

AI Softw@re Group 2nd Quarter results approved

Strong growth in banking (+122.8%) and medical (+157.8%) areas

Group growth above 17% in 2001

Milan, 2nd August 2001

Today the AI Softw@re Board of Directors approved the Q2 report of the AI Softw@re and the consolidated Group figures.

Below is a summary of the most relevant data.

Report of the Directors - Q2 2001

(non audited report)

Summary of Company's results and Group structure

Relevant Information:

AI Softw@re SpA

- The Parent Company AI Softw@re SpA doubled the Q2 turnover, from 2.251 Million Lire (1.162.544 Euros) in 2000 to 4.495 Million Lire (2.321.474 Euro) in 2001;
- Significant improvement in the Q2 EBITDA of AI Softw@re SpA, from a 1.720 Million Lire loss (888.306 Euro) to a 908 Million Lire profit (468.943 Euro), a 153% increase compared to the previous year;

AI Softw@re Group

- At the consolidated level, Q2 2001 turnover decreased by 14%, from 12.431 Million Lire (6.420.076 Euro) to 10.740 Million Lire (5.546.747 Euro), assuming the same consolidation area;
- On a half-yearly basis, consolidated turnover increased by 17%, from 16.733 Million Lire (8.641.873 Euro) in 2000 to 19.622 Million Lire (10.133.917 Euros) in 2001;
- AI Softw@re Group's EBITDA reached 1.024 Million Lire (528.852 Euro) compared to 932 Million Lire (481.338 Euro) in Q2 2000, a 10% increase;
- On a half-yearly basis, AI Softw@re Group's EBITDA increased by 101%, from 169 Million Lire (87.281 Euros) in 2000 to 340 Million Lire (175.595 Euro) in 2001;
- A strong increase in the Banking & Insurance Business Area, 123% up in the first half of 2001 compared to the same period last year;
- A strong increase in the Medical Solutions Business Area, 158% up in the first half of 2001 compared to 2000;

Further detailed information

Structure

During the first half of 2001, AI Softw@re continued to consolidate and strengthen its structure by means of development programmes designed together with the subsidiary companies. As planned, after an intense period of acquisitions, specific marketing plans and measures to optimise costs at the Group level were made operational.

The strong structural growth also positively reflected on the growth of human resources: the number of employees increased by 31% during the first six months of 2001, from 245 to 321 headcounts. This increase is the result of successfully carried out recruitment campaigns, using innovative and technological tools of the Group (Mindmotion – an Infusion participated company).

Business Areas

The noteworthy performance achieved in the first half of the year by the **Banking & Insurance** Business Area is the result of the decisive investment plan carried out in 2000 and of a new offer which enabled the release of new applicational products in the Global Credit Management sector. Our presence on the whole Italian market was at the same time strengthened through commercial agreements.

As concerns the **Medical Solutions** Business Area, the growth trend which started in the second half of 2000 was confirmed, which enables the Group to strengthen its own position on the reference markets, by means of further consolidation in the Italian market and opening up to the European markets. The product range on offer has been substantially broadened pursuant to perfecting the agreement to acquire 58.8% of GST (vocal input reporting technology) and the launch of the Cardiosphere tm line of applicational products (integrated solution for the digital management of cardiology images).

Following the broadening of the offer which started at the beginning of the year, the plan to reorganise and strengthen the **Advanced Software Systems** Business Area, of which ODX (100%), Se Informatica (64%), Itaca (60%), Program (60%) and Farm (60%) are part, was completed in the second quarter of 2001.

As of 1 July, Labornet Sistemi (60%) and KStones (100%) are also part of the consolidated AISoftw@re Group. This brought about a substantial increase in employees, predominantly technical staff, from 179 to 243 headcounts (+36%) in six months, with the aim of meeting the marketing targets set for the second half of 2001.

The Advanced Software Systems Business Area recorded a slight decrease in turnover, from 13.645 Million Lire (7.047.054 Euro) in the first half of 2000 to 12.136 Million Lire (6.267.721 Euro) in the first half of 2001.

Turnover by Business Area in the first part of the year at the consolidated level is divided as follows:

Value in Lire (mil/Lit)	Q2 2001	Var. % 2001/2000	H1 2001	Var.% 2001/2000
Banking	2.428	123,55%	3.025	122,78%
Medical Solutions	2.207	53,13%	4.461	157,81%
Advanced Software Systems	6.105	-38,35%	12.136	-11,06%
Total	10.740	-13,60%	19.622	17,26%

Value in Euro (K/Euro)	Q2 2001	Var. % 2001/2000	H1 2001	Var.% 2001/2000
Banking	1.254	123,55%	1.562	122,78%
Medical Solutions	1.140	53,13%	2.304	157,81%
Advanced Software Systems	3.153	-38,35%	6.268	-11,06%
Total	5.547	-13,60%	10.134	17,26%

Financial data integration notes

The EBIT of the Parent Company AISoftw@re improved by 64.4%, reaching a 1.797 billion Lire loss in the first half of 2001 against a 5.054 billion Lire loss in 2000.

The consolidated EBIT remained practically unchanged, a 2.622 billion Lire loss in the first half of 2001 against a 2.540 billion Lire loss for the same period in 2000.

These figures are viewed positively, given the seasonal nature of the products offered by many Group companies, the sales of which are concentrated in the last quarter of the year.

The AISoftw@re Group loss before taxes in Q2 2001 has been reduced by 7,2% versus the same period of the last year being equal to 1.723 Million Lire (889.855 Euro).

The Q2 2001 results felt, in particular, the influence of the strong Dollar floating exchange, with an heavily negative effect of 588 Million Lire (303.676 Euro).

The consolidated net financial position is equal to 15.647 Million Lire (8.08.001 Euro)

Group growth

In the first half of 2001, the Group pursued its growth strategy, focusing in particular on:

- Perfecting the acquisition of 58.8% of GST S.r.l., which became part of the Medical Solutions Business Area;
- The start-up, as planned, of the programme to consolidate the offer of the Business Areas so as to optimise the synergy in the Group and rationalise the resources and the operational organisation. In this context, the company KStones S.p.A. was created, so as to arrive at a structure within the Group which is specifically dedicated to Knowledge Management solutions;
- Perfecting the acquisition of 60% of the capital of Labornet Sistemi by means of a share exchange.

As concerns the growth of INFUSION, the industrial and financial accelerator of the AISoftw@re Group, the following transactions were completed during the first half of 2001:

- Acquisition of 19% of Mindmotion, a company which, by means of innovative technology, enabled the Group to successfully carry out its recruitment activities;
- increase from 15.8% to 23.81% in the share capital of Geosim Systems;
- entry of Sviluppo Italia into ACS by means of subscribing a new share issue (Infusion's equity interest was therefore diluted from 23% to 16.21%);

Starting of the preliminary verification procedures regarding the listing of some companies belonging to INFUSION itself.

Remarks of Mr. Francesco Gardin

"The second quarter 2001 results" - says Mr Francesco Gardin, President and CEO of AISoftw@re Group - "confirm the forecasted expansion of the Group, with a growth of 17% in the first half revenues the same period of the last year. The EBITDA improved by 10% while the EBIT is substantially the same."

"Le current revenues are 36,5% of the total year budget, in line with the historical seasonal trends. The Medical and Banking Insurance business areas revenues, based on a broad portfolio of proprietary products, increased in the second quarter by 124% and 54%, confirming the correct approach of the last year investments."

"Only the Advanced Software Solutions"- continues Mr. Gardin - "shows a downturn compared with an important contract signed in the same quarter of last year and to the reorganization and offer expansion process. Today this business Area has 243 people employed, 50 of which, hired during the second quarter in order to face the request for new project development with high level technological contents. We believe that in the second half of the year the downturn will be recovered or, at least, balanced with the positive results expected by the other two business area, that should exceed the original forecast."

"The effort for the operational merger of the seven companies acquired in 2000 and 2001 is going on" - ends Mr. Gardin - "with positive results already obtained with the two units of the Medical Solutions business area. For the other five companies operating inside the Advanced Software Solutions business area the same process is on plan".

AISoftw@re

AISoftw@re S.p.A. - founded in 1983 and with a consolidated value of production in 2000 of Euros 11,63 million - is a company specialised in the development of decision-supporting knowledge processing and data intelligence technologically innovative Internet and Intranet solutions. Its technical expertise in proprietary products distributed on reference markets positions AISoftw@re as a leading company in medical imaging, advanced software systems and financial market software solutions. AISoftw@re has been listed on Nasdaq Europe since November 23rd, 1999 and on Nuovo Mercato since 1st August 2000, and has started a programme of growth based both on international expansion and aggressive recruitment, acquisitions and equity investments in software companies working in the area of Internet applications development.

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