



Enterprise Intelligence for the Digital Economy™

FOR IMMEDIATE RELEASE:

ANGOSS REPORTS OPERATING PROFITS UP IN SECOND QUARTER RESULTS

Toronto, Canada – July 2, 2002

ANGOSS Software Corporation (TVX: ANC) released today its unaudited results for the second quarter and six month periods ended May 31, 2002, reporting revenue growth and improved operating profitability over first half 2001 results. During the second quarter, operating profitability continued to improve, despite a challenging business environment that resulted in flat second quarter North American and lower European data mining revenues compared with second quarter 2001 results.

During the first half of 2002 revenues of \$2,544,217 increased by 9% over 2001 results (\$2,339,853). 19% growth in North American data mining revenues were offset by a 30% drop in European data mining revenues. Operating profit and net income for the six months to May 31, 2002 increased to \$226,721 (2001: loss of \$301,329) and \$631,186 (2001: loss of \$372,555), respectively. A non-core business, divested in Q1, 2002, had accounted for 5% (\$138,496) of first half 2001 revenues (2002: \$2,149).

During the second quarter of 2002, revenues of \$1,225,454 were off from 2001 results (\$1,372,056). Flat North American data mining revenues were offset by a 60% drop in European data mining revenues from record Q2 2001 European sales. Operating profit and net income for the second quarter increased to \$138,126 (2001: \$14,554) and \$117,196 (2001: \$2,507), respectively. A non-core business, divested in Q1, 2002, had accounted for 8% (\$110,754) of second quarter 2001 revenues (2002: \$Nil).

“Although we have achieved revenue growth and improved operating profitability over the first half of 2002, we continue to experience a tough business environment” commented ANGOSS President Eric Apps. “Conditions vary by region, by industry, and by client. As has been noted by analysts and software vendors across our industry, closing business continues to be challenging everywhere and this environment may persist through the balance of 2002.”

ANGOSS reported substantial improvements in operating profitability and net income growth in year to date and second quarter results. For the six months ended May 31, 2002, operating income improved by approximately \$528,000 over 2001 results, primarily as a result of data mining revenue growth and lower operating expenses. Year over year operating expenses declined as a result of reductions in general and administrative expenses, more focused marketing expenses, and the positive impacts of tax credits available to the Company to offset overall research and development expenses associated with product development. Net income of \$631,186 (or \$0.02 per share) for the six months ended May 31, 2002 improved by approximately \$1 million over comparable 2001 results (loss of \$372,555 or \$0.01 per share) due to revenue growth, improvements in operating profitability, and the previously disclosed gain realized on the divestment of a non-core business.

“We have improved operating profitability over 2001 results by growing revenues, and better aligning our expenses with revenues, while improving our balance sheet and maintaining our investments in sales, services and product development” commented ANGOSS Chief Financial Officer Lon Vining. “These efforts should position the company well for revenue growth as and when business conditions improve. In light of the current environment, we continue to manage our operations prudently pending stronger evidence of growth in software spending among our clients.”

Operating Highlights

The Company continues to expand relationships with existing and new clients, with 2002 revenue growth primarily in its core financial services client base. Second quarter revenues were derived from licensing, license renewal, services and solution delivery agreements with numerous existing and new clients using ANGOSS data mining solutions for marketing analytics, credit analytics and risk management applications.

Solution delivery revenues which include training, engineering and other development and data mining services provided to clients and partners, increased 32% during the second quarter of 2002 and are up 33% for the six months ended May 31, 2002 over 2001 results.

ANGOSS has also successfully completed its beta testing program for KnowledgeSTUDIO | KnowledgeSERVER 4. The KnowledgeSTUDIO | KnowledgeSERVER 4 release candidate is scheduled to be available in July, 2002, with deliveries to clients commencing during the third quarter. Revised user, departmental and enterprise pricing has been implemented to reflect product enhancements.

Results Summary

Unaudited preliminary results for the three and six months ended May 31, 2002 are as follows:

ANGOSS Software Corporation Income Statement Information

(stated in Canadian dollars)
For the period ended May 31

	Three Months		Six Months	
	2002	2001	2002	2001
Revenues	\$ 1,225,454	\$ 1,372,056	\$ 2,544,217	\$ 2,339,853
Gross Margin	1,220,497	1,346,272	2,535,606	2,302,076
Operating Expenses				
General and administration	297,855	344,824	587,874	683,117
Sales and marketing	541,722	635,589	1,170,586	1,223,766
Research and development expenditures, net	242,794	351,305	550,425	696,522
	1,082,371	1,331,718	2,308,885	2,603,405
Operating (loss) income	138,126	14,554	226,721	(301,329)
TRIFOX recovery (expenses)	35,394	51,644	35,394	51,644
Gain on the sale of SmartWare business	46,217	-	581,771	-
Interest in SmartWare Corporation	208	-	20,817	-
Amortization	(28,366)	(54,222)	(56,705)	(108,248)
Foreign exchange gain (loss)	(77,682)	(7,275)	(46,935)	(9,774)
Financing fees and related interest	3,299	(2,194)	(4,877)	(4,848)
Income (loss) before	117,196	2,507	756,186	(372,555)
Income taxes	-	-	(125,000)	-
Net Income	\$ 117,196	\$ 2,507	\$ 631,186	\$ (372,555)
Basic and diluted earnings (loss) per share	\$ 0.00	\$ 0.00	\$ 0.02	\$ (0.01)
Weighted average number of shares outstanding				
Basic	38,402,096	38,153,583	38,395,594	38,113,608
Diluted	38,972,618	39,534,967	38,998,291	38,113,608

Selected Cash Flow Information

(stated in Canadian dollars)
For the period ended May 31

	Three Months		Six Months	
	2002	2001	2002	2001
Cash (used in) operating activities	(43,578)	(228,149)	(89,369)	(261,604)
Cash (used in) investing activities	(8,641)	(18,468)	(178,578)	(31,253)
Cash provided by (used in) financing activities	(20,091)	42,962	(12,730)	43,227
Net (decrease) in cash during the period	(72,310)	(203,655)	(280,677)	(249,630)

Selected Balance Sheet Information
(stated in Canadian dollars)

	May 31, 2002	November 30, 2001
Cash and cash equivalents	\$ 724,118	\$ 1,004,795
Accounts receivable	1,109,730	1,096,517
Prepaid expenses and other	74,554	92,201
Other assets	155,723	231,515
Total assets	<u>\$ 2,064,125</u>	<u>\$ 2,425,028</u>
Accounts payable and accrued liabilities	\$ 233,056	\$ 504,124
Current portion of deferred revenue	497,139	592,616
Other	16,162	778,976
Total current liabilities	<u>\$ 746,357</u>	<u>\$ 1,875,716</u>
Total liabilities	1,010,805	2,017,644
Total shareholders' equity	<u>1,053,320</u>	<u>407,384</u>
Liabilities and shareholders' equity	<u>\$ 2,064,125</u>	<u>\$ 2,425,028</u>

About ANGOSS Software Corporation

ANGOSS Software Corporation, headquartered in Toronto, Canada, develops data mining software solutions that help business organizations across financial services, telecommunications, pharmaceuticals, retailing and manufacturing industries make "Better Business Decisions. Every Day."TM

ANGOSS data mining solutions includes:

- KnowledgeSEEKER®, KnowledgeSTUDIO®, KnowledgeExcelerator® and KnowledgeSERVER®, advanced data mining tools for analysts that are easy to learn, enjoyable to use and interoperate seamlessly with the Windows, Office and SQL Server application platforms from Microsoft ® Corporation.
- Informatica Data Mining Tools, a best of breed data mining module for users of Informatica Analytic Applications developed by ANGOSS for resale by Informatica Corporation.
- KnowledgeSERVER® for PeopleSoft, the ANGOSS data mining and decisioning solution for the PeopleSoft 8 application suite.
- KnowledgeSERVER® for Siebel, the ANGOSS data mining and decisioning solution for the Siebel eBusiness application suite.
- KnowledgeWebMinerTM, the ANGOSS data mining solution for mining web data.
- The ANGOSS Data Mining SDK for SQL Server 2000 and KnowledgeSTUDIO SDK, software development kits leveraging Microsoft and Internet standards, platforms and technologies that help corporate and commercial software developers to support rapid deployment of advanced data mining technology to enterprise applications.

###

Related Links

For Microsoft Corporation

<http://www.microsoft.com/sql/partners/dwa/datamining.asp>

For Informatica Analytic Applications

<http://www.angoss.com/ProdServ/EnterpriseSolns/informatica.html>

For PeopleSoft CBM

<http://www.angoss.com/ProdServ/EnterpriseSolns/peoplesoft.html>

For Siebel eBusiness

<http://www.angoss.com/ProdServ/EnterpriseSolns/index.html>

Trademarks and registered trademarks referred to above are the property of their respective owners.

This press release contains statements of a forward-looking nature. These statements are made under the "safe harbor" provisions of the U.S. Private Securities Litigation Reform Act of 1995. The accuracy of these statements may be impacted by a number of business risks and uncertainties that could cause actual results to differ materially from those projected or anticipated, including: the risk that the sale of our products and services involves a long sales cycle; the risk that the economic environment and business conditions will remain difficult to predict; the risk of competition in our target markets; the risk that we may not respond adequately to evolving technologies; the risk that we or our customers may have difficulties in introducing our products or services; the risk that we will encounter difficulties in continuing to offer services; the risk that we will encounter difficulties in integrating the operations of acquired companies with our own; the risks of conducting our operations in a variety of international locations; the risk that we may need to record future write-downs of assets arising from our investments in other companies; the risks relating to the costs that we may incur as a result of litigation against us; and other risks described in our filings with securities regulatory authorities, including our annual reports, interim financial statements and similar disclosure documents. ANGOSS Software does not undertake any obligation to update this forward-looking information after the date of its initial publication, except as required under applicable law.

Note: The Canadian Venture Exchange has neither approved nor disapproved the above information.

CONTACT:

Lon L.E. Vining
Chief Financial Officer
(416) 593-2420
lvining@angoss.com