

**Real Software opts for reclassification of US restructuring costs
and confirms its EBIT margin of 15,6%**

Kontich, October 17th 2000. On September 15th 2000 Real Software published its halfyear results in which the additional restructuring costs of 7,6 m \$ (8,0 m EUR) in the US were booked as acquisition goodwill. This accounting rule, which referred to the major important international accounting standards because of the absence of rules for this matter in the Belgian accounting law, was questioned by some financial analysts and investors. Considering the reaction of the financial analysts and in a constructive dialogue with the Banking and Finance Commission (BFC), the Board of Directors decided for a reclassification of these unique costs.

The Board of Directors had two options, i.e. the activation of the above-mentioned costs under the section 'Establishment costs' (which are depreciated linearly over a period of 5 years), or the integral processing of these costs through the extraordinary result. The Board opted for the most conservative method, i.e. the integral processing through the extraordinary result.

The reclassification has no influence on the company's operational result (EBIT), nor on the net current group profit or the current earnings per share (current EPS). Only the net result decreases after this reclassification, with 4,6 m EUR (net effect after taxes and reduction of the depreciations on acquisition goodwill). On the balance, the impact of this reclassification is limited to a reduction of the acquisition goodwill on the assets with 4,6 m EUR net, and a reduction of equity and equity linked with 4,6 m EUR to 138.6 m EUR.

As a result, the communication with the CBF – that was limited to one subject, i.e. the accounting of the additional restructuring costs – has come to an end. Furthermore we can confirm that there has never been talked about sanctions or the insertion of the company on a so-called 'preventive list'.

The Board of Directors shortly plans a special meeting to discuss all reactions from the financial markets. Till after the planned, annual, strategic meeting of the Board of Directors at the end of this month the company will not supply any further comment. At that time, the Board will give further explanations concerning the future strategy in the medium term.

**Review report of the auditor concerning
the consolidated semi-annual report of Real Software NV**

We performed a limited review of the semi-annual information of Real Software NV for the period ended 30 June 2000, in accordance with the standards of the 'Institut des Réviseurs d'Entreprises'. A review is substantially less in scope as is required for the certification of the consolidated annual accounts. During our review we did not identify any information that would require major adjustments to the figures recorded in the semi-annual report.

Brussels, October 16th 2000
Ernst & Young Bedrijfsrevisoren BCV
Represented by Erik De Lembre, Partner

PRESS RELEASE
Kontich, October 17th 2000

Consolidated Results EUR m	1H00 - post change		Change	1H00 - pre change		2H99	1H99
	pro forma (b)			pro forma (b)			
Revenues	128,1	128,1		128,1	128,1	125,3	125,4
Operating charges	-108,1	-108,1		-108,1	-108,1	-109,9	-105,9
- of which depreciation of fixed assets	-2,2	-2,2		-2,2	-2,2	-2,3	-1,6
Operating profit (EBIT)	20,0	20,0		20,0	20,0	15,4	19,5
<i>EBIT margin</i>	<i>15,6%</i>	<i>15,6%</i>		<i>15,6%</i>	<i>15,6%</i>	<i>12,3%</i>	<i>15,5%</i>
Financial Result (before goodwill depreciation)	-5,6	-5,6		-5,6	-5,6	-3,8	-0,6
Goodwill depreciation	-6,3	-4,8	+0,5	-6,8	-5,3	-3,8	-4,2
Financial Result	-11,8	-10,3		-12,3	-10,8	-7,6	-4,8
Current pre-tax result	8,1	9,6		7,6	9,1	7,8	14,7
Current Taxes	-4,2	-4,2		-4,2	-4,2	-4,2	-7,1
Total Taxes	-1,3	-1,3	+2,9	-4,2	-4,2	-4,2	-5,8
Extraordinary result	-8,6	-8,6	-8,0	-0,6	-0,6	2,5	-3,3
Minorities	2,2	3,8		2,2	3,8	1,8	2,5
	8,0	6,5	-	8,0	6,5	5,9	9,3
Net group result	-4,0	-4,1	-4,6	0,6	0,5	3,2	3,1
Net group cash flow (a)	4,5	2,9		9,6	8,0	9,3	8,9
Number of shares in million	15,088	14,077		15,088	14,077	14,077	14,077
EPS current (€)	0,53	0,46		0,53	0,46	0,42	0,66
EPS net (€)	-0,27	-0,29		0,04	0,04	0,23	0,22
CFS net (€)	0,30	0,21		0,64	0,57	0,66	0,63

a Net group cash flow = Net group result + Goodwill Depreciation + Depreciation of fixed assets

b Pro Forma results: Results of the Group when consolidating the additional stakes of Airlair and Sycron from January 1st, 2000 onwards, considering the additional number of shares created for that purpose

Geographical breakdown	1H00	2H99	1H99
Europe			
Revenues	105.6	95.3	87.3
EBIT	19.7	15.9	17.7
	18.6%	16.6%	20.3%
USA			
Revenues	22.5	30.0	38.0
EBIT	0.3	-0.4	1.7
	1.2%	-1.5%	4.6%
Group			
Total Revenues	128.1	125.3	125.4
Total EBIT	20.0	15.4	19.5
	15.6%	12.3%	15.5%
Revenue split USA - Europe			
US	18%	24%	30%
Europe	82%	76%	70%

Core Group Results	1H00	2H99	1H99
Revenues	34.6	27.7	29.1
EBIT	7.4	5.7	5.8
EBIT margin	21.4%	20.5%	20.0%

Consolidated Balance Sheet per 30/06/00			
in m EUR			
Fixed assets	<u>281.7</u>	Equity and equity linked	<u>138.6</u>
Intangible assets	0.6	Shareholders' equity	103.0
Acquisition goodwill	197.8	Aut. Convertible Debt	19.8
Tangible assets	14.9	Minorities	15.8
Financial assets	68.5		
		Provisions	5.2
		LT Financial debt	124.3
Current assets	<u>138.9</u>	Current liabilities	<u>152.4</u>
Cash & equivalents	16.0	ST Financial debt	94.7
WIP & Inventory	14.2	Trade debts	19.7
Trade receivables	75.3	Advance payments	3.1
Other current assets	33.5	Other liabilities	34.9
Total assets	<u>420.6</u>	Total liabilities & Equity	<u>420.6</u>

(end press release)

For further information:

REAL SOFTWARE

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Real Software was established in 1986. In the first half of 2000, the company recorded consolidated operating revenues of 128.1 million EUR and an operating profit of 20.0 million EUR. The group currently employs a staff of more than 2600. Real Software offers a comprehensive range of software services ranging from the development and implementation of its own products, over tailor-made solutions and consulting for third-party products, such as SAP and JDEdwards. The company exports Belgian technology to countries such as the Netherlands, France, Germany, Ireland, Switzerland, the United States and the Far East. Real Software customers include companies such as Du Pont de Nemours, GIB, Océ, Johnson & Johnson, Merck Sharp & Dohme, Biogen, Renault, the Paris Metro, TFI, EDF – Electricité de France, SNCF, the Dutch Post Office, Nedcar, Philips, Shopi, Goodyear, KBC Bank and Fortis Bank.