

Quarterly results for the AISoftw@re group approved: consolidated income of Euro 19.7 Million, up 23.2% year on year thanks to the positive performance by the Financial and Medical Solutions areas.

The transfer of Infusion's assets to the subsidiary Brainspark on 29 October 2002 brings the group's interest in this company – listed on AIM at the London Stock Exchange – to 77.31%, a counter-value of Euro 9.6 Million.

The planned separation of the industrial software area from the Financial Area (represented by Brainspark) has been approved to start within the next three months, and the forecast budget for 2002 income has been updated.

Milan, 13 November 2002

AISoftw@re's Board of Directors Meeting, held on today's date under the chairmanship of Francesco Gardin, has approved the Q3 2002 AISoftw@re SpA and Group consolidated reports.

Below is a selection of the financial highlights.

### **Third Quarter Results 2002**

(uncertified report)

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

##### **Highlights**

- Consolidated revenues of Euro 19.72 million to 30 September, up 23.1% on the Euro 16.020 million of the same period in 2001
- The value of production in the third quarter 2002 stands at Euro 7.178 million, unchanged from the previous year.
- EBITDA at 30 September shows a negative value of Euro 6.146 million, of which Euro 3.6 million incurred by the operations by the financial subsidiaries Infusion and Brainspark, 2.6 million by the Technologies & Solutions area and Euro 0.4 million for restructuring costs entirely expensed in the period.
  - EBITDA for the remaining industrial areas (Medical, Financial, Professional Services) remains positive at Euro 0.45 million.
  - In the same period of 2001, consolidated EBITDA proved to be roughly the same.
- The process of transferring Infusion's investments to Brainspark began
- The planned separation of the industrial operations from the Group's financial investments continues
- The Group's net financial position stands at a negative Euro 10.38 million.

##### **Group Developments**

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

In the third quarter of 2002, all the Business Areas in the Group's industrial structure have accelerated the work of consolidation and organisational strengthening of both the commercial and the productive sectors, pursuing the cost reduction plan set out in July.

In the **Financial Solutions Business Area** (complex financial trading applications and IT solutions to back corporate decisions in the banking and financial areas), the creation of a new solution in the credit area (Fidigest) has been completed, and the first offers of this product are being finalised.

Demand for high added value professional services in the banking sector has been growing at a faster pace.

With the range of references acquired, business in outsourcing and Technological Facility Management for Banks has expanded in the third quarter.

In the **Medical Solutions Business Area** (health service IT, digital radiology systems, voice reporting and digital signatures) the companies controlled by AISoftw@re Medical Solutions & Program S.p.A. and GST Srl have particularly concentrated their attention on:

- strengthening the sales structure in order to operate directly on the market;
- trying out, with several health institutes, the supply of solutions for the radiology department in ASP mode.

In the **Technologies & Solutions Business Area** (high added value IT solutions and projects), steps have been taken to focus on sales and marketing operations, giving preference to the Public Administration area, which has resulted in numerous negotiations arising from public tenders.

The creation of a new “Flow Management” solution has also been achieved, which completes the offer in the e-business area, aimed at facilitating the development of component-based applications.

In the **Professional Services Business Area** (supply of professional consultancy and training for complex technological projects), significant investments have been made in the area of training courses in the emerging technologies aimed at internal technical staff.

During the third quarter, also the Professional Services Area has directed its offer to the Public Administration area, involving various Temporary Joint-Ventures with leading IT companies to take part in bids for tenders.

As regards human resources, AISoftw@re Spa and its subsidiaries currently have some 403 employees and 70 permanent collaborators, which is in line with the reorganisation and rationalisation plans underway.

### ***Financial Investments Area***

The procedures for transferring Infusion’s interests to Brainspark were formally started during the third quarter, with an independent valuation being provided by Ernst & Young.

On 29 October, AISoftw@re and Brainspark formally signed the agreement for the acquisition of some of the operations currently in Infusion S.p.A.’s portfolio (Geosim System Ltd., San Vicente Group, ACS S.p.A., Impression S.p.A., Ludonet S.p.A.)

The value of the operation exceeds Euro 8 million in total, which amount includes Euro 1.6 million cash, 2.1 million as the reimbursement of Brainspark’s loan to Infusion S.p.A and Euro 4.3 million deriving from the allocation of 64.147,004 new Brainspark ordinary shares valued at 4.25p per share ( with a par value of 1p each) to Infusion. The new issue Brainspark shares represent about 34.23% of the company’s total ordinary shares after the capital increase, while AISoftw@re’s investment in Brainspark’s capital amounts to around 43%.

### **Overview del Business**

The results achieved by the Group in the third quarter can be considered positive considering the general slow-down in the reference markets seen from the beginning of the year.

Despite the contribution of consolidating Eta Beta from this year, the 23.1% increase in revenues over 2001 is nonetheless a significant growth in the Group’s industrial area in the reference market.

The slowdown in results from the Technologies & Solutions company compared to a year earlier has been amply offset by the other Business Areas.

### **Breakdown of Consolidated Sales**

Following the corporate integrations from 1 January 2002, figures relating to AISoftw@re SpA are not shown since they cannot be compared to the same quarter of 2001.

**Consolidated income for the industrial area** are broken down as follows:

<b>(Millions/Euro)</b>	<b>30/9/2002</b>	<b>30/9/2001</b>
Financial Solutions	7,50	2,60
Medical Solutions	2,64	3,32
Technologies & Solutions	2,48	10,59
Professional Services	7,78	

Apart from the consolidated operations in the credit risk assessment area, the results from the **Financial Solutions Business Area** also derive from the synergic positioning on the market of AISoftw@re's Business Unit and Eta Beta, as well as the acquisition of new customers in the e-business, microcircuit and knowledge management areas.

Revenues from the **Medical Solutions Business Area** are lower than in 2001 due to the diversification of the sales channels made necessary in order to guarantee greater medium term growth. The extent of the order backlog will guarantee a strong increase in revenues in the fourth quarter.

The textiles sector, in which AISoftw@re Medical Solutions & Program S.p.A. has a major presence, the first installations of the new application solution ModelForm with Web functions have been completed.

The **Technologies & Solutions Business Area** which, more than any other, has been affected by the slump in the market, has concentrated in redefining and expanding its offer, with a consequent focusing on the e-business, business intelligence sectors with embedded solutions for defence and aerospace and IT security.

The business in the **Professional Services Area** keeps up a constant development trend, despite still being affected by the negative period in the market, particularly in the telecom sector and the Central-South area. This situation has brought about the request for "ordinary earnings welfare payments" for 30 employees at the Rome and Carsoli (Aquila) sites.

### **Financial Data**

**EBIT** at 30 September stands at a negative amount of Euro 10.5 million, of which Euro 4.2 million for financial operations. The negative EBIT of Euro 6.3 million for the industrial area, which was largely made up of amortisation on acquisitions, is due to strongly recover in the fourth quarter as has occurred in all the previous periods (seasonal variations).

The Group's **net financial position** records a negative value of Euro 10.4 million (Euro 5.4 million at 30 June 2002). Euro 4 million of this increase are to be attributed to financial operations.

**Shareholders' equity** stands at Euro 23 million compared to Euro 39 million at 31/12/2001.

### **Budget 2002**

In the light of market trends in professional services which have brought about a reduction in the results achieved by AISoftw@re Technologies & Solutions and AISoftw@re Professional Services companies during the year, the forecast for consolidated revenues at the end of 2002 has been prudentially revised down to Euro 30 million (compared to Euro 36 million declared). Nonetheless, this amount still results in substantial year on year growth of around 12%, despite the generally poor economic situation.

*"The results for the quarter closed at 30 September, and the conclusion in the subsequent weeks of the operation with the subsidiary Brainspark, listed on AIM at the London Stock Exchange" - remarks Francesco Gardin, Chairman and CEO of AISoftw@re - "confirm the dynamics of the Group's rationalisation stage. AISoftw@re has moved from being a software house to an Industrial Holding which controls three industrial software companies: AISoftw@re Medical Solution, AISoftw@re Technologies & Solutions e*

*AISoftw@re Professional Services, to which there is shortly to be added the newly formed company AISoftw@re Financial Solutions, specialised in software solutions for the banking and financial world. The effort put into this rationalisation in the first three quarters of 2002 has been considerable.*

*Three companies are currently fully operational, the EBIT results forecast for year-end should confirm this, while the fourth, AISoftw@re Technologies & Solutions, an integration of various companies, will become operational during 2003 having so far completed the fine tuning of the offer and the national and international strategic alliances.*

*Lastly, the start up of the operational project approved by today's Board meeting for the separation of the industrial software operations from those of Brainspark's investments, to be completed within three months – very likely through an extraordinary dividend to AISoftw@re's shareholders – will have an immediate effect of improving of AISoftw@re's industrial ratio since it shall no longer have to consolidate the capital losses of the financial investments typical to this activity, particularly during the initial stages of these companies”.*

## **AISoftw@re**

AISoftw@re SpA is a company specialised in the design and development of software technologies with a high content of innovation, aimed at vertical, financial, medical imaging, textile markets, and horizontal markets for high technological content integration projects. Founded in 1983, the company is currently listed on NASDAQ Europe (AISW) and on the Nuovo Mercato of the Italian Stock Exchange (AISW). Consolidated revenues in 2001 were Euro 26.7 million.

AISoftw@re works through three vertical companies: AISoftw@re Medical Solutions & Program 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 by the end of 2002. AISoftw@re has over 460 staff between employees and collaborators, and has operative sites in Milan (headquarters), Rome, Florence, Trento, Vicenza and Bologna.

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