

AISoftw@re Group: Half Year Results Approved

- Consolidated revenues from sales of EUR 14,014,091 in the first half year compared to EUR 9,801,760 in 2001, an increase of 42,98%
- EBITDA at 30 June shows a negative value of EUR 3.827 million (compared to EUR 176 thousand in the same period last year), of which EUR 1.8 million deriving from operations by the financial subsidiaries Infusion and Brainspark and EUR 300 thousand for restructuring costs
- A prudential write-down of the value in some of the Group's financial investments, totalling EUR 6.5 million
- The Group's net financial position has improved, passing from a negative EUR 10.832 million at 31 March to a negative EUR 5.365 million at 30 June 2002

Milan, 1 October 2002

AISoftw@re's Board meeting, concluded today under the chairmanship of Francesco Gardin, has approved the interim financial statements for AISoftw@re S.p.A. and the consolidated statements for the Group for the first half 2002.

Considering the sharp drop in the market's growth, the results achieved by the Group in the first six months of the year have been positive on the whole. Consolidated revenues, net of financing, were EUR 14.014 million, showing strong year on year growth.

This result was helped by the entry into the Group of the companies Eta Beta and Labornet Sistemi and the consequent process of aggregating the industrial operations which have made it possible to consolidate and concentrate the offer of products and services in strategic market sectors, while simultaneously reorganising the direct and indirect distribution networks.

Consolidated EBITDA showed a negative EUR 3.827 million (compared to EUR 176 thousand in the same half of 2001). The various business components in the Group supported in differing extents to this result.

A sharp fall in market tariffs for professional services and the reduction of investments by users to acquire licensing rights have undermined the margins from these types of earnings. Although there were increases achieved in the supply of technologically complex projects and facility management services, these were not able, in the first half year, to offset the reduction in margins. However, the forecast revenues for the second half suggest that ground will be made up in this area.

Although the process of aggregating the industrial structures, which incurred exceptional costs of around EUR 300,000 during the period, is not yet completed, it has already resulted in positive effects – a trend which makes it possible to foresee a further reduction of G&A costs during the second half of the year.

Overall, EBITDA in the Group's industrial area showed an improvement in the second quarter (EUR –0.576 million) compared to the first quarter (EUR –1.502 million).

The operations of the Group's financial subsidiaries, Infusion S.p.A. and Brainspark Plc, the second of which only entered in the consolidated area as of first half 2002, have incurred a loss of EUR 1.8 million. This loss is due to operating costs for the management of their 16 equity investments and, for EUR 180 thousand, to exceptional costs linked to the process underway for the transfer of Infusion's assets to Brainspark.

Nonetheless, AISoftw@re's Board has decided to define and quickly implement a plan for the reduction of costs in order to achieve the objectives set for 2002.

Breakdown of consolidated sales

Following the acquisitions and incorporations starting from 1 January 2002, figures for AISoftw@re S.p.A. are not shown since they are not comparable with the same half-year period of 2001.

Consolidated sales for the Group's industrial business areas are broken down as follows:

(Euro)	H1 2002	H1 2001
Financial Solutions	4.736.433	1.558.099
Medical Solutions	2.026.973	2.023.445
Technologies & Solutions	1.561.468	3.110.166
Professional Services	5.476.844	3.110.050
Other sales and revenues	212.373	-----

Industrial Area

Financial Solutions Business Area

Once again, the Financial Solutions Business Area has not been affected by the aggregation underway in the banking sector and shows good performance levels (+ 203,0%), achieved most of all through a combination of three factors:

- the competitive model of the Business Unit, based on an integrated offer of very vertical niche products;
- the offer of professional consultancy for complex projects;
- the start up of business synergies with Eta Beta after its entry into the Group.

The business policy in the first half of the year has concentrated on major projects on the Global Credit Management platform (which have led to the acquisition of new important references), as well as on the offer of new Facility Management solutions. Two important joint business agreements were also signed: the first for the distribution of a software application, directed towards customers of Banks and aimed at the self-configuration of services utilised remotely; the second for the distribution of a solution dedicated to the improvement of services offered by providers (such as Reuter and Bloomberg) to traders. Lastly, the Business Unit has developed Fidigest, a new software solution for managing all operations connected to the supply of credit, which completes the family of products offered by AISoftw@re in the sector.

Medical Solutions Business Area

Revenues from the Medical Solutions Business Area, which have increased since the first quarter, are equivalent to the same half year of 2001 due to the diversification of sales channels still underway, implemented in order to build the basis for greater growth in revenues and margins starting from the second half of the year.

Business policy has concentrated on taking part in tenders (directly or together with other partners) for major projects, aiming at increasing the number of medium to large customers. Alongside the Public Administration sector, which continues to generate the main share of the company's sales, an incisive commercial operation has been started in the "Private Clinics" sector which has led to the direct acquisition of new contracts. New installations have also been put in cardiology, gynaecology and gastro-enterology departments, areas in which we shall further focus our offer.

One of the more important new technologies presented by the company in the first six months is the Easy Reporting Station for the integration of voice/data/images and the electronic signature function, which enables the Medical Area to enrich and supplement the traditional offer of digital systems for diagnostic imaging. Our presence on international markets (USA, Germany and UK) will be reinforced by alliances with local operators.

In the textile sector, where the Group works through the Program brand, the company has started distributing the new digital imaging product with Web function. The new solution from the ModelForm line, conceived and developed for the online management of technical sheets for production, will enable AISoftw@re to offer the Italian clothing market a strongly innovative product which has two goals: the acquisition of new customers and a cross-selling action among over 80 prestigious and well-established references.

Technologies & Solutions Business Area

The Technologies & Solutions Business Area has had a fall in revenues year on year, having been affected by the current slump in the sector of IT projects and, in particular, that of Telecommunications. In the first half of 2002, the company completed the development of important nationwide projects in B2B services, and has had major orders placed for projects in the field of business intelligence and e-business. Among others, there is the technological solution, XML based, for data transfer by Postel, the design of Intranet for a Central Public Major Administration and research into an e-government system for the Local Public Administration.

There has also been signed a distribution agreement with the israelian company Cyber Ark for the retail of a worldwide leading products aimed at the sector of IT security, an area to which major companies are dedicating an increasing amount of attention and resources.

These initiatives are likely to result in a significant increase in revenues starting from the second half of the year.

Professional Services Business Area

Business in the Professional Services Area (provision of professional consultancy and training for complex technological projects) is continuing to constantly develop, despite the negative period in the market, particularly in Telecommunications and in the Centre and South of Italy.

This scenario does not show signs of recovery which leads to strong competition in terms of tariffs and margins.

Financial Investments Area

During the second quarter, AISoftw@re continued its plan for consolidation and rationalisation of technological investments through its subsidiary companies: Infusion, financial-industrial accelerator of the Group and Brainspark, a venture capitalist from London listed on AIM (Alternative Investment Market) specialised in investing in IT and professional online B2B services companies.

In May, the procedures for the transfer of the equity investment in Infusion to Brainspark began, with an independent evaluation of the company being carried out by Ernst Young.

The consolidated results to June 30 have taken account of the result of the new evaluation of the equity investments of Infusion, which led to a write-down of EUR 6.5 million.

As already taken account and announced at the time of approving the results for the second quarter of 2002, in July the procedures for putting the companies Mindmotion and Stock Academy into liquidation were put into motion. For the second company, as per its own indications in September, a further EUR 321 thousand was prudentially absorbed in the consolidated results for the half year as the doubtful debts reserve regarding some of the companies in the Group.

The reduction in the equity investments forms part of the process of rationalisation of the financial area, started up with the specific intention of concentrating investments in profitable businesses and to bring to a successful conclusion the development of a structure able to compete on international markets and create value.

Equity and Financial Position

As a consequence of the points previously made, EBIT moves from a negative value of EUR 1.354 million in the first half of 2001 to a negative value of EUR 6.937 million in 2002.

The Group's net financial position at 30 June 2002 has considerably improved to a negative value of EUR 5.365 million compared to the negative value of EUR 10.832 million at 31 March 2002.

This result is largely due to the consolidation of Brainspark's financial statements (EUR 7.07 million) and to the investments for the acquisitions and increases in capital made during the period.

The variation in shareholders' equity, at EUR 26.34 million compared to EUR 41.8 million in the same period a year earlier, has largely been generated by the write-downs of some of Infusion's equity investments.

"The figures for the AISoftw@re Group for the first half of 2002", remarks Francesco Gardin, Chairman and CEO of AISoftw@re, "reflect the effort put into internal reorganisation currently in progress due to the effect of merging companies acquired, after four times growth in the staff and equivalent growth in revenues which has taken place starting from January 2000. Simultaneously with the merger and subsequent separation of the venture capital operations of Brainspark PLC and Infusion S.p.A. from the Group, the focus in the second half of the year will be put on business and the reduction of costs in order to attain the financial results already announced for the current period".

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 500 employees and collaborators, is headquartered in Milan with offices in Rome, Florence, Trento, Vicenza and Bologna.

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