

Approved the Q2 results for the AISoftw@re Group: consolidated revenues have grown by 44.65% year on year at euro 7.68 million

A prudential depreciation of the value of the Infusion's investments has been made with a view to the approved merger into Brainspark

The de-merge of the Group's Financial Investments area has been set in motion, resulting in the allocation of Brainspark shares to AISoftw@re shareholders

The revenues forecast for 2002 is on target

Milan, 1 August 2002

The meeting of AISoftw@re's Board of Directors, held today under the chairmanship of Francesco Gardin, has approved the Q2 2002 AISoftw@re SpA and Group consolidated financial statements.

Below are shown some of the financial highlights.

## **Second Quarter Results 2002**

(unaudited report)

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

#### **Highlights**

- Consolidated revenues from sales in the second quarter 2002 at Euro 7.68 million, compared to Euro 5.31 million a year earlier (+44.65%). On a six month basis, there has been a 42.9% increase
- The major revenues increase over Q1 2002 (some 21.3%) is confirmation that the planned Euro 36 million in 2002 will be reached
- EBITDA at June 30 shows a negative value of Euro 3.83 million (compared to Euro 175 thousand in the same period of 2001), of which Euro 1.8 million deriving from the operations of the subsidiaries Infusion and Brainspark, and Euro 500 thousand absorbed by costs for restructuring
- The time schedule for the incorporation of Infusion into Brainspark is confirmed and, with this in mind, a prudential depreciation of the value of some of the equity investments belonging to Infusion has been conducted, showing a total value of Euro 6.2 million
- The plan to separate the area of industrial operations from the area of Group financial investments is underway
- Second quarter EBITDA for the Group's industrial area has considerably improved (Euro -0.576 million) compared to Q1 (Euro - 1.502 million)
- The Group net financial position has been improved from a negative Euro 10,832 million on March 31st to a negative Euro 5,389 million on June 30

#### **Developments in the Group**

##### ***Industrial Area***

In the second quarter of 2002, all Business Areas of the Group's industrial structure, have accelerated their consolidation and strengthening of their organisation both in sales and in production.

In the **Financial Solutions Area** (complex financial trading applications and IT solutions to back up corporate

decisions in the field of banking and finance), the operating structures, Eta Beta Srl and the Financial Solutions Business Unit of AISoftw@re S.p.A., are undertaking to integrate their specific skills in order to offer the market unique and innovative solutions. New application packages are in the final development process for delivery the second half of the year strengthening the offer in this market segment.

In the **Medical Solutions Area** (health service IT, systems for digital radiology, voice reporting and digital signatures), the subsidiary companies AISoftw@re Medical Solutions & Program S.p.A. and GST Srl, are working on:

- continuing with the progressive restructuring of the sales and distribution network with the aim of broadening the number of partners distributing products (suppliers of radiology equipment, films and health service IT systems), and in participating in public tenders for supplies (either directly or in a temporary association with other companies) proposed by single hospitals, local and regional health authorities;
- to develop the offer of applications and services in the medical area through completing the integration of the voice, data and image technology and with the start up of new investments to run the same functions in ASP mode.

In the **Technologies & Solutions Area** (added value solutions and IT projects), the subsidiary company ODX Srl and GSQ Srl, have been merged, and the same process has been started for Farm Multimedia Srl, specialised in Web Communication & Multimedia.

AISoftw@re Technologies & Solutions S.p.A., has reinforced its sales structure, has appointed a Managing Director with consolidated experience in the sector of Information and Communications Technologies and has also completed its logistics reorganisation aimed at reducing operating costs.

In the **Professional Services Area** (supply of professional consultancy and training for complex technological projects) there has been completed the merger of SE Informatica Nord Srl and Labornet Sistemi S.p.A. into AISoftw@re Professional Services S.p.A.

The operational reorganisation of the three offices in Rome, Milan and Florence has also been completed.

As regards staffing, AISoftw@re Spa and its subsidiaries can count on 422 employees and 80 regular collaborators, showing an increase of 32 since January 1, 2002. It is envisaged that the organisational structure will remain stable during the year.

### **Financial Investments Area**

During the second quarter, AISoftw@re has continued with its plan to strength the technological investments thought the two subsidiary companies: Infusion, the financial-industrial accelerator for the Group, and Brainspark, the incubator enterprise in London listed on AIM (the Alternative Investment Market), specialised in investing venture capital in IT companies and B2B professional online services.

In May the procedures for the transfer to Brainspark of the equity investments belonging to Infusion were formally started, entrusting the independent evaluations to Ernst & Young. At the same time a manager with years of experience in the IT sector, has been appointed as General Manager of Infusion.

### **Overview of the Business**

The Group results of the second quarter 2002 can be considered positive in view of the strong growth in consolidated revenues in respect to both the corresponding period of 2001, at Euro 7.68 million compared to Euro 5.31 million (+44.65%), and compared to the Q1 2002 (+21,44%). The consolidated value of production also shows a positive performance, going from Euro 6.41 million in the second quarter 2001 to Euro 8.14 million in 2002 (+ 26.84%).

The consolidation, since January 1st 2002, of Eta Beta Srl took part in such positive results.

The plan for a sharp separation between the industrial and financial areas is going according to plan. The up today restructuring cost of Euro 500,000 has already been entirely expensed.

### Breakdown of Consolidated Sales

Following the corporate mergers which took place as of January 1, 2002, the figures relating to AISoftw@re SpA are not shown since they cannot be compared with those of the corresponding period in 2001.

Consolidated revenues of the Area of Industrial Operations are therefore broken down as follows:

(Euro)	Q1 2002	Q2 2002	H1 2002
Financial Solutions	1.929.388	2.916.270	4.845.648
Medical Solutions	961.152	1.065.821	2.026.973
Technologies & Solutions	739.150	917.703	1.656.853
Professional Services	2.698.817	2.778.027	5.476.844
<b>Totale</b>	<b>6.328.507</b>	<b>7.677.821</b>	<b>14.006.318</b>

The performance resulting from the **Financial Solutions Business Area** has been particularly good, compared to both 2001 and to first quarter (+51.2%). These results come not only from the strengthened activity in the credit risk evaluation area, but also for the positive new joint market activities of the Business Unit and Eta Beta and from the acquisition of new customers through e-business solutions, microchip technologies and knowledge management.

The **Medical Solutions Business Area** revenues have increased since the first quarter (+10.9%), but they are still lower than in the same period of 2001 due to the distribution channel differentiation required to assure a stronger growth in the medium term.

However, there has been a strong increase in the sales achieved by the direct sales force and other leading indicators are anticipating positive effects for the second half of the year.

In the textile sector, in which AISoftw@re Medical Solutions & Program S.p.A. has a strong presence, there has been set up the installation of the application solution ModelForm with web functions with the first pilot customer.

The **Technologies & Solutions Business Area** has significantly increased the revenues compared to Q1 (+24.2%) and has brought important nationwide projects in B2B services to completion. The company has completed the re-defining of the offer, resulting in technical and commercial focusing on the e-business, business intelligence, embedded solutions for defence and aerospace, informatic security sectors. The first results arrived with the acquisition of major orders deriving from the participation in various public offers.

The Professional Services Business Area is maintaining a constant growth trend (+3.0%), although still affected by the negative period in the market, particularly in the Telecom sector and in the Central-South area.

### Subsequent events

After the closing of the second quarter, on July 25 Brainspark's AGM granted to its Board of Directors the mandate to proceed with the acquisition of Infusion's equity investments also through the issue of new shares

(whose value will be defined later), to be used in this operation and for other similar future operations.

On today's date, the AISoftw@re's Board of Directors has resolved to proceed with the write down of the investment held by Infusion in Stock Academy (100% controlled), a UK company operating in the sector of integrated management of on-line financial services through its own multi-level platform, and in Mindmotion (with a 31.9% holding) which has web solutions in the HRM and CRM areas.

In the first case, the stock market conditions led to a collapse in the volumes of shares traded to an extent that made the company's revenues impossible to forecast in the short term. Therefore, after the issue of a capital increase of GB £.680 thousand, a partner was searched for in order to transfer the business.

In the second case, the majority shareholders felt that there were no longer the conditions necessary for the continuation of operations.

The reduction of the equity investments forms part of the process of rationalisation of the financial area, which began with the specific objective of concentrating investments in profitable businesses and to successfully bring to a conclusion the creation of a structure able to compete in international markets and create value.

### **Financial Data**

**EBITDA** for the Group has moved from Euro 528 thousand in the second quarter of 2001 to a negative value of Euro 2.18 million in the same period of 2002.

**EBIT** passes from a negative Euro 222 thousand in Q2 2001, to a negative Euro 4.86 million in 2002.

The Group **consolidated net financial position** has been improved from a negative Euro 10,832 million on March 31st to a negative Euro 5,389 million on June 30.

The variation mainly arises to the Brainspark statements consolidation (Euro 7.07 million) and to the second quarter acquisitions and capital increases.

**Shareholders' equity** is at Euro 26.6 million, compared to Euro 41.8 million in the same period of 2001, and is due to the Infusions equity depreciation.

### **Budget 2002**

The results achieved to June 30 and the evolution forecast in the market during the second half of the year make it possible to confirm the forecast for 2002 in consolidated revenues which, as communicated last May 14, will be at around Euro 36 million, showing a substantial year on year growth of approximately 30%.

*"This quarter concludes one growth cycle of the company and signals the start of a new stage.- Remarks Francesco Gardin, Chairman and CEO of AISoftw@re - By now, the corporate industrial companies have banded together, and AISoftw@re will soon become an industrial holding controlling three vertical companies in the sectors of medical software, financial software and in the design of complex software systems. After the transfer of Infusion's equity investments to Brainspark (listed on AIM in London), the financial investments area will be spun off from the industrial holding and become fully independent, with its own objectives and strategies.*

*After the following de-merge, AISoftw@re shareholders will directly hold shares in Brainspark Plc. The quarterly results are therefore to be seen in this context, and basically show a confirmation of the planned revenues for the quarter and the half year. The income statement is mainly conditioned to the write down of INFUSION's equity investments, recorded prior to its transfer to Brainspark, as well as from extraordinary operations for aggregating the industrial companies and from the ordinary operations of Infusion and Brainspark, the second of which was consolidated in the Group during this quarter.*

*A detailed examination of the costs and revenues from just the industrial component gives a profitability result already in this period conditioned by the reaching of the revenues forecast and confirmed to date.*

*The growth in the industrial component in the quarter was 44% (43% for the half year) compared to the same periods a year earlier. The net financial position, net of investments for acquisitions and increases in capital of Euro 1.5 million, has remained substantially unchanged.”*

## **AISoftw@re**

AISoftw@re S.p.A., founded in 1983 and with consolidated Group sales in 2001 of over 26.7 million Euro is a company specialised in the development of technologically advanced knowledge processing and decision-support data-mining Internet and Intranet solutions. The technical expertise acquired and the large portfolio of proprietary products enable AISoftw@re to be positioned as the leading company in software solutions for financial markets, medical imaging and broadband Internet. AISoftw@re, listed on Nasdaq Europe (AISW) and on the Nuovo Mercato on the Italian Bourse (AISW), is pursuing a programme of growth both through acquisitions and equity investments in companies in tune with the parent company's business model, as well as through a policy of international expansion. A program rationalising the structure into three business areas has been recently undertaken, resulting in the setting up of three vertical companies: AISoftw@re Medical Solutions & Program Spa, AISoftw@re Technologies & Solutions Spa and AISoftw@re Professional Services Spa. By the end of 2002, the present Banking & Insurance Business Area, specialised in software solutions for the banking and financial community, will form the fourth industrial company of the Group under the name AISoftw@re Financial Solutions Spa. The AISoftw@re Group, with over 460 employees and collaborators, is headquartered in Milan with offices in Rome, Florence, Trento, Vicenza and Bologna.

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