multiple Deliverables," in multiple element arrangements that include license for the sale of software solutions that do not require significant customization and modification and first year maintenance to determine the appropriate value for the license component.

In circumstances where the Company enters into a contract with a customer for the provision of Managed Services for a defined period of time, the Company defers, in accordance with SAB 104, certain incremental costs incurred at the inception of the contract. These costs include time and expense incurred in association with the origination of a contract. The deferred costs are amortized on a straight-line basis over the life of the respective customer contract. Revenue associated with these capitalized costs is deferred and is recognized over the same period.

In cases where extended payment terms exist and revenue is deferred until payments are due, related costs are capitalized as contract costs and recognized as revenue is recognized.

F-13

### AMDOCS LIMITED

#### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED) (DOLLAR AND SHARE AMOUNTS IN THOUSANDS, EXCEPT PER SHARE DATA)

Deferred revenue represents billings to customers for licenses, services and third-party products for which revenue has not been recognized. Unbilled accounts receivable include all revenue amounts that had not been billed as of the balance sheet date due to contractual or other arrangements with customers. Allowances that are netted against accounts receivable represent amounts provided for accounts for which their collectibility is not reasonably assured.

#### COST OF LICENSE AND COST OF SERVICE

Cost of license and cost of service consist of all costs associated with providing services to customers, including identified losses on contracts and warranty expense. Estimated losses on contracts are recognized in the period in which the loss is identified in accordance with SOP 81-1. Estimated costs related to warranty obligations are initially provided at the time the product is delivered and are revised to reflect subsequent changes in circumstances and estimates. Cost of license includes royalty payments to software suppliers, amortization of purchased computer software and intellectual property rights.

Cost of service also includes costs of third-party products associated with reselling third-party computer hardware and software products to customers, when revenue from third-party products is recorded at the gross amount. Customers purchasing third-party products from the Company generally do so in conjunction with the purchase of services.

#### RESEARCH AND DEVELOPMENT

Research and development expenditures consist of costs incurred in the development of new software modules and product offerings, either as part of the Company's internal product development programs or in conjunction with customer projects. Research and development costs, which are incurred in conjunction with a customer project, are expensed as incurred.

## Edgar Filing: AMDOCS LTD - Form 20-F/A

Based on the Company's product development process, technological feasibility, as defined in SFAS No. 86, "Accounting for the Costs of Computer Software to be Sold, Leased or Otherwise Marketed," is established upon completion of a detailed program design or, in the absence thereof, completion of a working model. Costs incurred by the Company after achieving technological feasibility and before the product is ready for customer release have been insignificant.

### EMPLOYEE BENEFIT PLANS

The Company maintains a non-contributory defined benefit plan for one of its Canadian subsidiaries that provides for pensions for substantially all of that subsidiary's employees based on length of service and rate of pay. Additionally, the Company provides to these employees other retirement benefits such as certain health care and life insurance benefits on retirement and various disability plans, workers' compensation and medical benefits to former or inactive employees, their beneficiaries and covered dependants, after employment but before retirement, under specified circumstances.

The Company accrues its obligations to these employees under employee benefit plans and the related costs net of returns on plan assets. Pension expense and other retirement benefits earned by employees are actuarially determined using the projected benefit method pro-rated on service and based on management's best estimates of expected plan investments performance, salary escalation, retirement ages of employees and expected health care costs.

The fair value of the employee benefit plans' assets is based on market values. The plan assets are valued at market value for the purpose of calculating the expected return on plan assets and the amortization of experience gains and losses. Past service costs, which may arise from plan amendments, are amortized on a straight-line basis over the average remaining service period of the employees who were active at the date of

F-14

### AMDOCS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)  
(DOLLAR AND SHARE AMOUNTS IN THOUSANDS, EXCEPT PER SHARE DATA)

amendment. The excess of the net actuarial gain (loss) over 10% of the greater of the benefit obligation and the market-related value of plan assets is amortized over the average remaining service period of active employees.

### EQUITY-BASED COMPENSATION

Effective October 1, 2005, the Company adopted FASB Statement No. 123 (revised 2004), "Share-Based Payment," a revision of SFAS No. 123 ("SFAS 123(R)"). SFAS 123(R) supersedes Accounting Principles Board ("APB") Opinion No. 25, "Accounting for Stock Issued to Employees" ("APB No. 25") and related interpretations, and amends FASB Statement No. 95, "Statement of Cash Flows." Generally, the approach in SFAS 123(R) is similar to the approach described in SFAS 123. However, SFAS 123(R) requires all equity-based payments to employees, including grants of employee stock options, to be recognized in the income statement based on their fair values. Pro forma disclosure is no longer an alternative. In March 2005, the SEC issued Staff Accounting Bulletin No. 107 ("SAB 107"), which provides supplemental implementation guidance on SFAS 123(R). The Company has applied the provisions of SAB 107 in its adoption of SFAS 123(R).

## Edgar Filing: AMDOCS LTD - Form 20-F/A

Prior to October 1, 2005, the Company accounted for equity-based payments to employees under the recognition and measurement provisions of APB No. 25. Pursuant to these accounting standards, the Company recorded deferred compensation for stock options granted to employees at the date of grant based on the difference between the exercise price of the options and the market value of the underlying shares at that date, and for restricted stock based on the market value of the underlying shares at the date of grant. No compensation expense was recorded for stock options that were granted to employees and directors at an exercise price equal to or greater than the fair market value of the Ordinary Shares at the time of the grant.

The Company adopted SFAS 123(R) using the modified prospective method. Under this transition method, compensation costs recognized in fiscal 2006 include (a) compensation costs for all equity-based payments granted prior to, but that had not yet vested as of, October 1, 2005, based on the grant date fair value estimated in accordance with the pro forma provisions of SFAS 123, and (b) compensation costs for the equity-based payments granted subsequent to October 1, 2005, based on the grant date fair value estimated in accordance with SFAS 123(R). The Company's consolidated financial statements for prior periods have not been restated to reflect, and do not include, the impact of SFAS 123(R). The Company selected the Black-Scholes option pricing model as the most appropriate fair value method for its stock-options awards and values restricted stock based on the market value of the underlying shares at the date of grant. The Company recognizes compensation costs using the graded vesting attribution method that results in an accelerated recognition of compensation costs in comparison to the straight line method.

As a result of adopting SFAS 123(R) on October 1, 2005, the Company's income before income taxes and net income for fiscal 2006 (not including restricted stock expense) were \$40,432 and \$35,725, respectively, lower, than if the Company had continued to account for equity-based compensation under APB No. 25. Basic and diluted earnings per share for fiscal 2006 were \$0.17 and \$0.15 lower, respectively, than if the Company had continued to account for share based compensation under APB No. 25. The total income tax benefit recognized in the income statement for equity-based compensation (including restricted stock) for fiscal 2006 was \$5,575, and \$0 for fiscal 2005.

Prior to the adoption of SFAS 123(R), the Company presented all tax benefits of deductions resulting from the exercise of stock options as operating cash flows in the statement of cash flows. SFAS 123(R) requires the cash flows resulting from the tax deductions in excess of the compensation costs recognized for those stock options to be classified as financing cash flows. The \$722 excess tax benefit classified as financing cash inflows would have been classified as an operating cash inflow if the Company had not adopted SFAS 123(R).

F-15

AMDOCS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)  
(DOLLAR AND SHARE AMOUNTS IN THOUSANDS, EXCEPT PER SHARE DATA)

The Company uses a combination of implied volatility of the Company's traded options and historical stock price volatility ("blended volatility") as the expected volatility assumption required in the Black-Scholes option valuation model. Prior to October 1, 2005, the Company had used its historical stock price volatility in accordance with SFAS 123 for purposes of presenting its pro forma information. The selection of the blended volatility approach was

## Edgar Filing: AMDOCS LTD - Form 20-F/A

based upon the availability of traded options on the Company's shares and the Company's assessment that blended volatility is more representative of future share price trends than historical volatility. As equity-based compensation expense recognized in the Company's consolidated statement of income for fiscal 2006 is based on awards ultimately expected to vest, such expense has been reduced for estimated forfeitures. SFAS 123(R) requires forfeitures to be estimated at the time of grant and revised, if necessary, in subsequent periods if actual forfeitures differ from those estimates. In the Company's pro forma information required under SFAS 123 for the periods prior to fiscal 2006, the Company accounted for forfeitures as they occurred.

### FAIR VALUE OF FINANCIAL INSTRUMENTS

The financial instruments of the Company consist mainly of cash and cash equivalents, short-term interest-bearing investments, accounts receivable, accounts payable, short-term financing arrangements, forward exchange contracts and options, lease obligations and convertible notes. The fair value of the financial instruments, excluding the convertible notes (for which the fair value as of September 30, 2006 is approximately \$481,000), included in the accounts of the Company does not significantly vary from their carrying amount. The fair values of the Company's foreign currency exchange contracts are estimated based on quoted market prices of comparable contracts. See Note 21.

### CONCENTRATIONS OF CREDIT RISK

Financial instruments that potentially subject the Company to concentration of credit risk consist principally of cash and cash equivalents, short-term interest-bearing investments and trade receivables. The Company invests its excess cash primarily in highly liquid U.S. dollar-denominated securities primarily with major U.S. institutions. The Company does not expect any credit losses with respect to these items.

The Company's revenue is generated primarily in North America and Europe. To a lesser extent, revenue is generated in the Asia-Pacific region and Latin America. Most of the Company's customers are among the largest communications and directory publishing companies in the world (or are owned by them). The Company's business is subject to the effects of general global economic conditions and, in particular, market conditions in the communications industry. The Company performs ongoing credit analyses of its customer base and generally does not require collateral. The allowance for doubtful accounts is for estimated losses resulting from the inability of the Company's customers to make required payments. The Company evaluates accounts receivable to determine if they will ultimately be collected. In performing this evaluation, significant judgments and estimates are involved, such as past experience, credit quality of the customer, age of the receivable balance and current economic conditions that may affect a customer's ability to pay. As of September 30, 2006, the Company had two customers that had accounts receivable balances of more than 10% of total accounts receivable, aggregating 23.4% (12.1% and 11.3%). As of September 30, 2005, the Company had two customers that had accounts receivable balances of more than 10% of total accounts receivable, aggregating 21.7% (11.0% and 10.7%).

### EARNINGS PER SHARE

The Company accounts for earnings per share based on SFAS No. 128, "Earnings per Share." SFAS No. 128 requires companies to compute earnings per share under two different methods, basic and diluted earnings per share, and to disclose the methodology used for the calculations. Basic earnings per share



# Edgar Filing: AMDOCS LTD - Form 20-F/A

## AMDOCS LIMITED

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED) (DOLLAR AND SHARE AMOUNTS IN THOUSANDS, EXCEPT PER SHARE DATA)

are calculated using the weighted average number of shares outstanding during the period. Diluted earnings per share is computed on the basis of the weighted average number of shares outstanding and the effect of dilutive outstanding equity-based awards using the treasury stock method and the effect of dilutive outstanding convertible notes using the if-converted method.

#### DERIVATIVES AND HEDGING

The Company accounts for derivatives and hedging based on SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities," as amended and related Interpretations. SFAS No. 133 requires the Company to recognize all derivatives on the balance sheet at fair value. If a derivative meets the definition of a hedge and is so designated, depending on the nature of the hedge, changes in the fair value of the derivative will either be offset against the change in fair value of the hedged assets, liabilities, or firm commitments through earnings or recognized in other comprehensive income until the hedged item is recognized in earnings. The ineffective portion of a derivative's change in fair value is recognized in earnings.

#### GUARANTOR'S ACCOUNTING AND DISCLOSURE REQUIREMENTS FOR GUARANTEES

The Company follows FASB Interpretation No. 45, "Guarantor's Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness of Others" ("FIN No. 45"). FIN No. 45 requires that, at the inception of certain types of guarantees, the guarantor must disclose and recognize a liability for the fair value of the obligation it assumes under the guarantee.

#### RECLASSIFICATIONS

Certain immaterial amounts in prior years' financial statements have been reclassified to conform to the current year's presentation.

#### RECENT ACCOUNTING PRONOUNCEMENTS

In September 2006, the Financial Accounting Standards Board (FASB) issued Statement No. 158, "Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans," an amendment of FASB Statements No. 87, 88, 106 and 132(R) ("SFAS 158"). SFAS 158 requires an entity to recognize in its statement of financial position an asset for a defined benefit postretirement plan's over funded status or a liability for a plan's under funded status, measure a defined benefit postretirement plan's assets and obligations that determine its funded status as of the end of the employer's fiscal year, and recognize changes in the funded status of a defined benefit postretirement plan in comprehensive income in the year in which the changes occur.

SFAS 158 does not change the amount of net periodic benefit cost included in net income or address the various measurement issues associated with postretirement benefit plan accounting. The requirement to recognize the funded status of a defined benefit postretirement plan and the disclosure requirements are effective for fiscal years ending after December 15, 2006. The requirement to measure plan assets and benefit obligations as of the date of the employer's fiscal year-end statement of financial position is effective for fiscal years ending after December 15, 2008. The Company is currently evaluating the effect that the application of SFAS 158 will have on its consolidated results of operations and financial condition.

## Edgar Filing: AMDOCS LTD - Form 20-F/A

In September 2006, the FASB issued Statement No. 157, "Fair Value Measurements" ("SFAS 157"). SFAS 157 defines fair value, establishes a framework for measuring fair value in generally accepted accounting principles, and expands disclosures about fair value measurements. SFAS No. 157 applies under other accounting pronouncements that require or permit fair value measurements. SFAS 157 will be effective for fiscal years beginning after November 15, 2007, and interim periods within those fiscal years.

F-17

### AMDOCS LIMITED

#### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED) (DOLLAR AND SHARE AMOUNTS IN THOUSANDS, EXCEPT PER SHARE DATA)

The Company is currently evaluating the effect that the application of SFAS 157 will have on our consolidated results of operations and financial condition.

In September 2006, the SEC issued Staff Accounting Bulletin No. 108, "Financial Statements -- Considering the Effects of Prior Year Misstatements when Quantifying Misstatements in Current Year Financial Statements" ("SAB 108"). SAB 108 requires companies to quantify the impact of all correcting misstatements, including both the carryover and reversing effects of prior year misstatements, on the current year financial statements. SAB 108 is effective for fiscal years ending after November 15, 2006. The Company does not believe SAB 108 will have a material effect on its financial statements and related disclosures.

In June 2006, the FASB issued Interpretation No. 48, "Accounting for Uncertainty in Income Taxes," An Interpretation of SFAS No. 109," ("FIN 48"). FIN 48 clarifies the accounting for uncertainty in income taxes recognized in an enterprise's financial statements in accordance with SFAS No. 109, "Accounting for Income Taxes." FIN 48 also prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return that results in a tax benefit. Additionally, FIN 48 provides guidance on de-recognition, income statement classification of interest and penalties, accounting in interim periods, disclosure, and transition. This interpretation is effective for fiscal years beginning after December 15, 2006. The Company is currently evaluating the effect that the application of FIN 48 will have on our consolidated results of operations and financial condition.

In February 2006, the FASB issued Statement No. 155, "Accounting for Certain Hybrid Financial Instruments," an amendment of FASB Statement No. 133 and 140 ("FAS 155"), which permits fair value measurement for any hybrid financial instrument that contains an embedded derivative that otherwise would require bifurcation, with changes in fair value recognized in earnings. The fair-value election will eliminate the need to separately recognize certain derivatives embedded in hybrid financial instruments under FASB Statement No. 133, "Accounting for Derivative Instruments and Hedging Activities." The Company is currently evaluating the effect of SFAS 155, which is effective for all financial instruments acquired or issued after the beginning of the first fiscal year that begins after September 15, 2006.

#### USE OF ESTIMATES

The preparation of financial statements in conformity with U.S. generally accepted accounting principles 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 dates of the financial

## Edgar Filing: AMDOCS LTD - Form 20-F/A

statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

### NOTE 3 -- ACQUISITIONS

#### CRAMER

On August 14, 2006, the Company acquired all of the capital stock of Cramer Systems Group Limited, or Cramer, a privately-held leading provider of operations support systems (OSS) solutions. The Company expects that this acquisition will enable it to leverage and greatly enhance its current assets in the BSS (business support systems) and OSS market.

The aggregate purchase price for Cramer was \$417,228, which consisted of \$410,551 in cash (including cash on hand), \$2,228 related to the assumption of stock options and restricted shares held by Cramer employees and \$4,449 of transaction costs. The purchase price is subject to post closing adjustments which the Company expects will not be material. The fair value of the stock options was estimated using the Black-Scholes option pricing model and the fair value of the restricted shares was valued based on the market

F-18

#### AMDOCS LIMITED

#### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED) (DOLLAR AND SHARE AMOUNTS IN THOUSANDS, EXCEPT PER SHARE DATA)

value of the underlying shares at the date of grant (see note 17). The acquisition was accounted for as a business combination using the purchase method of accounting, as required by SFAS No. 141. The fair market value of Cramer assets and liabilities has been included in the Company's consolidated balance sheet and the results of Cramer's operations have been included in the Company's consolidated statements of income, commencing on August 15, 2006. The Company obtained a preliminary independent valuation of the intangible assets acquired in the Cramer transaction. The total purchase price was allocated to Cramer's assets and liabilities, including identifiable intangibles, based on their respective estimated fair values, on the date the transaction was consummated. The value of acquired technology included both existing technology and in-process research and development. The valuation of these items was determined by applying the income forecast method, which considered the present value of cash flows by product lines. Of the \$177,203 of acquired identifiable intangible assets, \$17,310 was assigned to in-process research and development related to the next two major releases of Cramer's current technology, of which one was launched during the first quarter of fiscal 2007. The in-process research and development was written-off as of the closing date of the acquisition, in accordance with Financial Accounting Standards Board Interpretation No. 4, "Applicability of FASB Statement No. 2 to Business Combinations Accounted for by the Purchase Method." The in-process research and development had no alternative future use and had not reached technological feasibility as of the closing date of the acquisition. The fair value assigned to core technology was \$88,690 and is being amortized over five years commencing on August 15, 2006. The fair value assigned to customer arrangements was \$69,043 and is being amortized over seven years commencing on August 15, 2006 based on pro-rata amounts of the future discounted cash flows. The fair value assigned to trademark was \$2,160 and is being amortized over two years commencing on August 15, 2006. The excess of the purchase price over the fair value of the net assets and identifiable intangibles acquired, or goodwill, was \$249,464 of which none is tax deductible.

## Edgar Filing: AMDOCS LTD - Form 20-F/A

The following is the allocation of the purchase price:

Assets acquired.....	\$ 93,050
Liabilities assumed.....	(70,673)
	-----
Net assets acquired.....	22,377
Core technology.....	88,690
Customer arrangements.....	69,043
Trademark.....	2,160
In-process research and development.....	17,310
Deferred taxes resulting from the difference between the assigned value of certain assets and their respective tax bases and loss carry forward, net.....	(31,816)
Goodwill.....	249,464
	-----
	\$417,228
	=====

### QPASS

On May 31, 2006, the Company acquired all of the capital stock of Qpass Inc., or Qpass, a leading provider of digital commerce software and solutions. The Company expects that this acquisition will allow it to support service providers and media companies seeking to launch and monetize digital content, and believes that this acquisition positions it as the leader in the emerging digital content market.

The aggregate purchase price for Qpass was \$281,829, which consisted of \$274,024 in cash, \$2,405 related to the assumption of stock options held by Qpass employees and \$5,400 of transaction costs. The fair value of the stock options was estimated using the Black-Scholes option pricing model (see note 17). The acquisition was accounted for as a business combination using the purchase method of accounting, as required

F-19

### AMDOCS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)  
(DOLLAR AND SHARE AMOUNTS IN THOUSANDS, EXCEPT PER SHARE DATA)

by SFAS No. 141. The fair market value of Qpass assets and liabilities has been included in the Company's consolidated balance sheet and the results of Qpass's operations have been included in the Company's consolidated statements of income, commencing on June 1, 2006. The Company obtained a preliminary independent valuation of the intangible assets acquired in the Qpass transaction. The total purchase price was allocated to Qpass's assets and liabilities, including identifiable intangibles, based on their respective estimated fair values, on the date the transaction was consummated. The value of acquired technology included both existing technology and in-process research and development. The valuation of these items was determined by applying the income forecast method, which considered the present value of cash flows by product lines. Of the \$72,981 of acquired identifiable intangible assets, \$8,340

## Edgar Filing: AMDOCS LTD - Form 20-F/A

was assigned to in-process research and development and was written-off as of the closing date of the acquisition, in accordance with Financial Accounting Standards Board Interpretation No. 4. The in-process research and development had no alternative future use and had not reached technological feasibility as of the closing date of the acquisition. The fair value assigned to core technology was \$28,060 and is being amortized over three to 4.5 years commencing on June 1, 2006. The fair value assigned to customer arrangements was \$36,581 and is being amortized over seven years commencing on June 1, 2006. The excess of the purchase price over the fair value of the net liabilities and identifiable intangibles acquired, or goodwill, was \$238,455, of which none is tax deductible.

The following is the allocation of the purchase price:

Assets acquired.....	\$ 25,801
Liabilities assumed.....	(54,824)
	-----
Net liabilities assumed.....	(29,023)
Core technology.....	28,060
Customer arrangements.....	36,581
In-process research and development.....	8,340
Deferred taxes resulting from the difference between the assigned value of certain assets and liabilities and their respective tax bases and loss carry forward, net.....	(584)
Goodwill.....	238,455
	-----
	\$281,829
	=====

### LONGSHINE

On August 3, 2005, the Company acquired Longshine Information Technology Company Ltd., or Longshine, a privately-held leading vendor of customer care and billing software in China. This acquisition enables the Company to offer its products and services to Chinese service providers and the Company believes it will allow the Company to expand its presence in this fast growing market. The purchase price for Longshine was approximately \$41,696, which included \$8,851 of additional purchase price as a result of the achievements of specified performance targets at the end of the first year from acquisition, and \$1,312 of transaction costs. The Company may also be obligated to pay up to approximately \$8,000, in additional purchase price, over the next year based on the achievement of specified performance targets. The fair market value of Longshine assets and liabilities has been included in the Company's consolidated balance sheet and the results of Longshine operations have been included in the Company's consolidated statement of income, commencing on August 3, 2005. The Company obtained an independent valuation of the intangible assets acquired in the Longshine transaction. The total purchase price was allocated to Longshine's assets and liabilities, including identifiable intangibles, based on their respective estimated fair values, on the date the transaction was consummated. The excess of the purchase price over the fair value of the net liabilities and identifiable intangibles acquired, or goodwill, was \$45,305. During fiscal 2006, within the one year allocation

Edgar Filing: AMDOCS LTD - Form 20-F/A

AMDOCS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)  
(DOLLAR AND SHARE AMOUNTS IN THOUSANDS, EXCEPT PER SHARE DATA)

period the Company revised the allocation of the purchase price as it obtained more information required to measure the fair value of the assets and liabilities acquired and as a result of the additional purchase price of \$8,851, as mentioned above. The revised purchase price allocation resulted in an increase of \$4,033 in goodwill.

The following is the final allocation of the purchase price:

Net liabilities assumed.....	\$ (11,109)
Core technology.....	1,000
Customer arrangements.....	6,500
Goodwill.....	45,305
	-----
	\$ 41,696
	=====

DST INNOVIS

On July 1, 2005, the Company acquired from DST Systems, Inc., or DST, all of the common stock of DST's wholly owned subsidiaries, DST Innovis, Inc. and DST Interactive, Inc. The Company refers to these acquired subsidiaries together as DST Innovis, a leading provider of customer care and billing solutions to broadband media cable and satellite companies, which the Company refers to as the Broadband Industry. The Company believes that this acquisition has positioned the Company to offer a comprehensive set of solutions to companies in the Broadband Industry as they transition to ICM.

The purchase price for DST Innovis was approximately \$237,461, which included \$3,150 of transaction costs. The acquisition was accounted for as a business combination using the purchase method of accounting, as required by SFAS No. 141. The fair market value of DST Innovis's assets and liabilities has been included in the Company's consolidated balance sheet and the results of DST Innovis's operations are included in the Company's consolidated statements of income, commencing on July 1, 2005. The Company obtained an independent valuation of the intangible assets acquired in the DST Innovis transaction. The total purchase price was allocated to DST Innovis's assets and liabilities, including identifiable intangibles, based on their respective estimated fair values, on the date the transaction was consummated. The value of acquired technology included both existing technology and in-process research and development. The valuation of these items was made by applying the income forecast method, which considered the present value of cash flows by product lines. Of the \$125,642 of acquired identifiable intangible assets, \$2,760 was assigned to in-process research and development and was written-off as of the closing date of the acquisition, in accordance with FASB Interpretation No. 4, "Applicability of FASB Statement No. 2 to Business Combinations Accounted for by the Purchase Method." The fair value assigned to core technology was \$63,180 and is amortized over three to 4.5 years commencing on July 1, 2005. The fair value

## Edgar Filing: AMDOCS LTD - Form 20-F/A

assigned to customer arrangements was \$59,702 and is amortized over 15 years commencing on July 1, 2005. The excess of the purchase price over the fair value of the net assets and identifiable intangibles acquired, or goodwill, was \$130,120, of which \$101,312 is tax deductible. During fiscal 2006, within the one year allocation period the Company revised the allocation of the purchase price as it obtained more information and changed its estimations relating to the printing and mailing obligation and to other assets and liabilities acquired. The revised purchase price allocation resulted in a decrease of \$1,266 in goodwill.

In connection with the DST acquisition, the Company signed a long-term agreement with DST, pursuant to which DST will continue to support the printing and mailing of bills for the DST Innovis customer base. Under the terms of that agreement, DST will be a preferred vendor of billing, printing, and mailing for projects that combine those services with billing support for additional Amdocs customers in the United States. The Company recorded a liability of \$25,777 resulting from this agreement. This liability will be amortized over the life of the agreement.

F-21

### AMDOCS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)  
(DOLLAR AND SHARE AMOUNTS IN THOUSANDS, EXCEPT PER SHARE DATA)

In addition, the Company commenced integration activities based on a plan to exit specific research and development activities and to terminate employees associated with these activities. In accordance with EITF 95-3, "Recognition of Liabilities in connection with a Purchase Business Combination," The liability associated with this plan, which was recorded as part of the purchase accounting, is presented in the following table:

	EMPLOYEE SEPARATION COSTS	CONTRACTUAL OBLIGATIONS	OTHER	TOTAL
	-----	-----	-----	-----
Balance as of October 1, 2005.....	\$ 4,940	\$7,103	\$ 673	\$12,716
Cash payments.....	(4,681)	(219)	(418)	(5,318)
Adjustments(1).....	(247)	(9)	(155)	(411)
	-----	-----	-----	-----
Balance as of September 30, 2006....	\$ 12	\$6,875	\$ 100	\$ 6,987
	=====	=====	=====	=====

(1) Reflects adjustments due to changes in original estimates within the one year allocation period. The adjustments were recorded as part of the purchase accounting which resulted in reduction of goodwill.

The following is the final allocation of the purchase price and deferred

## Edgar Filing: AMDOCS LTD - Form 20-F/A

tax assets:

Net assets acquired.....	\$ 7,388
Core technology.....	63,180
Customer arrangements.....	59,702
In-process research and development.....	2,760
EITF 95-3 and other liabilities.....	(17,059)
Printing and mailing obligation.....	(25,777)
Deferred taxes resulting from the difference between the assigned value of certain assets and liabilities and their respective tax bases.....	17,147
Goodwill.....	130,120
	-----
	\$237,461
	=====

### PRO FORMA FINANCIAL INFORMATION

Set forth below are the unaudited pro forma revenue, operating income, net income and per share figures for the years ended September 30, 2006, 2005 and 2004, as if DST Innovis had been acquired as of October 1, 2003, and as if Cramer had been acquired as of October 1, 2004, excluding the capitalization of research and development expense, write-off of purchased in-process research and development and other acquisition related costs:

	YEAR ENDED SEPTEMBER 30,		
	2006	2005	2004
Revenue.....	\$2,575,703	\$2,290,361	\$2,013,612
Operating income.....	321,333	314,173	292,137
Net income.....	297,746	259,412	229,179
Basic earnings per share.....	1.47	1.29	1.10
Diluted earnings per share.....	1.38	1.21	1.05

Pro forma information regarding the Company's consolidated statements of income for the years ended September 30, 2006, 2005 and 2004 to reflect the Longshine and Qpass acquisitions is not presented, as these acquisitions are not considered material business combinations.



## Edgar Filing: AMDOCS LTD - Form 20-F/A

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)  
(DOLLAR AND SHARE AMOUNTS IN THOUSANDS, EXCEPT PER SHARE DATA)

### NOTE 4 -- SHORT-TERM INTEREST-BEARING INVESTMENTS

Short-term interest-bearing investments consist of the following:

	AMORTIZED COST AS OF SEPTEMBER 30,		MARKET VALUE AS OF SEPTEMBER 30,	
	2006	2005	2006	2005
Federal agencies.....	\$ 45,928	\$ 87,116	\$ 46,202	\$ 86,591
U.S. government treasuries.....	11,815	70,644	11,940	70,187
Corporate backed obligations.....	131,129	157,834	130,921	157,059
Corporate bonds.....	47,892	50,401	47,776	50,218
Mortgages (including government and corporate).....	81,656	47,852	81,559	47,622
Commercial paper/CD.....	39,458	4,056	39,458	4,056
Private placement.....	14,397	22,344	14,338	22,278
	-----	-----	-----	-----
	372,275	440,247	372,194	438,011
Allowance for unrealized loss.....	(81)	(2,236)	--	--
	-----	-----	-----	-----
Total.....	\$372,194	\$438,011	\$372,194	\$438,011
	=====	=====	=====	=====

As of September 30, 2006, short-term interest-bearing investments had the following maturity dates:

	MARKET VALUE -----
2007.....	\$ 57,713
2008.....	36,022
2009.....	92,904
2010.....	30,227
Thereafter.....	155,328
	-----
	\$372,194
	=====

### NOTE 5 -- ACCOUNTS RECEIVABLE, NET

Accounts receivable, net consists of the following:

Edgar Filing: AMDOCS LTD - Form 20-F/A

	AS OF SEPTEMBER 30,	
	2006	2005
	-----	-----
Accounts receivable -- billed.....	\$383,763	\$282,151
Accounts receivable -- unbilled.....	54,117	28,994
Less -- allowances.....	(12,075)	(6,908)
	-----	-----
Accounts receivable, net.....	\$425,805	\$304,237
	=====	=====

F-23

AMDOCS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)  
(DOLLAR AND SHARE AMOUNTS IN THOUSANDS, EXCEPT PER SHARE DATA)

NOTE 6 -- EQUIPMENT, VEHICLES AND LEASEHOLD IMPROVEMENTS, NET

Components of equipment, vehicles and leasehold improvements, net are:

	AS OF SEPTEMBER 30,	
	2006	2005
	-----	-----
Computer equipment.....	\$474,794	\$406,705
Vehicles furnished to employees.....	11,642	24,493
Leasehold improvements.....	93,397	68,882
Furniture and fixtures.....	45,281	43,076
	-----	-----
	625,114	543,156
Less accumulated depreciation.....	404,824	361,344
	-----	-----
	\$220,290	\$181,812
	=====	=====

Total depreciation expense on equipment, vehicles and leasehold improvements for fiscal years 2006, 2005 and 2004, was \$75,964, \$74,193 and

Edgar Filing: AMDOCS LTD - Form 20-F/A

\$73,619, respectively.

NOTE 7 -- GOODWILL AND INTANGIBLE ASSETS, NET

The following table presents details of the Company's total goodwill:

As of October 1, 2004.....	\$ 806,874
Decrease in goodwill as a result of a purchase price allocation adjustment (related to fiscal 2003 acquisition).....	(9,893)
Goodwill resulted from DST Innovis acquisition (see Note 3).....	131,386
Goodwill resulted from Longshine acquisition (see Note 3).....	41,272
	-----
As of September 30, 2005.....	969,639
Goodwill resulted from Cramer acquisition (see Note 3)..	249,464
Goodwill resulted from Qpass acquisition (see Note 3)...	238,455
Decrease in DST goodwill as a result of a purchase price allocation adjustment (see Note 3).....	(1,266)
Increase in Longshine goodwill as a result of a purchase price allocation adjustment (see Note 3).....	4,033
Other(1).....	1,281
	-----
As of September 30, 2006.....	\$1,461,606
	=====

(1) Represents goodwill related to immaterial acquisition.

The following table presents details of amortization expense of purchased intangible assets as reported in the consolidated statements of income:

	YEAR ENDED SEPTEMBER 30,		
	2006	2005	2004
	-----	-----	-----
Cost of license.....	\$ 2,620	\$ 2,620	\$ 3,878
Cost of service.....	--	--	2,785
Amortization of purchased intangible assets.....	37,610	15,356	17,909
	-----	-----	-----
Total.....	\$40,230	\$17,976	\$24,572
	=====	=====	=====

Edgar Filing: AMDOCS LTD - Form 20-F/A

F-24

AMDOCS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)  
(DOLLAR AND SHARE AMOUNTS IN THOUSANDS, EXCEPT PER SHARE DATA)

The Company performs an annual impairment test during the fourth quarter of each fiscal year, or more frequently if impairment indicators are present. The Company operates in one operating segment, and this segment comprises its only reporting unit. In calculating the fair value of the reporting unit, the Company used a discounted cash flow methodology. There was no impairment of goodwill upon adoption of SFAS No. 142 and there was no impairment at the annual impairment test dates.

The following table presents details of the Company's total purchased intangible assets:

	ESTIMATED USEFUL LIFE (IN YEARS)	GROSS	ACCUMULATED AMORTIZATION	NET
	-----	-----	-----	-----
SEPTEMBER 30, 2006				
Core technology.....	3-5	\$235,946	\$ (78,560)	\$157,386
Customer arrangements.....	7-15	248,155	(62,251)	185,904
Intellectual property rights and purchased computer software.....	3-10	51,996	(49,595)	2,401
Trademark.....	2	2,160	(135)	2,025
		-----	-----	-----
Total.....		\$538,257	\$ (190,541)	\$347,716
		=====	=====	=====
SEPTEMBER 30, 2005				
Core technology.....	2-4.5	\$117,925	\$ (53,699)	\$ 64,226
Customer arrangements.....	2-15	140,009	(49,637)	90,372
Intellectual property rights and purchased computer software.....	3-10	51,996	(46,975)	5,021
		-----	-----	-----
Total.....		\$309,930	\$ (150,311)	\$159,619
		=====	=====	=====

The estimated future amortization expense of purchased intangible assets as of September 30, 2006 is as follows:

AMOUNT  
-----

Edgar Filing: AMDOCS LTD - Form 20-F/A

FISCAL YEAR:	
2007.....	\$ 70,813
2008.....	73,221
2009.....	63,628
2010.....	52,549
2011.....	34,545
Thereafter.....	52,960
	-----
Total.....	\$347,716
	=====

F-25

AMDOCS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)  
(DOLLAR AND SHARE AMOUNTS IN THOUSANDS, EXCEPT PER SHARE DATA)

NOTE 8 -- OTHER NONCURRENT ASSETS

Other noncurrent assets consist of the following:

	AS OF SEPTEMBER 30,	
	2006	2005
	-----	-----
Funded employee benefit costs(1).....	\$ 70,669	\$ 59,086
Managed services deferred costs(2).....	63,352	54,314
Prepaid maintenance and other.....	8,262	10,900
Rent and other deposits.....	10,599	8,908
Other.....	7,938	10,231
	-----	-----
	\$160,820	\$143,439
	=====	=====

(1) See Note 15.

(2) See Note 2.

NOTE 9 -- INCOME TAXES

The provision for income taxes consists of the following:

Edgar Filing: AMDOCS LTD - Form 20-F/A

	YEAR ENDED SEPTEMBER 30,		
	2006	2005	2004
Current.....	\$42,290	\$64,038	\$72,588
Deferred.....	12,947	8,121	(6,345)
	-----	-----	-----
	\$55,237	\$72,159	\$66,243
	=====	=====	=====

All income taxes are from continuing operations reported by the Company in the applicable taxing jurisdiction. Income taxes also include anticipated withholding taxes due on subsidiaries' earnings when paid as dividends to the Company.

F-26

AMDOCS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)  
(DOLLAR AND SHARE AMOUNTS IN THOUSANDS, EXCEPT PER SHARE DATA)

Deferred income taxes are comprised of the following components:

	AS OF SEPTEMBER 30,	
	2006	2005
	-----	-----
Deferred tax assets:		
Deferred revenue.....	\$ 29,369	\$ 38,041
Accrued employee costs.....	53,851	42,343
Equipment, vehicles and leasehold improvements, net.....	18,842	45,752
Intangible assets, computer software and intellectual property.....	17,221	14,257
Net operating loss carry forwards.....	97,813	35,924
Other.....	58,102	43,324
Valuation allowances.....	(29,335)	(14,302)
	-----	-----
Total deferred tax assets.....	245,863	205,339
	-----	-----
Deferred tax liabilities:		
Anticipated withholdings on subsidiaries' earnings.....	(47,004)	(43,909)
Equipment, vehicles and leasehold improvements,		

Edgar Filing: AMDOCS LTD - Form 20-F/A

net.....	(3,992)	(7,262)
Intangible assets, computer software and intellectual property.....	(108,171)	(32,683)
Managed services costs.....	(14,580)	(10,110)
Other.....	(12,025)	(5,514)
	-----	-----
Total deferred tax liabilities.....	(185,772)	(99,478)
	-----	-----
Net deferred tax assets.....	\$ 60,091	\$105,861
	=====	=====

The effective income tax rate varied from the statutory Guernsey tax rate as follows:

	YEAR ENDED SEPTEMBER 30,		
	2006	2005	2004
	----	----	----
Statutory Guernsey tax rate.....	20%	20%	20%
Guernsey tax-exempt status.....	(20)	(20)	(20)
Foreign taxes.....	16	19	20
Valuation allowance.....	1	1	2
	---	---	---
Income tax rate before effect of acquisition- related costs, and equity-based compensation expense.....	17	20	22
Effect of acquisition-related costs and equity- based compensation expense.....	(2)	--	--
	---	---	---
	15%	20%	22%
	===	===	===

As a Guernsey company with tax-exempt status, the Company's overall effective tax rate is attributable solely to foreign taxes.

During fiscal 2006, the Company recognized deferred tax assets of \$15,033 derived from net capital and operating loss carry forwards related to certain of its subsidiaries. The expiration period of \$7,451 of these losses carry forwards is up to 20 years, the rest of the losses expiration is unlimited. Given the uncertainty of the realization of these assets through future taxable earnings, an additional valuation allowance of \$15,033

F-27

AMDOCS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

## Edgar Filing: AMDOCS LTD - Form 20-F/A

(DOLLAR AND SHARE AMOUNTS IN THOUSANDS, EXCEPT PER SHARE DATA)

was recorded during fiscal 2006, out of which \$11,393 was recorded in connection with the Cramer and Qpass acquisitions.

During fiscal 2005, the Company recognized deferred tax assets of \$2,878 derived from operating loss carry forwards related to one of its subsidiaries. During fiscal 2004, the Company recognized deferred tax assets of \$11,424 derived from net capital and operating loss carry forwards related to certain of its subsidiaries. The expiration of these losses carry forwards is unlimited. Given the uncertainty of the realization of these assets through future taxable earnings, additional valuation allowances of \$2,878 and \$11,424 was recorded during fiscal 2005 and 2004, respectively.

### NOTE 10 -- FINANCING ARRANGEMENTS

The Company's financing transactions are described below:

As of September 30, 2006, the Company had available short-term general revolving lines of credit totaling \$30,936. As of September 30, 2006, no amounts were outstanding under these credit lines. The cost of maintaining these revolving lines of credit was insignificant.

As of September 30, 2006, the Company had outstanding letters of credit and bank guarantees of \$8,671. These were mostly supported by a combination of the credit facilities and restricted cash balances that the Company maintains with various banks.

In addition, as of September 30, 2006, the Company had outstanding short term loans of \$1,733, which is secured by certain pledges and guarantees and \$175 related to another debt instrument.

### NOTE 11 -- CONVERTIBLE NOTES

In March 2004, the Company issued \$450,000 aggregate principal amount of 0.50% Convertible Senior Notes due 2024 (the "0.50% Notes") through a private placement to qualified institutional buyers pursuant to Rule 144A under the Securities Act. The Company is obligated to pay interest on the 0.50% Notes semi-annually on March 15 and September 15 of each year. The 0.50% Notes are senior unsecured obligations of the Company and rank equal in right of payment with all existing and future senior unsecured indebtedness of the Company. The 0.50% Notes are convertible, at the option of the holders at any time before the maturity date, into Ordinary Shares of the Company at a conversion rate of 23.1911 shares per one thousand dollars principal amount, representing a conversion price of approximately \$43.12 per share, as follows: (i) during any fiscal quarter commencing after March 31, 2004, and only during that quarter if the closing sale price of the Company's Ordinary Shares exceeds 130% of the conversion price for at least 20 trading days in the 30 consecutive trading days ending on the last trading day of the proceeding fiscal quarter (initially 130% of \$43.12, or \$56.06); (ii) upon the occurrence of specified credit rating events with respect to the notes; (iii) subject to certain exceptions, during the five business day period after any five consecutive trading day period in which the trading price per note for each day of that measurement period was less than 98% of the product of the closing sale price of the Company's Ordinary Shares and the conversion rate; provided, however, holders may not convert their notes (in reliance on this subsection) if on any trading day during such measurement period the closing sale price of the Company's Ordinary Shares was between 100% and 130% of the then current conversion price of the notes (initially, between \$43.12 and \$56.06); (iv) if the notes have been called for redemption, or (v) upon the occurrence of specified corporate events.

The 0.50% Notes are subject to redemption at any time on or after March 20,



Edgar Filing: AMDOCS LTD - Form 20-F/A

2009, in whole or in part, at the option of the Company, at a redemption price of 100% of the principal amount plus accrued and unpaid interest, if any, on such redemption date. The 0.50% Notes are subject to repurchase, at the holders' option, on March 15, 2009, 2014 and 2019, at a repurchase price equal to 100% of the principal amount plus accrued

F-28

AMDOCS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)  
(DOLLAR AND SHARE AMOUNTS IN THOUSANDS, EXCEPT PER SHARE DATA)

and unpaid interest, if any, on such repurchase date ("Put Rights"). The Company may choose to pay the repurchase price in cash, Ordinary Shares or a combination of cash and Ordinary Shares.

The FASB issued an exposure draft that would amend SFAS No. 128 to require that if a convertible financial instrument has an option to settle a required redemption in cash or shares, the assumption is the option would be settled in shares and therefore the "if converted" method should be applied based on the current share price and not according to the conversion price (the current accounting guidelines) when computing diluted earnings per share. The Board of Directors has authorized the Company to amend the 0.50% Notes by waiving its right to a share settlement upon exercise of Put Rights and committing to a cash settlement. If the Company amends the 0.50% Notes as authorized by its Board of Directors, then the expected new accounting rule would have no impact on the Company's consolidated financial results.

NOTE 12 -- NONCURRENT LIABILITIES AND OTHER

Noncurrent liabilities and other consist of the following:

	AS OF SEPTEMBER 30,	
	2006	2005
	-----	-----
Accrued employees costs(1).....	\$111,909	\$ 88,353
Noncurrent customer advances.....	28,936	34,994
Accrued pension liability.....	24,476	23,193
Accrued print and mail obligation.....	14,424	17,806
Accrued lease obligations.....	8,514	12,475
Other.....	9,378	9,449
	-----	-----
	\$197,637	\$186,270
	=====	=====

(1) Primarily severance pay liability in accordance with Israeli law (see note 15).

Edgar Filing: AMDOCS LTD - Form 20-F/A

NOTE 13 -- INTEREST INCOME AND OTHER, NET

Interest income and other, net consists of the following:

	YEAR ENDED SEPTEMBER 30,		
	2006	2005	2004
Interest income.....	\$50,962	\$32,341	\$ 17,941
Interest expense.....	(5,433)	(5,734)	(12,867)
Other, net.....	(3,788)	(4,304)	(171)
	-----	-----	-----
	\$41,741	\$22,303	\$ 4,903
	=====	=====	=====

F-29

AMDOCS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)  
(DOLLAR AND SHARE AMOUNTS IN THOUSANDS, EXCEPT PER SHARE DATA)

NOTE 14 -- CONTINGENCIES

COMMITMENTS

The Company leases office space under non-cancelable operating leases in various countries in which it does business. Future minimum non-cancelable lease payments required after October 1, 2006 are as follows:

FOR THE YEARS ENDED SEPTEMBER 30,  
-----

2007.....	\$ 60,832
2008.....	52,967
2009.....	42,505
2010.....	37,972
2011.....	34,298
Thereafter.....	39,064
	-----
	\$267,638
	=====

Edgar Filing: AMDOCS LTD - Form 20-F/A

Future minimum non-cancelable lease payments, as stated above, do not reflect committed future sublease income of \$8,122, \$4,919, \$3,497, \$3,278, \$4,022 and \$5,907 for the years ended September 30, 2007, 2008, 2009, 2010, 2011 and thereafter, respectively. Of the \$237,893 net operating leases, net of \$29,745 of sublease income, \$5,837 has been included in accrued restructuring charges as of September 30, 2006.

Rent expense net of sublease income, including accruals for future lease losses, was approximately \$41,088, \$38,982 and \$43,505 for fiscal 2006, 2005 and 2004, respectively.

The Company leases vehicles under operating leases. Future minimum non-cancelable lease payments required after October 1, 2006 are as follows:

FOR THE YEARS ENDED SEPTEMBER 30,  
-----

2007.....	\$11,896
2008.....	8,928
2009.....	4,657
2010.....	655
	-----
	\$26,136
	=====

LEGAL PROCEEDINGS

The Company is involved in various legal proceedings arising in the normal course of its business. Based upon the advice of counsel, the Company does not believe that the ultimate resolution of these matters will have a material adverse effect on the Company's consolidated financial position, results of operations or cash flows.

GUARANTOR'S ACCOUNTING AND DISCLOSURE REQUIREMENTS FOR GUARANTEES

The Company generally sells its products with a limited warranty for a period of 90 days. The Company's policy is to accrue for warranty costs, if needed, based on historical trends in product failure. Based on the Company's experience, only minimal warranty services have been required and, as a result, the Company did not accrue any amounts for product warranty liability during fiscal years 2006 and 2005.

F-30

AMDOCS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)  
(DOLLAR AND SHARE AMOUNTS IN THOUSANDS, EXCEPT PER SHARE DATA)

## Edgar Filing: AMDOCS LTD - Form 20-F/A

The Company generally indemnifies its customers against claims of intellectual property infringement made by third parties arising from the use of the Company's software. To date, the Company has incurred only minimal costs as a result of such obligations and has not accrued any liabilities related to such indemnification in its consolidated financial statements.

### NOTE 15 -- EMPLOYEE BENEFITS

The Company accrues severance pay for the employees of its Israeli operations in accordance with Israeli law and certain employment procedures on the basis of the latest monthly salary paid to these employees and the length of time that they have worked for the Israeli operations. The severance pay liability, which is included as accrued employee costs in noncurrent liabilities and other, is partially funded by amounts on deposit with insurance companies, which are included in other noncurrent assets. These severance expenses were approximately \$26,403, \$16,720 and \$15,363 for fiscal 2006, 2005 and 2004, respectively.

The Company sponsors defined contribution plans covering certain of its employees around the world. The plans provide for Company matching contributions based upon a percentage of the employees' voluntary contributions. The Company's contributions in fiscal 2006, 2005 and 2004 under such plans were not significant compared to total operating expenses.

The Company maintains non-contributory defined benefit plans that provide for pension, other retirement and post employment benefits for employees of a Canadian subsidiary based on length of service and rate of pay. The measurement date for the pension plan and for the other benefits was September 30, 2006.

#### COMPONENTS OF NET BENEFIT PLANS COST

The net periodic benefit costs for the years ended September 30, related to pension and other benefits were as follows:

	PENSION BENEFITS			OTHER BENEFITS		
	2006	2005	2004	2006	2005	2004
Service costs.....	\$ 1,886	\$ 2,185	\$ 1,967	\$324	\$265	\$373
Interest on benefit obligations....	3,345	3,340	2,676	507	482	386
Expected return on plan assets.....	(3,182)	(2,739)	(2,200)	--	--	--
Settlements.....	313	--	--	--	--	--
	\$ 2,362	\$ 2,786	\$ 2,443	\$831	\$747	\$759
	=====	=====	=====	=====	=====	=====

## Edgar Filing: AMDOCS LTD - Form 20-F/A

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)  
(DOLLAR AND SHARE AMOUNTS IN THOUSANDS, EXCEPT PER SHARE DATA)

### COMPONENTS OF ACCRUED BENEFIT LIABILITY

The following table sets forth changes in the fair value of plan assets, benefit obligations and the funded status of the plans as of September 30, 2006:

	PENSION BENEFITS	OTHER BENEFITS
CHANGE IN PLAN ASSETS:		
Fair value of plan assets as of October 1, 2005.....	\$ 41,824	\$ --
Actual return on plan assets.....	3,458	--
Foreign exchange gain.....	1,973	--
Employer contribution.....	2,889	156
Benefits paid.....	(9,857)	(156)
	-----	-----
FAIR VALUE OF PLAN ASSETS AS OF SEPTEMBER 30, 2006.....	40,287	--
	-----	-----
CHANGE IN BENEFIT OBLIGATIONS:		
Benefit obligations as of October 1, 2005...	(67,305)	(11,731)
Service costs.....	(1,886)	(324)
Interest on benefit obligations.....	(3,345)	(507)
Actuarial gains (losses).....	2,289	(774)
Curtailement gains.....	2,785	2,726
Foreign exchange loss.....	(3,068)	(547)
Benefits paid.....	9,857	156
	-----	-----
BENEFIT OBLIGATIONS AS OF SEPTEMBER 30, 2006.....	(60,673)	(11,001)
	-----	-----
FUNDED STATUS-PLAN DEFICIT AS OF SEPTEMBER 30, 2006.....		
Unrecognized actuarial net losses.....	(20,386)	(11,001)
	-----	-----
ACCRUED BENEFIT COSTS AS OF SEPTEMBER 30, 2006, INCLUDED IN NONCURRENT LIABILITIES AND OTHER.....	\$ (15,264)	\$ (9,212)
	=====	=====

As of September 30, 2006, the accumulated benefit obligation for the pension plan was \$54,292, and \$10,611 for other benefits.

## Edgar Filing: AMDOCS LTD - Form 20-F/A

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)  
(DOLLAR AND SHARE AMOUNTS IN THOUSANDS, EXCEPT PER SHARE DATA)

The following table sets forth the funded status of the plans as of September 30, 2005:

	PENSION BENEFITS	OTHER BENEFITS
	-----	-----
CHANGE IN PLAN ASSETS:		
Fair value of plan assets as of October 1, 2004.....	\$ 34,042	\$ --
Actual return on plan assets.....	4,360	--
Foreign exchange gain.....	2,674	--
Employer contribution.....	3,300	164
Benefits paid.....	(2,552)	(164)
	-----	-----
FAIR VALUE OF PLAN ASSETS AS OF SEPTEMBER 30, 2005.....	41,824	--
	-----	-----
CHANGE IN BENEFIT OBLIGATIONS:		
Benefit obligations as of October 1, 2004...	(49,751)	(7,234)
Service costs.....	(2,185)	(265)
Interest on benefit obligations.....	(3,340)	(483)
Actuarial losses.....	(10,237)	(3,210)
Foreign exchange loss.....	(4,344)	(703)
Benefits paid.....	2,552	164
	-----	-----
BENEFIT OBLIGATIONS AS OF SEPTEMBER 30, 2005.....	(67,305)	(11,731)
	-----	-----
FUNDED STATUS-PLAN DEFICIT AS OF SEPTEMBER 30, 2005.....		
Unrecognized actuarial net losses.....	(25,481)	(11,731)
	-----	-----
ACCRUED BENEFIT COSTS AS OF SEPTEMBER 30, 2005, INCLUDED IN NONCURRENT LIABILITIES AND OTHER.....	\$ (15,072)	\$ (8,121)
	=====	=====

As of September 30, 2005, the accumulated benefit obligation for the pension plan was \$54,775, and \$11,278 for other benefits.

### SIGNIFICANT ASSUMPTIONS

The significant assumptions adopted in measuring the Canadian subsidiary's accrued benefit obligations and the net periodic benefit cost were as follows:

2006	2005
----	----

Edgar Filing: AMDOCS LTD - Form 20-F/A

AS OF SEPTEMBER 30:

ACCRUED BENEFIT OBLIGATIONS

Weighted average discount rate, end of year.....	5.25%	5.50%
Weighted average rate of compensation increase, end of year.....	3.50	3.50

FOR THE YEAR ENDED SEPTEMBER 30:

NET PERIODIC BENEFIT COST

Weighted average discount rate, end of preceding year.....	5.50%	6.25%
Weighted average expected long-term rate of return on plan assets, end of preceding year.....	7.50	7.50
Weighted average rate of compensation increase, end of preceding year.....	3.50	3.50

The expected future rate of return assumption is based on the target asset allocation policy and the expected future rates of return on these assets.

F-33

AMDOCS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)  
(DOLLAR AND SHARE AMOUNTS IN THOUSANDS, EXCEPT PER SHARE DATA)

For measurement purposes, a 4.5% annual rate of increase in the per capita cost of covered health care benefits (the health care cost trend rate) was assumed for the year ended September 30, 2006, except for the cost of medication, which was assumed to increase at an annual rate of 10% for 2006. This rate was assumed to gradually decline to 5% by 2014 and remain stable thereafter.

A 1% change in the assumed health care cost trend rates would have the following effect as of September 30, 2006:

	1% INCREASE -----	1% DECREASE -----
Effect on other benefits -- total service and interest cost.....	\$ 164	\$ (135)
Effect on other benefits -- accrued benefit obligations.....	2,189	(1,695)

PENSION PLAN ASSETS

The following table sets forth the allocation of the pension plan assets as of September 30, 2006 and 2005, the target allocation for 2007 and the expected long-term rate of return by asset class. The fair value of the plan assets was \$40,287 as of September 30, 2006 and \$41,824 as of September 30, 2005.

Edgar Filing: AMDOCS LTD - Form 20-F/A

ASSET CATEGORY	TARGET ALLOCATION	PERCENTAGE OF PLAN ASSETS AS OF SEPTEMBER 30,		WEIGHTED-AVERAGE LONG-TERM RATE OF RETURN
		2006	2005	
Equity securities.....	45%-65%	55%	57%	9.7%
Debt securities.....	35-55	45	43	4.9
Total.....	100%	100%	100%	7.5

Plan assets consist primarily of Canadian and other equities, government and corporate bonds, debentures and secured mortgages, which are held in units of the BCE Master Trust Fund, a Trust established by Bell Canada. The investment strategy is to maintain an asset allocation that is diversified between multiple different asset classes, and between multiple managers within each asset class, in order to minimize the risk of large losses and to maximize the long-term risk-adjusted rate of return.

PROJECTED CASH FLOWS

The Company is responsible for adequately funding the pension plan. Contributions by the Company are based on various generally accepted actuarial methods and reflect actuarial assumptions concerning future investment returns, salary projections and future service benefits. The Company contributed \$2,889 to the pension plan in 2006 which was the minimum contribution required by law. Because the Company does not fund the other employee future benefit plan, the total payments of \$156 paid in 2006 represents benefit payments made to beneficiaries. The following table sets forth the Company's estimates for future minimum contributions to the pension plan and for other benefit payments.

FOR THE YEARS ENDED SEPTEMBER 30,	PENSION BENEFITS	OTHER BENEFITS
2007.....	\$ 1,700	\$ 200
2008.....	1,400	300
2009.....	1,500	300
2010.....	1,500	400
2011.....	1,500	400
2012 - 2016.....	8,400	2,300
Total.....	\$16,000	\$3,900



AMDOCS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)  
(DOLLAR AND SHARE AMOUNTS IN THOUSANDS, EXCEPT PER SHARE DATA)

NOTE 16 -- CAPITAL TRANSACTIONS

On November 5, 2003, the Company announced that its Board of Directors had authorized a share repurchase program of up to 5,000 Ordinary Shares over the next twelve months. The authorization permitted the Company to purchase Ordinary Shares in open market or privately negotiated transactions and at prices the Company deems appropriate. The Company stated that one of the main purposes of the repurchase program was to offset the dilutive effect of any future share issuances, including issuances pursuant to employee equity plans or in connection with acquisitions. During the first quarter of fiscal 2004, the Company repurchased 4,990 Ordinary Shares under this repurchase program, for an aggregate purchase price of \$123,993. In connection with an acquisition by the Company in fiscal 2004, the Company's Board of Directors approved the repurchase of additional Ordinary Shares to offset the dilutive effect of share issuances in the acquisition. The closing of the acquisition occurred in February 2004, and the Company repurchased 484 Ordinary Shares in February 2004 for an aggregate purchase price of \$13,417.

In connection with the Company's issuance of the 0.50% Notes (see Note 11), the Board of Directors approved the repurchase of Ordinary Shares sold short by purchasers of the 0.50% Notes in negotiated transactions, concurrently with the sale of the notes, to offset the dilutive effect of the Ordinary Shares issuable upon conversion of the 0.50% Notes. The closing of the sale of the 0.50% Notes occurred in March 2004, and the Company repurchased 6,074 Ordinary Shares, for an aggregate purchase price of \$170,061, out of the 10,436 Ordinary Shares issuable upon conversion of the 0.50% Notes, based on a conversion rate of 23.1911 shares per \$1,000 principal amount.

On July 28, 2004, the Company announced that its Board of Directors extended the share repurchase program for the additional repurchase of up to \$100,000 of its Ordinary Shares in open market or privately negotiated transactions and at times and prices the Company deems appropriate. In accordance with this extension, the Company repurchased 4,894 Ordinary Shares, at an average price of \$20.40 per share.

On December 20, 2004, the Company announced that its Board of Directors had extended the Company's share repurchase program for the additional repurchase of up to \$100,000 of its Ordinary Shares in the open market or privately negotiated transactions and at times and prices the Company deems appropriate. In accordance with this extension, the Company repurchased in the third quarter of fiscal 2005, 3,525 Ordinary Shares, at an average price of \$28.33 per share.

The Company funded these repurchases, and intends to fund any future repurchases, with available funds.

NOTE 17 -- STOCK OPTION AND INCENTIVE PLAN

In January 1998, the Company adopted the 1998 Stock Option and Incentive Plan (the "Plan"), which provides for the grant of restricted stock awards,

Edgar Filing: AMDOCS LTD - Form 20-F/A

stock options and other equity-based awards to employees, officers, directors, and consultants. The purpose of the Plan is to enable the Company to attract and retain qualified personnel and to motivate such persons by providing them with an equity participation in the Company. Since its adoption, the Plan has been amended on several occasions to, among other things, increase the number of Ordinary Shares issuable under the Plan. In January 2006, the maximum number of Ordinary Shares authorized to be granted under the Plan was increased from 38,300 to 46,300. Awards granted under the Plan generally vest over a period of four years and stock options have a term of ten years. In the fourth quarter of fiscal 2005, the Company commenced routinely granting restricted shares and the Company's equity-based grant package may be comprised of restricted stock awards and a fewer number of stock options. As of September 30, 2006, 11,247.8 Ordinary Shares remained available for grant pursuant to the Plan.

F-35

AMDOCS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)  
(DOLLAR AND SHARE AMOUNTS IN THOUSANDS, EXCEPT PER SHARE DATA)

The following table summarizes information about stock options to purchase the Company's Ordinary Shares, as well as changes during the years ended September 30, 2006, 2005 and 2004:

	NUMBER OF SHARE OPTIONS	WEIGHTED AVERAGE EXERCISE PRICE
	-----	-----
Outstanding as of October 1, 2003.....	25,565.7	\$27.04
Granted.....	4,177.2	22.07
Exercised.....	(1,156.5)	10.44
Forfeited.....	(2,539.9)	30.89
	-----	
Outstanding as of September 30, 2004.....	26,046.5	26.61
Granted.....	4,892.0	24.36
Exercised.....	(2,228.7)	10.78
Forfeited.....	(2,902.4)	32.32
	-----	
Outstanding as of September 30, 2005.....	25,807.4	26.91
Granted(1).....	4,812.1	29.41
Exercised.....	(5,869.5)	18.24
Forfeited.....	(1,956.0)	34.42
	-----	
Outstanding as of September 30, 2006.....	22,794.0	\$29.02
	=====	
Exercisable on September 30, 2006.....	12,609.7	\$32.14
	=====	

(1) Includes options to purchase 297.6 Ordinary Shares assumed in connection

## Edgar Filing: AMDOCS LTD - Form 20-F/A

with the Company's acquisition of Qpass at weighted average exercise price of \$8.01, and options to purchase 161.0 Ordinary Shares assumed in connection with the Company's acquisition of Cramer at weighted average exercise price of \$6.50.

The following table summarizes information relating to awards of restricted shares, as well as changes to such awards during fiscal 2006:

	NUMBER OF SHARES	WEIGHTED AVERAGE GRANT DATE FAIR VALUE
	-----	-----
Outstanding as of October 1, 2005.....	133.8	\$26.43
Granted(1).....	747.4	31.96
Vested.....	(94.9)	26.43
Forfeited.....	(6.0)	32.12
	-----	-----
Outstanding as of September 30, 2006.....	780.3	\$31.68
	=====	=====

(1) Includes 156.8 restricted shares assumed in connection with the Company's acquisition of Cramer at weighted average grant date fair value of \$40.7 per share.

The total intrinsic value of options exercised and the value of restricted shares vested during fiscal 2006 was \$92,583 and \$2,777, respectively. The aggregate intrinsic value of outstanding and exercisable stock options as of September 30, 2006 was \$290,758 and \$143,677, respectively.

As of September 30, 2006, there was \$63,545 of unrecognized compensation expense related to nonvested stock options and nonvested restricted stock awards. The Company recognizes compensation costs using the graded vesting attribution method which results in a weighted average period of approximately one year over which the unrecognized compensation expense is expected to be recognized.

F-36

AMDOCS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)  
(DOLLAR AND SHARE AMOUNTS IN THOUSANDS, EXCEPT PER SHARE DATA)

The following table summarizes information about stock options outstanding as of September 30, 2006:

Edgar Filing: AMDOCS LTD - Form 20-F/A

OUTSTANDING				EXERCISABLE	
EXERCISE PRICE	NUMBER OUTSTANDING	WEIGHTED AVERAGE REMAINING CONTRACTUAL LIFE (IN YEARS)	WEIGHTED AVERAGE EXERCISE PRICE	NUMBER EXERCISABLE	EXERCISE PRICE
\$0.38 - 4.76.....	334.6	5.25	\$ 2.51	166.7	
6.40 - 18.60.....	3,431.1	5.94	10.99	2,090.8	
19.78 - 22.75.....	3,630.1	7.68	22.02	946.7	
23.43 - 26.68.....	3,013.7	6.41	25.21	1,453.6	
27.30 - 29.91.....	2,577.3	8.29	27.95	623.3	
31.01 - 32.15.....	4,001.4	6.29	31.30	2,961.9	
32.95 - 40.80.....	2,543.8	7.27	35.79	1,104.7	
43.05 - 65.01.....	2,899.9	4.19	52.87	2,899.9	
66.50 - 78.31.....	362.1	3.81	70.15	362.1	

The fair value of options granted was estimated on the date of grant using the Black-Scholes pricing model with the assumptions noted in the following table (all in weighted averages for options granted during the year):

	YEAR ENDED SEPTEMBER 30,		
	2006	2005	2004
Risk-free interest rate(1).....	4.56%	3.42%	3.12%
Expected life of stock options(2).....	4.37	4.47	4.49
Expected volatility(3).....	34.9%	63.0%	68.7%
Expected dividend yield(4).....	None	None	None
Fair value per option(5).....	\$13.36	\$12.75	\$12.62

- (1) Risk-free interest rate is based upon U.S. Treasury yield curve appropriate for the term of the Company's employee stock options.
- (2) Expected life of stock options is based upon historical experience.
- (3) Expected volatility for fiscal 2006 is based on blended volatility. For fiscal years 2005 and 2004, expected volatility is based on the Company's historical stock price.
- (4) Expected dividend yield is based on the Company's history and future expectation of dividend payouts.
- (5) Fiscal 2006 includes fair value of options assumed in connection with the Company's acquisitions of Qpass and Cramer (see note 3). Fiscal 2006 fair value excluding Qpass and Cramer assumed options is \$11.34.

Edgar Filing: AMDOCS LTD - Form 20-F/A

F-37

AMDOCS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)  
(DOLLAR AND SHARE AMOUNTS IN THOUSANDS, EXCEPT PER SHARE DATA)

The following table sets forth the pro forma effect of applying SFAS No. 123 on net income and earnings per share for the presented periods:

	YEAR ENDED SEPTEMBER 30,	
	2005	2004
Net income as reported.....	\$288,636	\$234,860
Add: Equity-based compensation expense included in net income, net of related tax effects.....	632	453
Less: Total equity-based compensation expense determined under fair value method for all awards, net of related tax effects.....	(35,666)	(35,989)
Pro forma net income.....	\$253,602	\$199,324
Basic earnings per share:		
As reported.....	\$ 1.44	\$ 1.13
Pro forma.....	\$ 1.26	\$ 0.95
Diluted earnings per share:		
As reported.....	\$ 1.35	\$ 1.08
Pro forma.....	\$ 1.19	\$ 0.92

NOTE 18 -- EARNINGS PER SHARE

The following table sets forth the computation of basic and diluted earnings per share:

YEAR ENDED SEPTEMBER 30,		
2006	2005	2004

Numerator:

Edgar Filing: AMDOCS LTD - Form 20-F/A

Numerator for basic earnings per share.....	\$318,636	\$288,636	\$234,860
Effect of assumed conversion of 0.50% convertible notes.....	3,948	3,939	2,296
	-----	-----	-----
Numerator for diluted earnings per share.....	\$322,584	\$292,575	\$237,156
	=====	=====	=====
Denominator:			
Denominator for basic earnings per share -- weighted average number of shares outstanding.....	203,194	201,023	208,726
Restricted stock.....	141	25	--
Effect of assumed conversion of 0.50% convertible notes.....	10,436	10,436	6,088
Effect of dilutive stock options granted.....	4,763	5,678	5,471
	-----	-----	-----
Denominator for dilutive earnings per share -- adjusted weighted average shares and assumed conversions.....	218,534	217,162	220,285
	=====	=====	=====
Basic earnings per share.....	\$ 1.57	\$ 1.44	\$ 1.13
	=====	=====	=====
Diluted earnings per share.....	\$ 1.48	\$ 1.35	\$ 1.08
	=====	=====	=====

F-38

AMDOCS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)  
(DOLLAR AND SHARE AMOUNTS IN THOUSANDS, EXCEPT PER SHARE DATA)

The effect of the 0.50% Notes issued by the Company in March 2004 on diluted earnings per share was included in the above calculation (See Note 2).

The weighted average effect of the repurchase of Ordinary Shares by the Company has been included in the calculation of basic earnings per share.

NOTE 19 -- SEGMENT INFORMATION AND SALES TO SIGNIFICANT CUSTOMERS

The Company and its subsidiaries operate in one operating segment, providing business and operations support systems and related services primarily for the communications industry.

GEOGRAPHIC INFORMATION

The following is a summary of revenue and long-lived assets by geographic area. Revenue is attributed to geographic region based on the location of the customers.

Edgar Filing: AMDOCS LTD - Form 20-F/A

	YEAR ENDED SEPTEMBER 30,		
	2006	2005	2004
REVENUE			
United States.....	\$1,319,261	\$ 985,811	\$ 824,931
Canada.....	406,941	404,212	333,898
Europe.....	539,784	488,193	480,177
Rest of the world.....	214,064	160,405	134,726
Total.....	\$2,480,050	\$2,038,621	\$1,773,732

	AS OF SEPTEMBER 30,		
	2006	2005	2004
LONG-LIVED ASSETS			
United States(1).....	\$ 889,879	\$ 588,448	\$ 340,090
Canada(2).....	637,328	655,014	668,806
Europe(3).....	447,106	18,187	18,979
Rest of the world.....	145,450	133,774	79,838
Total.....	\$2,119,763	\$1,395,423	\$1,107,713

(1) Primarily goodwill, intangible assets and computer software and hardware.

(2) Primarily goodwill.

(3) Primarily goodwill and intangible assets as of September 30, 2006.

REVENUE AND CUSTOMER INFORMATION

Integrated Customer Management Enabling Systems, or ICM Enabling Systems includes the following offerings: revenue management (including billing, mediation and partner settlement), customer management (including ordering, customer relationship management, or CRM and self-service), service and resource management (including fulfillment, activation, inventory management, network planning and customer assurance) and digital commerce management (including content revenue management). Directory includes

# Edgar Filing: AMDOCS LTD - Form 20-F/A

## AMDOCS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)  
(DOLLAR AND SHARE AMOUNTS IN THOUSANDS, EXCEPT PER SHARE DATA)

directory sales and publishing systems for publishers of both traditional printed yellow pages and white pages directories and electronic Internet directories.

	YEAR ENDED SEPTEMBER 30,		
	2006	2005	2004
ICM Enabling Systems.....	\$2,201,245	\$1,776,536	\$1,536,993
Directory.....	278,805	262,085	236,739
Total.....	\$2,480,050	\$2,038,621	\$1,773,732

### SALES TO SIGNIFICANT CUSTOMERS

The following table summarizes the percentage of sales to significant customers groups (when they exceed 10 percent of total revenue for the year).

	YEAR ENDED SEPTEMBER 30,		
	2006	2005 (1)	2004 (1)
Customer 1.....	14%	17%	18%
Customer 2.....	13	15	17
Customer 3.....	11	10	(*)
Customer 4.....	10	(*)	(*)

(\*) Less than 10 percent of total revenue.

(1) The percentage of sales to significant customers groups for fiscal years 2005 and 2004 were restated to reflect customer consolidation.

### NOTE 20 -- OPERATIONAL EFFICIENCY AND COST REDUCTION PROGRAMS

In accordance with SFAS No. 112 "Employers' Accounting for Post Employment Benefits" (SFAS 112) and SFAS No. 146, "Accounting for Costs Associated with Exit or Disposal Activities" (SFAS 146), the Company recognized a total of \$0,



## Edgar Filing: AMDOCS LTD - Form 20-F/A

\$8,135 and \$0 in restructuring charges in fiscal 2006, 2005 and 2004, respectively.

F-40

### AMDOCS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)  
(DOLLAR AND SHARE AMOUNTS IN THOUSANDS, EXCEPT PER SHARE DATA)

The following describes restructuring actions the Company has initiated in fiscal 2005:

In the fourth quarter of fiscal 2005, the Company commenced a series of measures designed to align its operational structure to its expected future growth, to allow better integration following the acquisitions of DST Innovis and Longshine, and to improve efficiency. As part of this plan, the Company recorded a charge of \$8,135 in connection with the termination of employment of software and information technology specialists and administrative professionals. Approximately \$7,238 of the total charge had been paid in cash as of September 30, 2006. The remaining separation costs are expected to be paid out during fiscal 2007.

	EMPLOYEE SEPARATION COSTS -----
Balance as of October 1, 2004.....	\$ --
Charges.....	8,135
Cash payments.....	(1,133)
	-----
Balance as of September 30, 2005.....	7,002
Cash payments.....	(6,105)
Adjustments(1).....	(651)
	-----
Balance as of September 30, 2006.....	\$ 246 =====

(1) Reflects adjustments due to changes in previous estimates, which were recorded in cost of service expenses, and differences in foreign exchange rates from balances paid in currencies other than the U.S. dollar, which were recorded in interest income and other, net.

#### NOTE 21 -- FINANCIAL INSTRUMENTS

The Company enters into forward contracts and options to purchase and sell foreign currencies to reduce the exposure associated with revenue denominated in a foreign currency and exposure associated with anticipated expenses (primarily

## Edgar Filing: AMDOCS LTD - Form 20-F/A

personnel costs), in non-U.S. dollar-based currencies and designates these for accounting purposes as cash flow hedges. The Company also may enter into forward contracts to sell foreign currency in order to hedge its exposure associated with some firm commitments from customers in non-U.S. dollar-based currencies and designates these for accounting purposes as fair value hedges. As of September 30, 2006 and 2005, the Company had no outstanding fair value hedges. The derivative financial instruments are afforded hedge accounting because they are effective in managing foreign exchange risks and are appropriately assigned to the underlying exposures. The Company does not engage in currency speculation. The Company currently enters into forward exchange contracts exclusively with major financial institutions. Forward contracts, which are not designated as hedging instruments under SFAS No. 133, are used to offset the effect of exchange rates on certain assets and liabilities. The Company currently hedges its exposure to the variability in future cash flows for a maximum period of two years.

The hedges are evaluated for effectiveness at least quarterly. As the critical terms of the forward contract or options and the hedged transaction are matched at inception, the hedge effectiveness is assessed generally based on changes in the fair value for cash flow hedges as compared to the changes in the fair value of the cash flows associated with the underlying hedged transactions. The effective portion of the change in the fair value of forward exchange contracts or options, which are classified as cash flow hedges, is recorded as comprehensive income until the underlying transaction is recognized in earnings. Any residual change in fair value of the forward contracts, such as time value, excluded from effectiveness testing for hedges of estimated receipts from customers, is recognized immediately in "interest income and other, net." Hedge ineffectiveness, if any, is also included in current period in earnings in "interest income and other, net."

F-41

### AMDOCS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)  
(DOLLAR AND SHARE AMOUNTS IN THOUSANDS, EXCEPT PER SHARE DATA)

The Company discontinues hedge accounting for a forward contract or options when (1) it is determined that the derivative is no longer effective in offsetting changes in the fair value of cash flows of hedged item; (2) the derivative matures or is terminated; (3) it is determined that the forecasted hedged transaction will no longer occur; (4) a hedged firm commitment no longer meets the definition of a firm commitment; or (5) management decides to remove the designation of the derivative as a hedging instrument.

When hedge accounting is discontinued, and if the derivative remains outstanding, the Company will record the derivative at its fair value on the consolidated balance sheet, recognizing changes in the fair value in current period earnings in "interest income and other, net." When the Company discontinues hedge accounting because it is no longer probable that the forecasted transaction will occur, the gains and losses that were accumulated in other comprehensive income will be recognized immediately in earnings in "interest income and other, net."

The fair value of the open contracts recorded by the Company in its consolidated balance sheets as an asset or a liability is as follows:

Edgar Filing: AMDOCS LTD - Form 20-F/A

	AS OF SEPTEMBER 30,	
	2006	2005
Prepaid expenses and other current assets.....	\$ 7,792	\$ 369
Other noncurrent assets.....	9	46
Accrued expenses and other current liabilities.....	(4,165)	(10,755)
Noncurrent liabilities and other.....	--	(2,361)
Net fair value.....	\$ 3,636	\$ (12,701)

A significant portion of the forward contracts and options outstanding as of September 30, 2006 are expected to mature within the next year.

During fiscal years 2006, 2005 and 2004, the gains or losses recognized in earnings for hedge ineffectiveness, excluding the time value portion excluded from effectiveness testing, were not material. During fiscal years 2006, 2005 and 2004, the Company did not recognize any losses for a hedged firm commitment that no longer qualified as a fair value hedge. During fiscal years 2006, 2005 and 2004, the Company recognized losses of \$0, \$265 and \$1,189, respectively, resulting from hedged forecasted cash flows that no longer qualified as cash flow hedges. All of the above gains or losses are included in "interest income and other, net."

Derivatives gains and losses, that are included in other comprehensive income, are reclassified into earnings at the time the forecasted revenue or expenses are recognized. The Company estimates that a \$2,834 net gain related to forward contracts and options that are included in other comprehensive income as of September 30, 2006 will be reclassified into earnings within the next twelve months. The amount ultimately realized in earnings will likely differ due to future changes in foreign exchange rates.

F-42

AMDOCS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)  
(DOLLAR AND SHARE AMOUNTS IN THOUSANDS, EXCEPT PER SHARE DATA)

NOTE 22 -- SELECTED QUARTERLY RESULTS OF OPERATIONS (UNAUDITED)

The following are details of the unaudited quarterly results of operations for the three months ended:

SEPTEMBER 30,	JUNE 30,	MARCH 31,	DECEMBER 31,
---------------	----------	-----------	--------------

Edgar Filing: AMDOCS LTD - Form 20-F/A

2006				
Revenue.....	\$665,445	\$626,448	\$601,129	\$587,028
Operating income.....	76,194	84,470	88,789	82,679
Net income.....	75,955	85,585	81,762	75,334
Basic earnings per share.....	0.37	0.42	0.40	0.38
Diluted earnings per share.....	0.35	0.39	0.38	0.36
2005				
Revenue.....	\$573,318	\$507,355	\$488,416	\$469,532
Operating income.....	77,396	92,062	87,193	81,841
Net income.....	67,799	77,097	74,297	69,443
Basic earnings per share.....	0.34	0.38	0.37	0.34
Diluted earnings per share.....	0.32	0.36	0.34	0.32

F-43

VALUATION AND QUALIFYING ACCOUNTS  
(IN THOUSANDS)

	ACCOUNTS RECEIVABLE ALLOWANCES	VALUATION ALLOWANCES ON NET DEFERRED TAX ASSETS
	-----	-----
Balance as of October 1, 2003.....	\$ 18,018	\$ --
Additions:		
Charged to costs and expenses.....	--	8,076 (1)
Charged to revenue.....	2,881	--
Charged to other accounts.....	4,176	3,348
Deductions.....	(12,904)	--
	-----	-----
Balance as of September 30, 2004.....	12,171	11,424
Additions:		
Charged to costs and expenses.....	571	2,878 (2)
Charged to revenue.....	426	--
Charged to other accounts.....	2,580 (3)	--
Deductions.....	(8,840)	--
	-----	-----
Balance as of September 30, 2005.....	6,908	14,302
Charged to costs and expenses.....	1,592	3,640 (4)
Charged to revenue.....	1,448	--
Charged to other accounts.....	4,406 (5)	11,393 (6)
Deductions.....	(2,279)	--
	-----	-----
Balance as of September 30, 2006.....	\$ 12,075	\$29,335
	=====	=====

Edgar Filing: AMDOCS LTD - Form 20-F/A

- (1) Valuation allowances on deferred tax assets incurred during fiscal 2004.
- (2) Valuation allowances on deferred tax assets incurred during fiscal 2005.
- (3) Includes accounts receivable allowance of \$2,580 acquired as part of the acquisitions of DST Innovis and Longshine.
- (4) Valuation allowances on deferred tax assets incurred during fiscal 2006.
- (5) Includes accounts receivable allowance of \$4,406 acquired primarily as part of the acquisition of Cramer.
- (6) Includes valuation allowances on deferred tax assets incurred in connection with the Cramer and Qpass acquisitions.

F-44