

Approved: the Half-Year results for the AISoftw@re group showing the positive effects of the business rationalisation and organisational restructuring in progress.

Consolidated income of 12.2 million euro, showing a year on year improvement of EBITDA by 61%, EBIT by 45% and the period result by 60%.

Milan, 7 October 2003

The meeting of AISoftw@re's Board of Directors, held on today's date under the chairmanship of Francesco Gardin, has approved the HY1 2003 AISoftw@re SpA and Group consolidated results.

Below is a selection of the financial highlights.

## **Report for first six months 2003**

### **Report on the Group's performance and structure**

#### **Highlights of this and subsequent periods**

- The separation of the financial area from the industrial has been put into effect by the transfer through dividing reserves among shareholders of the equity investment in Brainspark;
- The textiles sector business unit has been sold to TXT e-solutions for a counter-value of approximately 1.3 million Euro;
- The non-strategic areas in management software and multimedia & communications have been divested;
- At the end of September, the operation for a capital increase reserved to AISoftw@re shareholders totalling 5 million Euro has been completed.

#### **Main Figures for the Group**

- Consolidated revenues at 12.2 million Euro, showing a year on year fall of 13.2% as a result of focusing the business and the divestment of sectors no longer held strategic
- Improvement in EBITDA which stands in the period at a negative value of 1.5 million Euro, an improvement of 61% compared to the first half 2002.
- An improvement in EBIT figures, at a negative value of -3.8 million Euro, showing an improvement of 45% compared to HY1 2002.
- Substantial reduction in period losses, going from -12.9 million Euro in the first half of 2002 to -5.1 million Euro in the same period 2003, despite including 870 thousand Euro in exceptional restructuring costs.
- Net financial position at 30/6/03 improved by about 1 million Euro compared to 31/3/03.
- Reduction of shareholders' equity by 11.5 million Euro compared to 31/12/02, partly as a result of the reduction by approximately 6.3 million Euro in the share premium reserve due to the transfer by division among shareholders of the equity investment in Brainspark. (the amount don't include the capital increase operation and the revenues coming from the selling of the Textile sector Business area).

#### **Business Area Results**

In the first half of 2003, all the Group's Business Areas accelerated the action of consolidation and organisational strengthening in both sales and production, following through the plan to cut down costs and eliminate non-remunerative business operations which was begun at the end of 2002.

The **consolidated revenues of the Industrial business areas** are broken down as follows:

(Euro)	30/6/2003	30/6/2002	Changes
Financial Solutions	4,729,527	4,962,613	-4.70%
Medical Solutions	3,358,691	2,058,581	63.16%
Technologies & Solutions	1,675,648	1,995,415	-16.03%
Professional Services	3,438,527	5,719,748	-39.88%

In the **Financial Solutions Business Area** (IT solutions in support of corporate decisions in the banking and financial areas), total revenues were 4.7 million Euro in the first half of 2003, a fall of 7.8% compared to a year earlier. This reduced result is due to the postponing of several important negotiations in the AISoftw@re's Financial Solutions Business Unit to the second half of the year.

The implementation of two important Facility Management projects was completed in the second quarter. Sales results of the Financial Solutions Business Unit have historically never recorded a regular progression since they are affected by the seasonality typical to the reference market sector, so that sales are concentrated in the fourth quarter of the year.

EBITDA settled at a negative value of 40,521 Euro amounting to -0.8% of revenues, while EBIT stood at a negative value of 585,200 Euro, amounting to 12.2% of revenues.

During the first half, the application solutions for the integrated management of creditworthiness assessment and the relative credit management stages was delivered and started up on behalf of Unicredito (the users are seven banks in East Europe). The numerous negotiations underway with top banks confirm the major interest in the specialised solutions and services offered by the Business Area.

In the **Medical Solutions Business Area** (health service IT, digital radiology systems, voice reporting and digital signatures), the companies AISoftw@re Medical S.p.A. and GST Srl have achieved aggregate revenues in the first half of 2003 amounting to 3.4 million Euro, in which GST's contribution was 0.5 million Euro.

EBITDA settled at a positive value of approximately 607 thousand Euro, amounting to 17.7% of revenues, while EBIT stood at a positive value of 33 thousand Euro.

During the first half 2003, a backlog of 9 major projects were acquired (some of which amounting to more than 0.5 million Euro), relating to new customers of which 2 each in Austria and Germany.

The growth in sales (63%) and EBITDA (265%) compared to the first half 2002, were brought about by the provisions of assistance and maintenance services, the sale of specialised hardware for storing images and the acquisition of new important customers through commercial cooperation with Kodak.

In the **Technologies & Solutions Business Area** (high added value IT solutions and projects) the market downturn in the sector of IT services had a considerable influence on the reduction in revenues of AISoftw@re Technologies & Solutions, which were 1.7 million Euro.

Sales privileged the sector of Public Administration, taking part in public bidding also through alliances with domestic and international system integrators, and partnerships with other suppliers of innovative technologies. There has been a strengthening of business in the defence and aerospace sector, and also the start up of business relating to the distribution agreement for the product Cyber Ark in the area of IT security.

EBITDA for AISoftw@re Technologies & Solutions (inclusive of the results from Knowledge Stones) stands at a negative value of approximately 1.5 million Euro, while EBIT settled at a negative value of about 2.8 million Euro.

Revenues from AISoftw@re **Professional Services** stood at 3.4 million Euro, showing a decrease compared to 2002 of 39%.

The reduction in revenues is due to the market slowdown in the request for specialised professional services. The company has reacted to these unfavourable conditions with a precise commercial strategy aimed at selecting customers on the basis of their profitability and solvability in order to assure that the objectives for margins in the following quarters are maintained.

A positive effect on revenues is expected in the second half of the year from the continuation of implementing the industrial plan.

EBITDA stands at a negative value of around 416 thousand Euro and EBIT at a negative value of about 570 thousand Euro.

### **Group Consolidated Results**

The value of production of the AISoftw@re Group was 13.3 million Euro in the first half 2003 compared to 15 million Euro up to 30 June 2002. **Net consolidated revenues** moved from 14 million Euro in the first half 2002 to 12.2 million Euro in the same period of 2003.

This reduction is a result of the rationalisation and focusing of the various Business Areas and the abandoning of the businesses that were no longer strategic.

For the parent company AISoftw@re S.p.A., the decrease in the value of production moves from 4.5 million Euro in the first six months of 2002 to 3.4 million in the same period of 2003.

The EBITDA margin of the AISoftw@re Group amounted to a negative 1.5 million Euro compared to -3.9 million Euro in the first half of 2002. The EBIT margin stood at a negative 3.8 million Euro compared to -6.9 million Euro in the same period of 2002.

This result is primarily attributable to the positive effects of the staff cost cutting programming, the organisational rationalising plans and the divestment of non-performing businesses, as was envisaged in the industrial plan implemented at the beginning of the year.

The EBITDA margin for AISoftw@re S.p.A. shows a negative value of 0.4 million Euro while the relative EBIT stood at a negative value of 1.1 million Euro.

The Group's loss after taxes and write-downs amounts to 5.2million Euro, while the after-tax loss for AISoftw@re amounts to 1.2 million Euro.

The net financial position of the Group at 30 June 2003 stands at a negative value of 12.3 million Euro, showing an improvement of around 1 million Euro compared to 31 March '03. It is to be noted that, at 30 June, the transfer of the Textile business unit led to a contribution of 200,000 Euro as the payment of the first tranche.

As regards human resources, at 30 June 2003 AISoftw@re S.p.A. and its subsidiaries could count on staff numbering 354 employees and 43 regular external collaborators in line with the restructuring and reorganisation plans underway. At 1 August 2003, the number of staff fell further to 337 employees and 40 consultants.

### **AISoftw@re**

AISoftw@re Group is a company specialised in the design and development of software technologies with a high content of innovation, aimed at vertical, financial, medical imagining markets, and horizontal markets for high technological content integration projects. Founded in 1983, the company is currently listed on Nuovo Mercato of the Italian Stock Exchange (AISW). Consolidated revenues in 2002 were about Euro 30 million.

AISoftw@re works through three vertical companies: AISoftw@re Medical Solutions S.p.A. (digital imaging), AISoftw@re Technologies & Solutions S.p.A. and AISoftw@re Professional Services S.p.A (complex technological projects). The current Financial Solutions Business Area, specialised in software solutions for the banking and financial world, will form the Group's fourth industrial company. AISoftw@re has over 380 staff between employees and collaborators, and has operative sites in Milan (headquarters), Rome, Trento, Vicenza and Bologna.

### **Contacts**

#### **Press Office:**

Mr Marco Mancini

Phone +39-02-28014.1

Fax. +39-02-2610853

E-mail: [mmancini@ais.it](mailto:mmancini@ais.it)

#### **Investor Relations:**

Ms Alessia Vanzini

Phone +39-02-28014.1

Fax. +39-02-2610853

E-mail: [avanzini@ais.it](mailto:avanzini@ais.it)