



PRESS RELEASE

FIRST HALF REPORT AS AT 30 JUNE 2005.

- **Consolidated revenues of the period: €9 Million compared to €11.5 Million in the first semester 2004, results obtained with a reduction of 29% in human resources.**
 - **Substantial improvement of the margins: EBITDA + €107,000 compared to – €740,000 in the first semester 2004; EBIT - €1.4 Million compared to – €3.2 Million in the first semester 2004**
 - **Resolution of actions for cost reduction and employee incentives based on achievement of objectives also through a three years stock option plan to be defined in short terms.**
 - **Mergers with Abaco Information Servicel and with two 100% controlled companies to become effective by end of October**
 - **Pro-forma first half aggregated results of the Company and Abcao Information Services show 23,4 M euros revenues, 2M euros EBITDA and 200K euro EBIT.**
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Milan, 28 September 2005. The meeting of the AISoftw@re Board of Directors, held today, approved the figures from the first semester 2005 relating to AISoftw@re SpA and Group consolidated financial statements.

The Board, while recording sharp improvement in the operating margin of the Group compared to 2004, set the guidelines for preparing a plan aimed at accelerating the current trend even further, also through the development of revenues during this financial year.

Main events in the semester

Extraordinary operations

- **On 8 April 2005** the Extraordinary Shareholders Meeting approved an increase in share capital, divisible, against payment, within the limits of 10 percent of the pre-existing share capital, through the issue of a maximum of 1,408,896 new ordinary shares, therefore, with a maximum nominal value of €732,625,92, as well as share premium, with the exclusion of stock options. The increase in capital was completely underwritten in three lots closed respectively on 13/5/05, 27/6/05 and 6/7/05.
 - **On 30 April 2005** the Boards of AISoftw@re S.p.A. and Abaco Information Services Srl approved the merger between Abaco Information Services Srl into AISoftw@re S.p.A. The merger was approved by the AISoftw@re SpA Shareholders' Meeting on 29/7/05, and by the Abaco Information Services Srl Shareholders' Meeting on 30/7/05.
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- On **28-29 April 2005** the Boards of AISoftw@re Medical Solution S.p.A., Eta Beta Srl and AISoftw@re SpA approved the merger to incorporate the two controlled companies into AISoftw@re S.p.A. The merger was approved by the AISoftw@re SpA Shareholders' Meeting on 29/7/05, and by the AISoftw@re Medical Solutions and Eta Beta Shareholders' Meeting on 30/7/05.

Other relevant company events

- On **1 June 2005**, an agreement was underwritten for the acquisition of the AISoftw@re Professional Services Srl business activities by the group parent, which will consequently acquire all related assets and liabilities. All direct and indirect technical resources of the company AISoftw@re Professional Services Srl has been transferred to the group parent, while maintaining the current head office to guarantee the continuity of business in relation to clients.
- On **29 June 2005**, the Shareholders' Meeting of AISoftw@re SpA, upon the approval of the Financial Statements as at 31/12/04, re-confirmed the members of the Board of Directors and the Board of Statutory Auditors, having reached the end of their term. The Meeting also assigned the work of account auditing for the 2005-2007 period to the company PKF Italia SpA.

Consolidated Results of the Group and AISoftw@re SpA

For a correct comparison, it should be kept in mind that starting from the third quarter of 2004, as part of its reorganisation process, AIS Professional Services downsized its activity and reduced its resources by 55%, giving up to the general professional services market sector. This led to a drop in revenues in 2005, as compared to the same period a year earlier. Moreover, starting from 1/6/2005 AIS Professional Services transferred its branch of the company to AISoftw@re SpA.

The following analyses this data.

The **value of production** of the AISoftw@re Group was €9.9 Million as compared to €12.5 Million in the first half of 2004, while **revenues** reached €9 Million against €11.5 Million recorded in the same period in 2004.

By contrast, the positive effects of the plan to cut both direct and indirect fixed costs, staff costs and the plans for the rationalisation of the non-strategic business activities, led to a decrease in costs of €4.3 million.

Consequently, **EBITDA** for the AISoftw@re Group was equal to €107,000, against a negative value in the same period of 2004 of €740,000. **EBIT** reached a negative value of €1.4 Million, while in the same period of 2004 the recorded value was negative and equal to €3.2 Million.

For the group parent, AISoftw@re S.p.A, the value of production decreased from €3.6 Million in the first half of 2004 to €2.9 Million in the same period of 2005.

EBITDA for AISoftw@re S.p.A. had a negative value of €500,000, and the relative EBIT reached a negative value of €1 Million.

In terms of **net income**, the Group recorded a loss of €2.7 Million, against €4.6 Million in the same period of 2004.

The **after-tax loss** for AISoftw@re is €1.9 Million compared to the 5 million recorded in the same period of 2004.

The Group's **net financial position** as at 30 June 2005 had a negative value of €6.5 Million compared to a negative value of €6.8 Million as at 31 December 2004. This improvement can also be attributed to an increase in capital, with a relative share of €1.2 Million for the first two quarters. The flows generated by the increase in capital in question have been mainly used to support the activities included in the new business plan.

With regards to **human resources**, AISoftw@re S.p.A. and its controlled companies have staff numbering 220 employees and 10 permanent co-workers, in line with the restructuring and rationalisation plans underway. Compared to the first half of 2004, there has been a total reduction in staff of 100, of which 72 were employees and 28 co-workers.

Business Area Results

Regarding the income as at 30/6/2005, the consolidated revenues (in Euro) in each Business Area are subdivided as follows:

Description	30/06/2004	30/06/2005	%
Financial Solutions Area	4,631,792	3,450,770	-25.5%
Medical Solutions Area	3,083,998	3,306,837	7.2%
Technologies & Solutions Area	2,438,465	1,847,050	-24.3%
Professional Services Area	2,363,477	1,158,673	-51.0%
Total	12,517,732	9,763,330	-22.0%

In the **Financial Solutions Business Area** (information technology solutions to support company decisions in the banking and finance field) revenues in the first half of 2005 were €3.4 Million, a decrease of 25.3% with respect to the same period last year.

The drop in revenues is partly attributable to the postponement of a number of important orders what are expected to be acquired by the end of Q2, and partly to a particularly competitive market situation that penalised the period in question. However, a series of significant offers aimed at the most important clients are underway, and, should allow for the recovery of revenues during the second half of the year.

EBITDA had a positive value of €265,244, equal to 7.7% of revenues.

As at 30/06/2005, EBIT had a negative value of €135,758, or 3.9% of revenues

In the **Medical Solutions Business Area** (health service information technology, digital radiology systems, voice reporting and digital signatures) the companies AISoftw@re Medical S.p.A. and GST S.r.l. achieved revenues of €3.3 Million in the first half of 2005. GST's contribution to this total was about €0.8 Million.

The growth in total revenues was achieved despite a substantial reduction in turnover deriving from third party products.

The Mix of turnovers achieved during the first half of the year, along with a considerable reduction of costs including staff costs, contributed to the improvement in the EBITDA margin.

In fact, EBITDA reached a positive value of €693,463, or 20.4% of revenues.

EBIT had a positive value of €289,484, equal to 8.5% of revenues, after deducting the effect of amortisation, which amounted to €403,979.

In the **Technologies & Solutions Business Area** (IT solutions and added-value IT projects) **revenues** were €1.8 Million, a decrease of 24.3% compared to last year. However, with negotiations underway, some of which were consolidated at the beginning of the third quarter, a substantial achievement of the business goals for the year is expected.

Regarding Professional Services, the decrease in business that began in 2002 has continued, together with the substantial selection of clients and services provided with quality as first priority.

These positive results, which confirm a trend that has been underway for several semesters, is primarily due to the major reduction in direct and indirect costs, and the improvement in margins for single projects.

As well, **EBIT** for both areas has improved significantly compared to 2004:

- Technologies & Solutions from – €0.863 Million to – €0.297 Million in 2005;



- Professional Services from – €0.280 Million to – €0.150 Million in 2005.

Pro-forma results for the Group created from the Merger of AISoftw@re SpA with Abaco Information Services Srl

After combining the consolidated results of the AISoftw@re Group with the pro-forma results of the Abaco Group (consisting of Abaco Innovazione SpA for the period 1 January 2005 - 14 April 2005, Abaco Information Services Srl for the period 14 April 2005 - 30 June 2005 and the results for the first half of the year for Spring Consulting SpA), revenues from ordinary operations amount to €22.1 Million overall, with a value of production of €23.4 Million, equal to the pro-forma revenues of the same period in 2004.

EBITDA amounts to €1.9 Million, up 167% compared to €729 thousand during the same period in 2004. EBIT is positive at 0,2 Million Euro, compared to a negative value of €1.9 Million during the same period in 2004.

Reconciliation between the IFRS's and Italian accounting principles as at 31 December 2004 and 30 June 2005 (AISoftw@re Consolidated Financial Statement)

As required by CONSOB, reconciliations have been provided between the shareholders' equity and profit for the period, calculated according to Italian accounting principles and the corresponding values defined on the basis of the IFRS. Said reconciliations were prepared in accordance with the methods set forth by the IFRS1.

Description	Shareholders' Equity 31/12/04	Shareholders' Equity 30/6/05
Italian accounting principles	1,222,030	140,739
IAS/IFRS	484,265	(548,688)

Important events after quarterly closure

- On 5 May 2005, AISoftw@re signed a call option agreement with Brainspark Plc for the acquisition of 100% of the company INFUSION 2002 Ltd by 31 July 2006. INFUSION, an English vehicle for managing investments, will detain only its share of 16.2% in ACS SpA. (see press release 5/8/05)
- On 13 September 2005, AISoftw@re Medical Solutions acquired the 22% of ClinicHall Srl, a new company born on 26 november 2004 aimed at starting up a research project for a new advanced Clinical Information System. (see press release 13/9/05)

Other resolutions

- The Board of Directors has assigned a mandate to the Managing Director, Domenico Favuzzi, to analyse and propose a three-year stock option plan for directors, managers, employees and consultants of the Group. Said plan is aimed at providing incentives to all resources for achievement of the growth and profitability objectives set by the Group, created from the merger with Abaco Information Services Srl, for the 2005-2007 period.
- The Board of Directors has also resolved the compensation for directors invested with special responsibilities, in order to send a strong message of management involvement in improving the company's performance. In particular, the independent directors have waived the fees received so far for any special responsibilities held. In addition, the president and managing director have voluntarily made



a 40% of their fixed compensation variable, that will be award through the stock option plan to be implemented.

AIS@re

AIS@re SpA is a company specialised in the design and development of innovative software technology aimed at the vertical markets of finance and medical imaging, and horizontal markets for highly technological integration projects. Founded in 1983, the company is now quoted on the Italian Stock Exchange New Market (AISW). Its consolidated revenues for 2003 were about €25 Million.

AIS@re operates on the market with its current Financial Solutions Business Area, specialised in software solutions for banking and finance, and two vertical companies: AIS@re Medical Solutions SpA (digital imaging), AIS@re Technologies & Solutions S.p.A.. The AIS@re Group has over 220 staff including employees and co-workers, and has offices in Milan (Headquarters), Rome, Trento, Vicenza and Bologna.

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