



***FOR IMMEDIATE RELEASE - Attn: Business and Technology Reporters***

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## **ANGOSS REPORTS REVENUE GROWTH, IMPROVED PROFITABILITY AND HIGHER CASH FLOW IN Q2 RESULTS**

Toronto, Canada – June 28, 2006

Angoss Software Corporation (Angoss) (TSX-V: ANC) today announced unaudited results for the three and six months ending May 31, 2006, reporting growth in both revenues and deferred revenues, lower operating expenses, and significant improvements in operating profits, net income and operating cash flow.

Expanding FundGUARD™ and Telecom Marketing Analytics™ solution sales, combined with expanding KnowledgeSEEKER® and KnowledgeSTUDIO® predictive analytics software deployments with leading North American, European and Asian based financial services organizations, were the primary contributors to growth.

For the three months ended May 31, 2006, revenues of \$1,771,168 increased by 6.2% over 2005 results (\$1,667,806). On a billed basis, year over year revenue growth was 20.5%, with billed revenues in the quarter exceeding \$1.94 million.

Differences in revenues earned and billed result from the Company's adoption of revenue recognition policies in conformity with EIC-142 which provides for the deferral and amortization of software license sales, and from the expansion of the Company's predictive analytics solutions business which combines software license sales with the delivery of expert services earned over longer implementation cycles.

Operating expenses of \$1,523,240 were 3% below 2005 results (\$1,572,148). Lower operating expenses resulted from improved marketing effectiveness, higher sales productivity, and ongoing efforts to streamline packaged software sales.

Operating profit improved 163% to \$240,002 compared with a prior year operating profit of \$91,148. Net income rose to \$195,098 compared with a second quarter 2005 net loss of \$6,299. Cash provided by operating activities was \$254,589 compared to a use of cash of \$299,467 in 2005 – an improvement of \$554,056.

For the six months ended May 31 the Company's revenues of \$3,345,778 were up 8.8% from 2005 results (\$3,073,920). On a billed basis, year over year revenue growth was 26.1%, with billed revenues in the first six months exceeding \$3.46 million.

Operating expenses were \$2,876,163, down 4.4% from 2005 results (\$3,007,644).

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Operating profit improved 690% to \$456,331 (2005: \$57,787). Net income of \$255,130 or \$0.01 per share compared with a prior year net loss of \$36,293 or \$0.00 per share. Cash provided by operating activities was \$597,618 compared to cash used in operations of \$177,918 in 2005 – an improvement of \$775,536.

Over 80% of the Company's revenues are derived from international sales, primarily in US and European markets. As a result, foreign exchange fluctuations continue to negatively impact on net income. During the six months ended May 31, 2006 declines in the value of the US Dollar and British Pound resulted in a foreign exchange expense of \$122,135 compared with 2005 foreign exchange gain of \$93,020 during the same time period in 2005.

"Second quarter results were positive, reflecting continued expansion of financial services and telecommunications client relationships, growing revenues from an expanding set of solutions, improved sales performance, and higher services utilization rates" commented Angoss President Eric Apps.

Angoss clients are able to detect and target higher value customer segments, and significantly grow their revenue opportunities, while improving the effectiveness of their sales efforts, more precisely targeting and measuring the impact of their marketing expenses, and reducing their credit, payments, and other operating risks. By providing its clients with predictive analytics systems that are easy to learn and use, a proven implementation methodology, and a range of deployment options geared to their specific needs, Angoss helps its clients achieve high implementation success rates, with rapid knowledge transfer.

## **Second Quarter Highlights**

Angoss continues to expand its predictive analytics solutions offerings, combining market proven Angoss predictive analytics software and industry specific templates, best practices and implementation services that help clients achieve business value benefits from predictive analytics faster, and at lower cost.

**Angoss FundGUARD™ Predictive Leads Drive \$500 Million Growth in Assets Under Management.** The Angoss FundGUARD™ solution continues to drive significant value for Angoss customers, with assets under management ("aum") of adopting clients growing by well over \$500 million in trial deployments. Specifically designed for the mutual fund and wealth management industry, and delivered on both traditional licensing and "software as a service" (SaaS) delivery models, FundGUARD™ uses advanced analytics to drive territory coverage planning and growth in assets under management while reducing redemption risk. Planned for release later in 2006 are an expanded set of FundGUARD™ analytics, reporting and execution capabilities, which will initially be integrated with the Microsoft SQL Server 2005, Microsoft® Office, Microsoft® Dynamics and RIM Blackberry® application environments.

## **Expansion of Angoss Deployments In Global Banking Sector**

Angoss continues to expand its client base and user community within the global financial services industry, with deployments of KnowledgeSEEKER®, KnowledgeSTUDIO® and its newly released StrategyBUILDER™ application for risk – reward strategy and scorecard development. With interest rates on the rise, and increasing market volatility, Angoss systems help clients identify in real time the key changes in consumer behaviors and activities that are driving business performance for both revenue growth and more effective risk management. Q2 Angoss transactions included expanded deployments to Citigroup Consumer Lending, Citifinancial, Genworth Financial, Target Financial Services, Wells Fargo, Vanguard Group, Hyundai Financial Services, and Royal Bank of Canada. Key Angoss differentiators continue to be industry leading ease of use, rich functionality for advanced users, scalability in enterprise data environments, interoperability with legacy analytical environments, and deployability across all major database platforms and data warehousing environments.

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## Angoss Telecom Marketing Analytics Solution™ To Target ICT Prospects In NA and UK Markets

Angoss Telecom Marketing Analytics provides operations, marketing and sales professionals with advanced analytics tools enabling improved location selection, better inventory management, optimization of their direct and indirect channels to market, strategic segmentation of their customer base, more effective promotion of product and service bundling, increased customer value, and reduced churn. As a result of recent successes introducing parallel capability to technology industry clients, and given the convergence of telecommunications and technology markets for carriers, as well as technology and content providers, Angoss is extending the capabilities of its Telecom Marketing Analytics to address the needs of these clients and prospects.

## Angoss ClaimGUARD™ Claims and Payments Analysis System Positioned For Growth In Insurance and Health Care Markets

During the second quarter, Angoss continued to expand its opportunity funnel for ClaimGUARD™, the Angoss predictive claims and payments analysis solution for insurers and health care providers. The ClaimGUARD™ system helps the claims management and special investigations units of these organizations improve their surveillance and detection capabilities for retrospective and prospective fraud and abuse detection, by providing an integrated suite of easy to use tools that managers and analysts can use to automate and significantly accelerate claims profiles reviews and assessments for fraud and abuse. Business benefits include increased comprehensiveness in claims audit coverage and test cases at significantly lower cost per claim, streamlined case management work flows, and the ability to implement automated and streamlined claims approvals processes with higher levels of confidence in accuracy and consistency – all at exceptionally low cost per claim per year.

## Licensing Proceedings Update

During the second quarter the Company settled a previously disclosed litigation proceeding involving Siebel Systems, Inc. The Company accepted a one-time payment on account of disputed royalties due with respect to certain Siebel pool of funds agreements with selected clients in final satisfaction claims involving the distribution of the Company's software programs bundled with Siebel Analytics software, and entered into a mutual settlement and release of claims with respect to the Company's prior termination of the original Siebel Systems oem licensing agreement. The net amount of \$133,006 after associated expenses has been recorded and reported as other income.

## Results Summary

Shareholders and other investors should note that these results reflect restatement of 2005 results from the previously presented unaudited 2005 results to reflect the adoption by the Company effective for the fiscal year ended November 30, 2005 of new revenue recognition policies in conformity with EIC-142.

Unaudited preliminary results for the three months ended May 31, 2006 and corresponding 2005 results are as follows:

### ANGOSS Software Corporation

#### Income Statement Information

(unaudited, stated in Canadian dollars)

	Three Months ended		YTD - Six Months	
	May 31, 2006	May 31, 2005	May 31, 2006	May 31, 2005
Revenues	<b>\$1,771,168</b>	\$1,667,806	<b>\$3,345,778</b>	\$3,073,920
Gross margin	<b>1,763,242</b>	1,663,296	<b>3,332,494</b>	3,065,431
Operating Expenses				
General and administration	<b>437,260</b>	417,808	<b>814,091</b>	814,063
Sales and marketing	<b>802,130</b>	844,310	<b>1,510,854</b>	1,616,614
Research and development, net	<b>283,850</b>	310,030	<b>551,218</b>	576,967
	<b>1,523,240</b>	1,572,148	<b>2,876,163</b>	3,007,644
Income (loss) before the following	<b>240,002</b>	91,148	<b>456,331</b>	57,787

Other income	<b>156,292</b>	30,648	<b>156,292</b>	30,648
Amortization of capital assets	<b>(32,550)</b>	(28,134)	<b>(62,795)</b>	(50,662)
Amortization of deferred charges and interest accretion	<b>(22,246)</b>	(26,949)	<b>(36,316)</b>	(51,914)
Dividend expense	<b>(30,352)</b>	(40,470)	<b>(60,457)</b>	(80,610)
Foreign exchange (loss) gain	<b>(66,048)</b>	(7,641)	<b>(122,135)</b>	93,020
Stock option expense	<b>(50,000)</b>	(24,901)	<b>(75,895)</b>	(34,562)
Net income (loss) for the period	<b>\$195,098</b>	\$(6,299)	<b>\$255,025</b>	\$(36,293)
Basic and diluted loss per share	<b>\$ 0.00</b>	\$ 0.00	<b>\$ 0.01</b>	\$ 0.00
Weighted average number of shares outstanding				
Basic	<b>39,534,201</b>	39,499,723	<b>39,517,152</b>	39,448,274
Diluted	<b>43,335,232</b>	39,499,723	<b>41,675,429</b>	39,448,274

#### Selected Cash Flow Information

(unaudited, stated in Canadian dollars)

	Three Months ended		YTD - Six Months	
	May 31, 2006	May 31, 2005	May 31, 2006	May 31, 2005
Cash (used in) provided by operating activities	<b>\$254,589</b>	\$(299,467)	<b>\$597,618</b>	\$(177,918)
Cash used in investing activities	<b>(141,383)</b>	(69,873)	<b>(150,516)</b>	(126,618)
Cash provided by financing activities	<b>74,003</b>	(14,810)	<b>54,669</b>	(7,809)
Net (decrease) increase in cash during the period	<b>187,209</b>	(384,150)	<b>501,771</b>	(312,345)

#### Selected Balance Sheet Information

(unaudited, stated in Canadian dollars)

	May 31, 2006	November 30, 2005
Cash and cash equivalents	<b>\$2,321,919</b>	\$1,820,148
Accounts receivable	<b>1,688,173</b>	1,938,333
Prepaid expenses	<b>182,495</b>	103,506
Total current assets	<b>4,192,587</b>	3,861,987
Other assets	<b>406,177</b>	327,032
Total assets	<b>\$4,598,764</b>	\$4,189,019
	-	-
Accounts payable and accrued liabilities	<b>\$442,022</b>	\$625,917
Current portion of deferred revenue	<b>2,821,952</b>	2,635,708
Current portion of repayable contribution	<b>79,500</b>	79,500
Current portion of capital leases	<b>23,604</b>	-
Current redeemable portion of preferred shares	<b>575,000</b>	575,000
Other	<b>43,697</b>	26,026
Total current liabilities	<b>3,962,171</b>	3,942,151
Repayable contribution agreement	<b>45,968</b>	82,151
Capital lease	<b>51,648</b>	-
Class A Preferred shares, Series 1	<b>1,058,478</b>	1,030,738
Total liabilities	<b>5,118,265</b>	5,055,040
Total shareholders' equity	<b>(519,501)</b>	(866,021)
Liabilities and shareholders' equity	<b>\$4,598,764</b>	\$4,189,019

Angoss Software empowers people to make "Better Business Decisions. Every Day."<sup>TM</sup>

Some of the world's leading financial services, telecom, life sciences, and retail organizations use Angoss predictive analytics software and services to grow revenues, while reducing risk and cost. We help our clients utilize business data to **discover** the key drivers of behavior, **predict** future trends and events, and **act** with confidence when making business decisions. Angoss combines powerful market proven software with focused industry services expertise in the deployment, integration and use of predictive analytics in enterprise environments. Our differentiators include broad user acceptance, a commitment to open standards, rich functionality, rapid deployment, exceptional ease-of-use and affordability.

Headquartered in Toronto Canada, Angoss has offices in the UK and Australia and partners with the world's leading enterprise software and services vendors. For more information, visit [www.angoss.com](http://www.angoss.com).

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*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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