

The Board of Directors approved the Q1 2001 Report for AISoftw@re Group

The transfer of K@work line of business from AISoftw@re and Keynmedia line of business from Itaca to Kstones SpA was completed

Milan, 14th May 2001

Today AISoftw@re Board of Directors approved the Q1 2001 report of AISoftw@re and of AISoftw@re Group.

Following is the summary of the most relevant data.

Q1 2001 Report (non audited report)

Summary of Company's results and Group Structure

Relevant Events

- 102% increase in Group revenues from 4,302 Million Liras (2.22 Million Euro) in Q1 2000 to 8.692 Million Liras (4.49 Milion Euro) in Q1 2001;
- Improvement towards consolidate Q1 2000 in EBITDA for 10,36%;and EBIT results both for AISoftw@re and the Group
- A new Company participation through Infusion (Mindmotion S.p.A.);
- Agreements for a new Company acquisition, consolidated in Q2 (GST S.r.l.);
- Set up of KStones to merge all Group activities on Knowledge Management;
- 135% increase in AISoftw@re value of production from 2,250 Million Liras (1.16 Million Euro) in Q1 2000 to 5,283 Million Liras (2.73 Million Euro) in Q1 2001;
- Improvement towards AISoftw@re SpA in EBITDA result for 57,02% from -1,499 Million Liras (0.77 Milion Euro) in Q1 2000 to Lit. -1,629 Milion Liras (0.84 Milion Euro) in Q1 2001and EBIT result for 32,29% from -2,405 Milion Liras (1.24 Milion Euro) in Q! 2000 to -1,629 Milion Liras (0.84 Milion Euro).
- In Q1 2001 the AISoftw@re revenues for Business Area represents the 16% of the global revenues forecasted for year 2001, while in Q1 2000 revenues for Business Area were equal to 8% of the global amout at 31/12/2000.

Group growth

In Q1 the Group based its growth strategy for 2001 focusing on the following:

- Completion of acquisitions for the medical area with GST S.r.l. (58.8%).
- Set up of the Business Areas offer consolidation plan in order to optimise the Group's synergies, resources and operational organization. KStones S.p.A. was established in line with this plan in order to create a Group internal structure specifically dedicated to Knowledge Management.

As concerns the growth of Infusion, a participation in Mindmotion(19%) was acquired and preliminary evaluation activities have started for the IPO of some of the companies participated by Infusion.

Business Overview

We consider Q1 results very positively since, in the past years, it always represented a very limited contribution to yearly revenues.

Q1 sales in our traditional business areas (considering only AISoftw@re) have registered an increase of 151% towards Q1 2000, for an amount of 3,402 million Liras (1.756 million Euro). AISoftw@re value of production overall increase is of 135% towards Q1 2000, for an amount of 5,283 million Liras. (2.728 million Euro).

Consolidated Group sales in the quarter have had an increase of 102 % towards Q1 2000 for a total amount of 8,692 million Itl. (4.489 million Euro).

AISoftw@re and Group Business Area Revenues Breakdown

AISoftw@re Q1 revenues for each Business Unit are as follows:

	Q1 2001 (mln Itl)	Var. %
Banking	597	119.71%
Medical Imaging	1,942	571.56%
Advanced Software Systems	863	8.71%

Group Q1 revenues for each Business Area are as follows:

	Q1 2001 (mln Itl)	Var. %
Banking	597	119.71%
Medical Imaging	2,254	679.40%
Advanced Software Systems	6,030	61.18%

In regard to the **Banking Business Area** the launch of the new "Global Credit Management" line of products has started collecting relevant consent from the market with a positive impact on commercial activity. A number of negotiations are undergoing a final stage; these will reposition the Business Area as a "Global Consulting Provider" in risk management.

The growth of the **Medical Imaging Business Area** was made possible consolidating the offer and giving strength to the commercial activity in new medical imaging market areas. Accordingly, a customisation of the product for the cardiology market is undergoing. Lastly the prosecution of the agreement signed with Eastman Kodak in year 2000, for the exclusive licencing of the DicomWare solution for digital imaging diagnosis in radiology allows the spreading of AISoftw@re.

The **Advanced Software Systems Business Area** growth is mainly due to the widening of the offer. New solutions for ASP, Data Intelligence, Networking Security and Communication have been added to the traditional and consolidated ones (Internet/Intranet projects and solutions, DBMS and Knowledge Management).

Financial data

AISoftw@re **EBITDA** improves of 57% equal to a negative value of 644 Million Liras (322,598 Euro) in 2001 compared to -1,499 Million Liras (0.77 Milion Euro) in 2000. Also the Group EBITDA improves of 10.36% equal to a negative value of 684 Million Liras (353,256 Euro) in Q1 2001 compared to -763 Milion Liras (394,056 Euro).

For what concerns AISoftw@re **EBIT**, an improvement of 32,29% has been registered, equal to a negative value of 1,629 Million Liras (841,308 Euro) in Q1 2001 compared to -2,405 Milion Liras (1.056 Milion Euro) in Q1 2000. The consolidated EBIT falls down of 24.83% equal to a negative value of 2,191 Million Liras (1.131 Million Euro) in Q1 2001 compared to -1,755 Milion Liras(0.906 Milion Euro) in Q1 2000.

The losses before taxes of AISoftw@re improves of 42,09% equal to a loss of 1,327 Million liras (685,338 Euro) in Q1 2001. At a consolidated level, there was a loss equal to 2,804 Million Liras (1,448 Million Euro) increased comparing to Q1 2000 (1,703 Million Liras – 879,526 Euro) due especially to the difference in consolidation of

the acquired and participated companies calculated with the shareholders equity method.

The **consolidated net financial position** improves of 50,5% equal to 21,036 Million Liras (10.86 Million Euro) in Q1 2001.

In the next period, it is expected to continue development of the Company and its subsidiaries by following the plans defined at the beginning of the year. In particular, some significant development projects are highlighted below:

- **Recruitment:** specific initiatives have been implemented by all Group companies in order to increase specialised technical resources as forecasted in AISoftw@re action plans for this year. The AISoftw@re Group confirms its recruitment plan for 2001 that forecast an increase of 43% at the end of the year.
- **Acquisitions:** it was finalized the Acquisition Committee activities to help the acquired companies in their integration process with the AISoftw@re Group structure and to examine new opportunities for acquisitions.
- **Budget:** the forecast budget costs set out at the beginning of the year are confirmed both at Group level and for each of the individual companies. The forecast budget in term of operating margin for all the Group companies are confirmed.

I would like to give particular thanks to the managers and staff who have devoted a great deal of energy to the various company activities, thereby enabling continued expansion of the Group.

Prof. Francesco Gardin

Chairman and Managing Director

In the same Board of Directors it was approved the transfer of k@work line of business from AISoftw@re and Keynmedia line of business from Itaca to KStones SpA (see press release dated 19th January 2001).

AISoftw@re

AISoftw@re SpA - 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 23rd November 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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