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**FOR IMMEDIATE RELEASE:**

## **ANGOSS RELEASES SECOND QUARTER RESULTS**

**Toronto, Canada – June 30, 2004**

ANGOSS Software Corporation (TSX-V: ANC), a data mining software solutions provider, released today preliminary unaudited results for the second quarter and six months ended May 31, 2004.

Second quarter revenues were \$1,443,690, up 18% from 2003 second quarter revenues of \$1,221,092. Six-month revenues were \$2,749,625, up 3.6% over 2003 six-month revenues of \$2,655,053.

Deferred revenues, representing license renewals and commitments for Angoss solutions to be delivered to customers and partners in future periods, were \$1,429,174, compared with \$1,738,430, at the end of the first quarter of 2004, as a result of completion of contracted deliveries to Angoss clients and partners.

During the second quarter the Company also continued to expand its analytical solutions sales pipeline, in response to client requests for information, requests for proposal, and related sales initiatives. Proposals issued during the second quarter are valued in excess of the total value of proposals issued during the complete 2003 fiscal year. These proposals relate to the provision of Angoss predictive analytics software systems and implementation services to address marketing and credit risk management needs of clients and prospects primarily in the banking, telecommunications, and retailing industries.

“We continued to make good progress during the second quarter in expanding European sales and in transitioning our North American sales and services organization to focus on higher value predictive analytics solution sales” commented Angoss President Eric Apps. “The impact of these initiatives is reflected in both second quarter year over year revenue growth, and in the substantial growth in our analytical solutions opportunity funnel. We expect these trends to continue during the balance of the year.”

### **Second Quarter Operating Highlights and Recent Developments**

**European Revenue Growth and Business Expansion.** During the second quarter the Company achieved 93% year over year growth in European revenues, reflecting increasing client demand for Angoss software and expert services within the European Community. Year to date, European revenues have increased 56%. During the second quarter the Company continued to expand its European sales and services team to broaden its capability in the European market.

**North America & Australia Revenue Growth.** During the second quarter North American revenues grew 5.5% year over year. Year over year, North American revenues decreased 5.6%. North American first half revenue results reflect the previously announced realignment of the Company's North American

sales organization during the first quarter of 2004 as well as continuing consolidation within the US retail banking and consumer credit sector that continues to affect software purchases within that sector. During the second quarter, the Company also achieved solid revenue growth in the Australian market, with successful initial deployments of Angoss KnowledgeSTUDIO to several clients in that market.

**Substantial Growth In North American Analytical Solutions Proposals.** During the second quarter, consistent with its business strategy of migrating from commodity tools sales to higher value predictive analytics solution sales, the Company continued to grow its funnel of analytical solutions opportunities. The Company issued proposals during the second quarter to clients and prospects incorporating Angoss software and services deliverables with proposal values well in excess of the Company's analytical solutions proposal funnel for the entire 2003 fiscal year. These proposals relate to proposed analytical solutions with delivery dates ranging from the third quarter of fiscal 2004 through the first quarter of fiscal 2005. In a number of these opportunities, the Company is competing directly against two key competitors, each of which has in excess of \$1 billion in revenues. Although in each case the Company differentiates itself based on service expertise and quality, software usability, scalability and reliability, total cost of ownership and other factors, each of these competitors is substantially larger than the Company. There can be no assurance that such proposals will be accepted within the timelines anticipated, on the terms proposed by the Company, or at all.

**Partner Licensing & Expert Services Transactions.** License and services revenues associated with Angoss oem and alliance partnerships represented approximately 12% of Company revenues during the first six months of fiscal 2004. In addition, during the second quarter Angoss licensees completed license transactions involving delivery of oem versions of Angoss solutions to several of their clients, including two Fortune 100 telecommunications providers and a global internet services and content provider. Revenues associated with these opportunities will be recorded and reported in future quarters in accordance with the provisions of the related partner agreements. The Company expects to continue to expand its software offerings and expert services capabilities to support partner implementations incorporating Angoss software offerings primarily in the financial services, telecommunications and retailing industry verticals.

**Introduction of FundGuard™ Solution.** During the second quarter, the Company completed development of **FundGuard™**, an innovative sales analysis and redemption control solution for the mutual fund and investment management wholesalers based on Angoss KnowledgeSTUDIO® and Mining Manager® predictive analytics software applications. *FundGuard* enables fund wholesalers and wealth managers to grow assets under management, reduce redemption risk, and improve alignment of sales and marketing spend with best channel opportunities using intelligent segmentation and prediction. *FundGuard* provides management reporting and alerting tools integrated with popular customer relationship management, sales force automation, and contact management systems that provide fund wholesalers with proactive analysis and notification of sales opportunities and redemption risks.

**Resource Realignment.** Consistent with its focus on shifting to higher transaction value opportunities, the Company continues to realign personnel resources. Second quarter initiatives included adding sales and services resources in Europe, completing the selection of a Director of Marketing, and headcount reductions in non-revenue generating areas, yielding annualized compensation savings in the range of \$500,000. A portion of these cost savings will be re-allocated to continued expansion of the Company's marketing, sales, expert services, and analytical solutions resources over the balance of fiscal 2004. A special charge of \$113,489 is included in second quarter results, reflecting costs associated with this realignment.

**Operating Expenses.** Operating expenses were \$1,623,317 (2003: \$1,261,615) and \$3,155,160 (2003: \$2,538,051) for the three and six months ended May 31, 2004, respectively. Increases in operating expenses reflect expansion of the Company's sales and expert services organizations in North America and Europe during the first half of 2004. These investments are expected to result in continued expansion of the Company's analytical solutions sales funnel.

## Results Summary

Unaudited preliminary results for the three and six months ended May 31, 2004 and corresponding 2003 results are as follows:

### ANGOSS Software Corporation

#### Income Statement Information

(unaudited, stated in Canadian dollars)

For the period ended, May 31

	Three Months ended		Six Months ended	
	2004	2003	2004	2003
Revenues	<b>\$1,443,690</b>	\$1,221,092	<b>\$2,749,625</b>	\$2,655,053
Gross Margin	<b>1,414,689</b>	1,203,929	<b>2,715,239</b>	2,636,174
Operating Expenses				
General and administration	<b>370,449</b>	364,333	<b>800,794</b>	716,659
Sales and marketing	<b>888,359</b>	558,247	<b>1,622,033</b>	1,230,137
Research and development, net	<b>364,509</b>	339,035	<b>732,333</b>	591,255
	<b>1,623,317</b>	1,261,615	<b>3,155,160</b>	2,538,051
Income (loss) before the following	<b>(208,628)</b>	(57,686)	<b>(439,921)</b>	98,123
Other income	<b>24,066</b>	26,345	<b>24,066</b>	26,345
Special charges	<b>(113,489)</b>	-	<b>(113,489)</b>	-
Amortization of capital assets	<b>(20,403)</b>	(15,892)	<b>(39,625)</b>	(28,397)
Amortization of deferred charges	<b>(24,464)</b>	-	<b>(66,590)</b>	-
Dividend expense	<b>(40,470)</b>	-	<b>(80,500)</b>	-
Foreign exchange gain (loss)	<b>(11,986)</b>	(164,228)	<b>61,157</b>	(223,290)
Net Income	<b>\$(395,374)</b>	\$(211,461)	<b>\$(654,902)</b>	\$(127,219)
Basic and diluted earnings (loss) per share	<b>\$(0.01)</b>	\$(0.01)	<b>\$(0.02)</b>	\$(0.00)
Weighted average number of shares outstanding				
Basic	<b>39,164,722</b>	<b>38,502,096</b>	<b>39,164,722</b>	38,502,096
Diluted	<b>39,164,722</b>	<b>38,502,096</b>	<b>39,164,722</b>	38,502,096

### ANGOSS Software Corporation

#### Selected Cash Flow Information

(unaudited, stated in Canadian dollars)

For the period ended, May 31

	Three Months ended		Six Months ended	
	2004	2003	2004	2003
Cash (used in) provided by operating activities	<b>\$(352,035)</b>	\$6,403	<b>\$(380,401)</b>	\$550,190
Cash (used in) investing activities	<b>(17,319)</b>	(35,393)	<b>(101,951)</b>	(72,168)
Cash provided by (used in) financing activities	<b>8,031</b>	114,135	<b>9,031</b>	114,135
Net (decrease) increase in cash during the period	<b>(361,323)</b>	85,145	<b>(473,321)</b>	592,157

**ANGOSS Software Corporation**  
**Selected Balance Sheet Information**  
(unaudited, stated in Canadian dollars)

	May 31, 2004	November 30, 2003
Cash and cash equivalents	\$2,787,938	\$3,261,259
Accounts receivable	1,248,394	1,418,134
Prepaid expenses	44,929	77,285
Total current assets	4,081,261	4,756,678
Other assets	259,861	206,111
Total assets	<u>\$4,341,122</u>	<u>\$4,962,789</u>
Accounts payable and accrued liabilities	\$310,040	\$254,602
Current portion of deferred revenue	1,357,022	1,450,929
Special charges	113,489	-
Other	85,796	61,066
Total current liabilities	1,866,347	1,766,597
Future tax liabilities	125,000	125,000
Repayable contribution agreement	192,070	199,335
Deferred revenue	72,152	287,501
Class A Preferred shares, Series 1	2,049,239	1,991,225
Total liabilities	4,304,808	4,369,658
Total shareholders' equity	36,314	593,131
Liabilities and shareholders' equity	<u>\$4,341,122</u>	<u>\$4,962,789</u>

**About ANGOSS Software Corporation: Discover. Predict. Act.™**

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."™

Angoss predictive analytics capabilities are developed on market proven software and reflect a decade of focused industry-specific expertise. We help our clients **discover** the key drivers of customer behaviors quickly, **predict** customer needs, and **act** to anticipate customer opportunities and risks, proactively, at every phase of the customer lifecycle. Using Angoss predictive analytics capabilities, Angoss clients have generated millions of dollars in incremental revenue growth, while reducing cost and risk.

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 Toronto Venture Exchange has neither approved nor disapproved the above information.*

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