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ANGOSS REPORTS REVENUE GROWTH, IMPROVED PROFITABILITY AND HIGHER CASH FLOW IN Q3 RESULTS

Toronto, Canada – October 2, 2006

Angoss Software Corporation (Angoss) (TSX-V: ANC) today announced unaudited results for the three and nine months ending August 31, 2006, reporting higher revenues, new solution wins, and a continuation of its year over year significant improvement in operating income, net income, and operating cash flow.

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.

The Company's ClaimGUARD™ Claims and Payments Analysis solution was also selected as the successful bidder under a competitive RFP process by one of North America's leading benefits insurance carriers, with final agreements to be concluded and implementation to commence during the fourth quarter of 2006.

For the three months ended August 31, 2006, revenues of \$1,652,517 increased by 8.0% over 2005 results (\$1,529,796).

For the nine months ended August 31, 2006 the Company's revenues of \$4,998,295 were up 8.6% from 2005 results (\$4,603,716).

For the three months ended August 31, 2006, operating expenses of \$1,489,106 were up 4.5% from 2005 results (\$1,425,472). Increased operating expenses resulted primarily from increased marketing and sales expenses associated with solution pipeline development, implementation during the third quarter of a new marketing and sales force automation system to support more scalable business expansion, and use of external consultants for marketing, sales and strategic consulting.

Operating profit improved 48.7% to \$148,821 compared with a prior year operating profit of \$100,058.

Net income of \$2,540 compared with a third quarter 2005 net loss of \$122,772.

Cash provided by operating activities was \$170,454 compared to a use of cash of \$319,107 in 2005 – an improvement of \$489,561.

Operating expenses year to date were \$4,365,269, down 1.5% from 2005 results (\$4,433,116).

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Operating profit for the nine months ended August 31, 2006 improved 283% to \$605,152 (2005: \$157,845). Net income of \$257,565 or \$0.01 per share compared with a prior year net loss of \$159,065 or \$0.00 per share.

Cash provided by operating activities was \$768,072 compared to cash used in operations of \$497,025 in 2005 – a year over year improvement of \$1,265,097.

In 2006 the Company expanded its focus on providing industry targeted business solutions combining software and associated expert services. These solutions are implemented on a phased basis that may span multiple quarters, and primarily involve analytics and related implementation services during the initial phases. As a result of these changes, earned revenues may not fully reflect actual billings associated with solutions in any specific quarter.

On a billed basis, year over year revenue growth as of the end of the third quarter was 12.1%, with year to date revenues exceeding \$4.48 million. 81.4% growth in implementation services and 12% growth in software renewals were offset by an 8.4% reduction in new software licenses (2.3% in North America and 24% in Europe). These trends were also evident in the third quarter with services growth of 26% and renewal growth of 2.5% offset by a 40% reduction in new software licenses (30.5% in North America, and 58.8% in Europe). Implementation services growth rates reflect continued expansion of solutions offerings, primarily with early adopting clients in the telecom and mutual fund industries. New software licensing results reflect the Company's continued migration from a commodity tools based sales model to adoption of an account management based sales model focused on pursuing larger average transaction value deals primarily in the financial services sector, where sales cycles will often span quarterly periods. Traditional seasonality factors also impacted on Company new software billings, particularly in Europe, during the third quarter.

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 impact negatively on net income. During the nine months ended August 31, 2006 declines in both the value of the US Dollar and British Pound resulted in a foreign exchange expense of \$113,407 compared with 2005 foreign exchange expense of \$2,792 during the same time period.

Subsequent to the third quarter, the Company signed for expanded premises at a new location commencing with the 2007 fiscal year and is currently pursuing recruiting efforts for additional sales and services personnel to support continued expansion of its predictive analytics solutions business.

"Third quarter results continued to build on the positive trends we have experienced this year," commented Angoss President Eric Apps. "Our telecom, mutual fund and insurance industry solutions are building on credentials and capabilities established with advanced users in the retail banking and consumer lending industries. These solutions have received very positive feedback from early adopting clients, and are increasingly being integrated with their marketing, sales and risk operational systems. Our banking industry relationships are also continuing to expand, and our focus in 2007 will be to take the next step up in broadening user deployments primarily with tier 1 retail banking and consumer lending organizations, many of whom are already Angoss customers, and for whom new areas of business opportunity have been identified and are being pursued."

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 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 clients achieve high implementation success rates, with rapid knowledge transfer.

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Stock Option Grants

In June 2006, the Company approved the granting of 112,500 options to acquire common shares at an exercise price of \$0.22 per share to 4 non-executive directors as previously disclosed in the Company's 2005 management information circular.

Third Quarter Highlights

Angoss continues to expand its predictive analytics solutions focus, 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 System Continues to Drive Growth In Assets Under Management. 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. Following successful completion of initial trial programs, Angoss early adopting clients have all indicated their intention to extend their implementations for the fiscal 2007 year. Angoss has also built an additional pipeline of new client opportunities and continues to expand its market leadership position in the North American mutual fund industry for this offering.

Expansion of Angoss KnowledgeSEEKER®, KnowledgeSTUDIO® and StrategyBUILDER™ 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. 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. 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.

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. During the third quarter, Angoss expanded its targeted marketing efforts to several major US telecom carriers, and expects to continue to expand its marketing and sales resources in this area.

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

During the third quarter, the Angoss ClaimGUARD™ system was selected as the successful bidder on implementation of a fraud and abuse detection system for one of North America's leading benefits insurers. It is expected that this agreement will be concluded during the fourth quarter, and system implementation will commence during this fiscal year. Angoss has also continued to expand its opportunity funnel for ClaimGUARD™, and anticipates additional proposal opportunities to follow from other major insurers in future periods. 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. Business benefits include increased comprehensiveness in claims audit coverage and

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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.

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 August 31, 2006 and corresponding 2005 results are as follows:

ANGOSS Software Corporation Income Statement Information (unaudited, stated in Canadian dollars)

	Three Months ended		YTD - Nine Months	
	2006	2005	2006	2005
Revenues	\$ 1,652,517	\$ 1,529,796	\$ 4,998,295	\$ 4,603,716
Gross margin	1,637,927	1,525,530	4,970,421	4,590,961
Operating Expenses				
General and administration	372,748	353,087	1,186,839	1,167,150
Sales and marketing	801,360	754,183	2,312,214	2,370,797
Research and development, net	314,998	318,202	866,216	895,169
	1,489,106	1,425,472	4,365,269	4,433,116
Income (loss) before the following	148,821	100,058	605,152	157,845
Other income	-	-	156,292	30,648
Special charges	-	-	-	-
Amortization of capital assets	(61,877)	(30,158)	(124,672)	(80,820)
Amortization of deferred charges	(22,779)	(27,619)	(59,095)	(79,533)
Dividend expense	(30,353)	(40,470)	(90,810)	(121,080)
Foreign exchange (loss) gain	8,728	(95,812)	(113,407)	(2,792)
Stock option expense [note7]	(40,000)	(28,771)	(115,895)	(63,333)
Loss before income taxes	2,540	(122,772)	257,565	(159,065)
Recovery of future income taxes	-	-	-	-
Net income (loss) for the period	\$ 2,540	\$ (122,772)	\$ 257,565	\$ (159,065)
Basic and diluted loss per share	\$ 0.00	\$ 0.00	\$ 0.01	\$ (0.00)
Weighted average number of shares outstanding				
Basic	39,576,522	39,499,723	39,551,296	39,448,274
Diluted	40,703,361	39,499,723	41,636,522	39,448,274

Selected Cash Flow Information (unaudited, stated in Canadian dollars)

	Three Months ended		YTD - Nine Months	
	August 31, 2006	August 31, 2005	August 31, 2006	August 31, 2005
Cash (used in) provided by operating activities	\$ 170,454	\$ (319,107)	\$ 768,072	\$ (497,025)
Cash used in investing activities	(88,972)	(60,822)	(239,488)	(187,440)
Cash provided by financing activities	49,352	(18,715)	104,021	(26,524)
Net (decrease) increase in cash during the period	130,834	(398,644)	632,605	(710,989)

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Selected Balance Sheet Information (unaudited, stated in Canadian dollars)	August 31, 2006	November 30, 2005
Cash and cash equivalents	\$ 2,452,753	\$ 1,820,148
Accounts receivable	909,369	1,938,333
Prepaid expenses	171,383	103,506
Total current assets	3,533,505	3,861,987
Other assets	428,985	327,032
Total assets	\$ 3,962,490	\$ 4,189,019
Accounts payable and accrued liabilities	\$ 296,738	\$ 625,917
Deferred revenue	2,220,413	2,635,708
Current portion of repayable contribution	79,500	79,500
Current portion of capital leases	43,024	-
Current redeemable portion of preferred shares	575,000	575,000
Other	63,282	26,026
Total current liabilities	3,234,933	3,942,151
Repayable contribution agreement	27,017	82,151
Capital lease	81,531	-
Class A Preferred shares, Series 1	1,076,970	1,030,738
Total liabilities	4,420,451	5,055,040
Total shareholders' equity	(457,961)	(866,021)
Liabilities and shareholders' equity	\$ 3,962,490	\$ 4,189,019

Angoss Software empowers people to make "Better Business Decisions. Every Day."TM

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. Angoss helps 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.

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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