



PRESS RELEASE

THE RESULTS FOR THE AISOFTW@RE GROUP'S SECOND QUARTER HAVE BEEN APPROVED, SHOWING REVENUES OF EURO 6.5 MILLION AND SUBSTANTIAL YEAR ON YEAR GROWTH IN THE MEDICAL SOLUTIONS AND TECHNOLOGIES & SOLUTIONS AREAS.

THE POSITIVE EFFECTS FROM THE REORGANISATION PROCESS HAVE BEEN CONFIRMED, RESULTING IN A SHARP IMPROVEMENT IN EBITDA BY 44% COMPARED TO Q2 2003 AND UP 79% OVER Q1 2004.

IMPROVEMENT IN THE NET FINANCIAL POSITION, UP BY 11% SINCE 31/3/04 AND 17% SINCE 31/12/03.

Milan, 4 August 2004 – The meeting of the Board of AISoftw@re, held under the chairmanship of Prof Francesco Gardin on today's date, passed resolution approving the results of the second quarter 2004 for both the company and the Group.

Below are some of the quarter's financial highlights.

Second Quarter 2004 Report

Main events in the quarter

- On April 30, 2004, the Shareholders' extraordinary meeting approved a proposed increase in share capital by payment, reserved to the company's shareholders, totalling no more than Euro 4 million inclusive of any share premium. On July 19, the details of the operation were defined, with a subscription ratio of three new shares for every eight shares held at the price of Euro 1.04. The option offer, amounting to a maximum of 3,842,448 shares, began on July 26, 2004 and will conclude on September 10, 2004, while the last day for trading option rights has been set at September 3, 2004.
- The management embarked on a rationalisation project for the business area operating in professional services (AISoftw@re Professional Services) whereby operations will focus on specialised services of high technological content with their improved margins, abandoning the area of generalised professional services.
- To support the industrial plan, it has become necessary to reinforce the capital and financial structure of the company by the increase in share capital and through a series of exceptional actions already put in place by the management:
 - ◆ Progressive incorporating of the controlled companies in order to make the structure even leaner, improve efficiency in the production processes with reduction of costs and optimising credit ratios;
 - ◆ acquiring medium term loans for improving the structure margin and to reduce financial charges;
 - ◆ sale or disposal of further operations or equity investments that are no longer strategic



Consolidated Group Results

Consolidated revenues in the second quarter 2004 totalled Euro 6.5 million, in line with the result of the same period a year earlier, but achieved with staff levels reduced by 19% (75 people). As a consequence, the per capita sales improved in the quarter by 22% year on year, and by 16% on the half-year basis to June 30.

The **value of production** in Q2 2004 was Euro 7 million, compared to Euro 7.1 million a year earlier.

Consolidated **EBITDA** in the period showed a substantial improvement (+44%), standing at Euro -129 thousand. This result is to be mainly attributed to the increase in sales margins and to the positive effects resulting from the programme of limiting fixed, direct and indirect costs and staff costs (reduced by 20%).

The EBITDA for the Financial Solutions and Medical Solutions areas was in positive territory, while a sharp improvement can be seen in the areas Technologies & Solutions and Professional Services.

EBIT in the second quarter 2004, considering solely ordinary operations, improved by 44% compared to 2003 (Q2 2003: Euro -1.3 million), but settles at Euro -1.7 million because of being affected by inventory allocations amounting to Euro 328 thousand and the write-down for depreciation amounting to Euro 688 thousand.

Pre-tax results in the second quarter 2004, taking the above into account, amounted to a negative Euro 2.8 million.

A considerable improvement in the Group's **net financial position**: at Euro -8.8 million, it is 16.6% better than at 31/12/2003 (Euro -10.6 million) and a 10.6% improvement since 31/3/2004 (Euro -9.9 million).

As regards **human resources**, AISoftw@re S.p.A. and its controlled companies have staff numbering 292 employees and 38 permanent co-workers, in line with the restructuring and rationalisation plans underway. Compared to Q2 2003, there has been a total reduction of 75 staff (19% fewer), of which 62 were employees.

Results of the Business Areas

In the second quarter 2004, all the Business Areas in the Group's industrial structure accelerated their operations for consolidation and organisational strengthening both on the commercial side and in terms of production, pursuing this year's cost reduction plan.

The breakdown of **consolidated revenues of the industrial Business Areas** is as follows:

(K Euro)	Q2 2004	Q2 2003	Change %
Financial Solutions	1,965	2,487	-21%
Medical Solutions	2,191	1,712 *	28%
Technologies & Solutions	1,471	947	55%
Professional Services	1,148	1,658	-31%

* net of revenues from the textiles sector

In the **Financial Solutions Business Area** ((IT solutions in support of corporate decisions in the banking and financial areas, and consisting of the BU Financial Solutions of AISoftw@re S.p.A. and Eta Beta Srl) revenues fell by 21% compared to 2003 but EBITDA improved sharply and amounted to Euro 358 thousand compared to Euro 117 thousand in Q2 2003.

The reduction in revenues in this quarter, although in line with the budget plans for the current year, is mainly due to concentrating on offering application solutions and to the reduction in the work of integrating third party systems which were resulting in low margins.

The project for creating the “new version of electronic loan issuing” was begun during the second quarter, following the directives of Basle II on the new technological platform IBM Websphere.

In addition, the first solutions for handling the provision of factoring services were installed.

The second quarter also saw the operative start of the Global Credit Management platform at seven banks in New Europe (Poland, Czech Republic, Slovak Republic, Croatia, Bulgaria, Rumania and Turkey).

These results testify to the importance and quality of the products and the offer, also confirmed by the numerous negotiations underway with some of the top banks.

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 achieved revenues of Euro 2.2 million, showing growth of 28% over the same period in 2003.

EBITDA reduced compared to the second quarter 2003 by 72%, to Euro 162 thousand, but nonetheless showing a considerable improvement over the first quarter 2004 (Euro -164 thousand).

During the second quarter, the inter-provincial remote-consultation network was created, referring to the hospital group of Padua.

6 new public and private hospital groups were acquired as customers in the second quarter, and sales operations continued in the German market with new installations.

In the **Technologies & Solutions Business Area** (IT solutions and projects of high added value), revenues in the second quarter rose sharply compared to Q2 2003 (+55%), to Euro 1.5 million.

Also EBITDA improved by 11% compared to the same period last year, to Euro -415 thousand. This result is primarily due to the major reduction in direct and indirect costs, and to the improvement in margins for single projects.



During the second quarter 2004, the portal of the new ABI Energia Consortium was created for ABI (the Italian Banking Association)

In the Defence sector, for AMS (Alenia Marconi Systems), the primary functions relating to the middleware (services based on Real-Time Corba) for the Combat Management System (CMS) were implemented for an important order.

Lastly, for EAI (Enterprise Application Integration), certain services for Postel are being engineered.

The **Professional Services Business Area** (providing professional consultancy for complex technological projects) recorded a reduction in revenues from Euro 1.6 million in Q2 2003 to Euro 1.1 million in the same quarter of this year.

Nonetheless, results for the quarter are in line with the new rationalisation plan of the area's operations. Comparing the first and second quarters of 2004, it can be seen that, despite a reduction in revenues of 10% in the second quarter, there was an 84% improvement in EBITDA (Euro -14 thousand in Q2 2004 as against Euro -91 thousand in Q1 2004).

This is an endorsement of the strategies implemented, aimed at improving margins by concentrating sales operations on specialised services of high technological content, and abandoning the segment of generalised professional services.

Results of AISoftw@re S.p.A

For the parent company, AISoftw@re S.p.A, which includes the Financial Solutions Business Unit, the **value of production** in the second quarter of 2004 was Euro 1.9 million, an improvement over the same period a year earlier (Euro 1.7 million).

Revenues were Euro 922 thousand, improving by 15% year on year (Euro 803 thousand at 30/6/03).

AISoftw@re S.p.A.'s **EBITDA margin** remains unchanged since last year, showing a negative value of Euro 132 thousand, while **EBIT** improved by 13% to a negative value of Euro 382 thousand.

The **pre-tax result** for AISoftw@re in the second quarter 2004 stood at a negative Euro 3.9 million, compared to Euro -441 thousand in the same period of 2003. This worsening of results is largely due to AISoftw@re S.p.A. waiving the amounts receivable from its subsidiary AIS Technologies & Solutions S.p.A. totalling Euro 3,320 million.

AISoftw@re

AISoftw@re SpA is a company specialised in the design and development of innovative software technologies aimed at financial, medical imaging vertical markets, and horizontal markets for high technological content integration projects. Founded in 1983, the company is currently listed on the Nuovo Mercato of the Italian Stock Exchange (AISW). Consolidated revenues in 2003 were about Euro 25 million.

AISoftw@re presently operates on the market through its Financial Solutions Business Area, specialised in software solutions for the banking and finance world, and three vertical companies: AISoftw@re Medical Solutions SpA (digital imaging), AISoftw@re Technologies & Solutions S.p.A. and AISoftw@re Professional Services SpA (complex technological projects). The AISoftw@re Group has over 292 staff between employees and collaborators, and has operative sites in Milan (Headquarters), Rome, Trento, Vicenza and Bologna.



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