

**PRESS RELEASE ON THE RESULTS FOR
THE THIRD QUARTER OF 2002**

Taking into account traditional seasonal fluctuations, Real Software's turnover still on course; EBIT margin under pressure mainly as a result of falling licence income; profit forecast for 2002 remains unchanged

Results for third quarter of 2002

- Turnover from system integration activities by core businesses on course, despite a traditionally difficult third quarter
- Client portfolio remains intact
- Strong recurrent fall (€3.5 m or 7%) in total costs, as measured over the last twelve months
- EBIT margin in Q3 under severe pressure as a result of:
 - Low licence sales in two heavily licence-driven divisions (Retail and Banking & Insurance)
 - Difficult market conditions in Belgian Banking & Insurance sector and French market
- Net cashflow and net ordinary cashflow remain positive, despite weak third quarter

Integration of group proceeding according to schedule

- Sale of Britannia and Infoplex in Q1; conditional agreement in Q3 on the sale of Oriam
- The merger of all Belgian core businesses, implemented on 10 June, represents an important step in the continued development of a decentralised structure around four core divisions, and will give rise to additional synergies. The full impact of this change will only be apparent in 2003.

Prospects

- First signs of recovery discernible within Retail division, with the signing of new licence agreements with new and existing clients.
- Taking account of the traditionally strong fourth quarter, the group is maintaining its results forecast for 2002 : a net ordinary group result of €3.5 m.

Key figures

The following table of key figures for financial year 2001 does not take into account changes in the scope of consolidation during 2002, i.e. the sale of Britannia and Infoplex. The same point applies to Real Software UK, which was taken out of the scope of consolidation in the last quarter of the financial year 2001, meaning it affected the figures for the first nine months of 2001.

| In €m | 2002 | | | 2001 | | |
|---------------------------|-----------|-------|--------|-----------|-------|--------|
| | YTD Q3 02 | Q3 02 | 1 H 02 | YTD Q3 01 | Q3 01 | 1 H 01 |
| Turnover | 129,4 | 38,8 | 90,6 | 151,2 | 47,3 | 103,9 |
| EBIT - Operating Profit | 9,4 | 0,7 | 8,8 | 12,6 | 3,2 | 9,3 |
| EBIT - Margin (%) | 7,3% | 1,8% | 9,7% | 8,3% | 6,8% | 9,0% |
| Net ordinary group result | 0,7 | -1,5 | 2,1 | -10,2 | -1,4 | -8,8 |
| Net profit/loss | -6,8 | -4,8 | -2,0 | -10,9 | 21,1 | -32,0 |
| Net cashflow | 1,4 | -2,0 | 3,4 | 26,1 | 14,5 | 11,6 |
| Net ordinary cashflow | 2,1 | -0,7 | 2,9 | -7,3 | 0,5 | -7,8 |

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| Core business | | | | | | |
|-------------------------|-----------|-------|--------|-----------|-------|--------|
| In €m | 2002 | | | 2001 | | |
| | YTD Q3 02 | Q3 02 | 1 H 02 | YTD Q3 01 | Q3 01 | 1 H 01 |
| Turnover | 127,3 | 38,4 | 89,0 | 139,0 | 43,8 | 95,2 |
| EBIT - Operating Profit | 9,3 | 0,7 | 8,6 | 13,4 | 4,0 | 9,4 |

RESULTS ¹AS AT 30 SEPTEMBER 2002

- *Group turnover*

The group turnover generated from system integration activities (Group software services & tailor-made solutions) in the third quarter - traditionally the weakest quarter because of the holidays - is on course, despite the difficult market conditions within the Belgian Banking & Insurance sector and a highly competitive French market, where the group generates 17.7% of its turnover. The client portfolio remained completely intact. The Manufacturing & Maintenance division even succeeded in recording its strongest performance so far this year.

By contrast, turnover from licence sales was adversely affected by the difficult economic conditions.

During the first nine months of 2002, the group generated a consolidated group turnover of **€129.4 m**, compared with €151.2 m in the first nine months of 2001 (down €21.8 m). €9.0 m of this decrease is attributable to changes in the scope of consolidation due to the continuing sale of non-strategic entities.

In its **core activities** during the first nine months of 2002, the group generated a consolidated turnover of €127.3 m, compared with €139.0 m in the same period of the previous year (down €11.7 m). Turnover in the remaining non-core businesses, Oriam and Oasis, was just €2.0 m compared with €3.2 m in the same period in 2001.

| Turnover per division In €m | YTD 30,09,2002 | | | | | Q3 2002 Group |
|---|------------------------|------------------------|-------------------------|-------------|--------------|---------------------|
| | Banking & Insurance | Business & Governm. | Manufact. & Mainten. | Retail | TOTAL | |
| Group software services & tailor-made solutions | 15,7 | 29,9 | 46,5 | 7,3 | 99,4 | 31,5 |
| Licences: group products | 1,1 | 2,2 | 0,5 | 0,7 | 4,4 | 1,1 |
| Maintenance: group products | 2,3 | 1,3 | 0,7 | 4,3 | 8,6 | 1,5 |
| Software sales: 3rd-party products | 0,4 | 0,9 | 0,1 | 0,5 | 1,9 | 0,7 |
| Implementation: 3rd-party products | 1,4 | 0,6 | 0,0 | 0,0 | 2,0 | 0,1 |
| Infrastructure | 2,4 | 4,5 | 1,7 | 4,5 | 13,1 | 3,9 |
| Total (€m) | 23,3 | 39,4 | 49,5 | 17,2 | 129,4 | 38,8 |
| % of Total | 18% | 30% | 38% | 13% | 100% | |

The element of **group turnover deriving from system integration** weathered the adverse economic climate well. Out of the overall group turnover of €129.4 m, €99.4 m (77%) was generated from software services and tailor-made solutions. In the third quarter, system integration accounted for a total turnover of €31.5 m, compared with €34.1m in the second quarter and €33.8 m in the first quarter. Allowing for the traditional weakness of the summer months and the economic context, this performance can be regarded as good, particularly when one takes account of the French market, which was especially competitive, and where the group generates nearly 18% of its consolidated

¹ Consolidated, unaudited figures

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turnover. The Manufacturing & Maintenance division, where 94% of the total system integration turnover is located, even succeeded in recording its strongest performance so far this year.

By contrast, the **sale and implementation of software products** (licenses) and associated maintenance revenues came under considerable pressure in the third quarter, particularly in the Retail and Banking & Insurance divisions. Over the first nine months of the year, software products and associated maintenance revenues accounted for turnover of €16.9 m (13%). In the third quarter, the sale and implementation of software products accounted for a total turnover of €3.4 m, compared with €5.4 m in the second quarter and €8.1 m in the first quarter. The adverse economic climate was responsible for the slowdown here.

The same trend can be observed in **infrastructure sales**. In the first nine months of the year, these accounted for turnover of €13.1 m. Of this, €3.9 m was generated in the third quarter, compared with €4.5 m in the second quarter and €4.6 m in the first quarter.

Publications of the financial information of the 'peer group' also reveal a difficult situation on the market. The turnover evolution based on the available information, measured each quarter, of the 'peer group' dropped at least 10%.

The respective contributions to the group turnover of €129.4 m by the four operating divisions were as follows: €49.5 m (38%) was generated by the **Manufacturing & Maintenance** division, €39.4 m (30%) by the **Business & Government** division, followed by the **Banking & Insurance** division with a turnover of €23.2 m (18%) and the **Retail** division with a turnover of €17.2 m (13%).

The proportion of **system integration** in total turnover is highest in the **Manufacturing & Maintenance** division (94% of total division turnover) and the **Business & Government** division (76% of division turnover). These divisions were thus the least affected by the poor economic climate. Manufacturing & Maintenance even succeeded in recording its strongest performance so far this year in what is traditionally the weakest quarter.

Licences for **group software products and associated services revenue** is relatively significant in the **Banking & Insurance** division (15% of division turnover) with the products *IBSY*, *Real Portfolio* and *VarE-Docs* and the **Retail** division with *the Flexpoint* product suite (29% of division turnover). Within Manufacturing & Maintenance *Rimses*², *Fimacs*, *Interlog*, *Adigo* and *RITM* (the textiles application) and related services generate only 2% of turnover. Business & Government makes 9% of its turnover from sales and the provision of associated services, relating mainly to *Extasy* and *Odyssey* (the book-keeping and ERP application).

| Turnover per division In % | YTD 30,09,2002 | | | | |
|---|---------------------|---------------------|----------------------|-------------|-------------|
| | Banking & Insurance | Business & Governm. | Manufact. & Mainten. | Retail | TOTAL |
| Group software services & tailor-made solutions | 67% | 76% | 94% | 42% | 77% |
| Licences: group products | 5% | 6% | 1% | 4% | 3% |
| Maintenance: group products | 10% | 3% | 1% | 25% | 7% |
| Software sales: 3rd-party products | 2% | 2% | 0% | 3% | 1% |
| Implementation: 3rd-party products | 6% | 2% | 0% | 0% | 2% |
| Infrastructure | 10% | 11% | 3% | 26% | 10% |
| Total | 100% | 100% | 100% | 101% | 100% |

² Rimses is the strategic application for Life Cycle Management, which used to be integrated in the ReMax ERP package of the group. The product ReMax is no longer marketed since one year because the group chose to focus its new strategy on niche applications for certain subsectors (e.g. textile) instead of delivering global solutions for the whole sector (ERP); the latter part of the demand is met today by third party products such as SAP, JD Edwards and Microsoft Navision.

In the first nine months of 2002, 73.2% of group turnover was generated in the Benelux, compared with 69.6% in 2001. This increase is the consequence of the removal of Britannia (UK) from the scope of consolidation on 1 January 2002 and of Real Software UK Ltd, which was removed from the scope of consolidation in the fourth quarter of 2001.

In second place comes France, with 17.7% of group turnover, followed by Switzerland, with 4.8% of group turnover.

| Geographical distribution of turnover In €m | 2002 YTD Q3 | % | 2001 12 months | % |
|--|------------------------------|---------------|---------------------------------|---------------|
| Belgium | 58.1 | 44.9% | 92.5 | 44.3% |
| Netherlands | 23.2 | 18.0% | 31.4 | 15.1% |
| Luxembourg | 13.3 | 10.3% | 21.3 | 10.2% |
| France | 22.8 | 17.7% | 33.3 | 16.0% |
| UK | 0.0 | 0.0% | 9.3 | 4.5% |
| Switzerland | 6.2 | 4.8% | 12.2 | 5.8% |
| Germany | 4.3 | 3.3% | 4.5 | 2.2% |
| Other | 1.3 | 1.0% | 4.1 | 1.9% |
| Total | 129.4 | 100.0% | 208.6 | 100.0% |

- **EBIT margin, net ordinary group result and net group profit**

The EBIT margin in the third quarter came under pressure due to the limited share of products (software licences) in the revenue mix and difficult market conditions in the Belgian Banking & Insurance sector and the French market. Investments in the technical development of the product portfolio and in the marketing campaign were fully taken into account in the profit calculation for the first nine months.

Out of a total turnover of €129.4 m in the first nine months of 2002 the group recorded an **EBIT of €9.4 m, representing an EBIT margin of 7.3% of turnover**. Given the sale of the non-strategic entities Infoplex and Britannia and their removal from the scope of consolidation as of 1 January 2002, this EBIT is almost exclusively generated by the core companies.

The EBIT margin of 7.3% in the first nine months of 2002 is 1% lower than that achieved in the same period of last financial year, 2001 (8.3%). This decrease is largely due to the **downturn** in third-quarter **licence revenues from the sale and implementation of software products**, resulting in particular pressure on the Belgian Banking & Insurance and Retail division. Under the influence of the bad economic climate companies postpone the acquisition of packages (which is less easy to do when it comes to projects), the sale of licenses is also generating the highest profit margin and is very sensitive to seasonal effects, i.e. offer the biggest potential for sales in the first and last quarter of the year. Price pressure on the French market has had an impact on the EBIT margin of the group's French subsidiaries.

The improvements in efficiency achieved as a result of cost savings and the realisation of synergies from the group's integration only partially offset this decrease in profitability. Compared to the same scope of consolidation in 2001, cost reductions of €8.5 m or 7% were achieved during the first nine months of the financial year 2002. The merger of 15 Belgian legal entities carried out on 10 June 2002 was the logical sequel to the acquisition of the remaining shares in these strategic subsidiaries, and will lead to the generation of additional operational and financial synergies, taking full measurable effect in 2003.

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During the first half, the group **invested heavily in a development framework** which will enable it to further standardise and optimise future system integration and product development activities. The framework will enable **system integration projects to be run approximately 30% more efficiently** in the future. Likewise, significant investments have been made to adapt the existing product portfolio to the latest technologies and to provide additional functionalities.

Out of the total sum of €3,2 mio invested, €2,3 mio was taken in the accounts of the first half year and €0,9 mio was booked in the third quarter.

Net ordinary group result still positive, despite weak third quarter.

After taking account of financial income (€0.557 m), interest and other debt charges (€6.149m), amounts written off current assets (€ 0.074 m), other financial charges (€0.314 m), corporation tax (€2.4 m), positive minority interests in the group result (€0.3 m) and the share in the result of the companies to which the equity method has been applied (€0.1 m), the outcome is a **net ordinary group profit (before amortisation of consolidation differences) of €0.7 m** and a **net ordinary cashflow** (i.e the net ordinary group result adjusted for all ordinary non-cash expenses) of **€2.1 m** during the first nine months of 2002. The **net cashflow** (i.e the net group result adjusted for all non-cash expenses) during the first nine months of the year was **€1.4 m**.

Of the €2.4 m tax on profits, €1.7 is related to the group's foreign entities. The balance of €0.6 m is related to the Belgian entities, and is largely attributable to joint ventures which remained outside the scope of the merger.

| Turnover per division In €m | YTD 30,09,2002 | | | | | Q3 2002 Group |
|---|------------------------|------------------------|-------------------------|-------------|--------------|---------------------|
| | Banking & Insurance | Business & Governm. | Manufact. & Mainten. | Retail | TOTAL | |
| Group software services & tailor-made solutions | 15,7 | 29,9 | 46,5 | 7,3 | 99,4 | 31,5 |
| Licences: group products | 1,1 | 2,2 | 0,5 | 0,7 | 4,4 | 1,1 |
| Maintenance: group products | 2,3 | 1,3 | 0,7 | 4,3 | 8,6 | 1,5 |
| Software sales: 3rd-party products | 0,4 | 0,9 | 0,1 | 0,5 | 1,9 | 0,7 |
| Implementation: 3rd-party products | 1,4 | 0,6 | 0,0 | 0,0 | 2,0 | 0,1 |
| Infrastructure | 2,4 | 4,5 | 1,7 | 4,5 | 13,1 | 3,9 |
| Total (€m) | 23,3 | 39,4 | 49,5 | 17,2 | 129,4 | 38,8 |
| % of Total | 18% | 30% | 38% | 13% | 100% | |

Today, the Real Software Group has 1653 employees, compared with 1734 on 30 September 2001 (based on the companies within the scope of consolidation at present).

Extraordinary results mainly due to the sale of non-strategic entities and to exceptional depreciation of consolidated goodwill related to the group's internet activities

Finally, with regard to the extraordinary result, we can report that the sale of the non-strategic companies Infoplex and Britannia and their removal from the scope of consolidation as from 1 January 2002, the exceptional depreciation of consolidated goodwill related to the group's internet activities, and costs associated with the restructuring and continued streamlining of the group, largely account for the extraordinary result of €-0.2 m. During the third quarter, an exceptional result of €-0,8 mio was registered further to the ongoing restructuring and streamlining of the group.

This means that the process of disposing of non-strategic holdings, one of the central programmes in the restructuring plan, is at an advanced stage. The programme is being pursued further for the

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remaining non-strategic entities (Oriam in France and Oasis in Singapore). A conditional agreement has been entered into with Datatrak International Inc for the sale of Oriam; the conclusion of this deal has been made contingent on the Datatrak's success in putting together the financing for it.

After taking account of the extraordinary results (€-0.2 m) and the ordinary depreciation of goodwill (€7.3 m) the first nine months of 2002 saw a **net group result of €6.8 m**.

As at 30 September 2002, the capital and reserves **in the extended definition**, i.e. the capital and reserves stricto sensu (€-43.9) adjusted for subordinated loans, came to €71.2 m or 28.9% of the group's balance-sheet total.

PROSPECTS

Despite the poor third quarter, and based on its expectations for the last quarter, the group has decided to **maintain the previously announced profit forecast for 2002**. Barring exceptional events of an external nature, the group is expecting to generate a net ordinary group profit before depreciation of goodwill of approximately **€3.5 m** for 2002 as a whole, as previously announced.

Key financial figures

| Income statement (in 1.000.000 EUR) | | | | | | |
|---|-------------------------------|---------------------------|---------------------------|--------------------------------|----------------------------|----------------------------|
| | 3Q02 YTD (*) 30/09/2002 | 3Q02 (*) 30/09/2002 | 1H02 (*) 30/06/2002 | 3Q01 YTD (**) 30/09/2001 | 3Q01 (**) 30/09/2001 | 1H01 (**) 30/06/2001 |
| Operating income | 131,5 | 39,3 | 92,2 | 153,9 | 48,2 | 105,7 |
| Turnover | 129,4 | 38,8 | 90,6 | 151,2 | 47,3 | 103,9 |
| Operating result (EBIT) (before goodwill depreciation) | 9,4 7,3% | 0,7 1,7% | 8,8 9,7% | 12,6 8,3% | 3,2 6,8% | 9,3 9,0% |
| Financial result | -13,2 | -4,3 | -8,9 | -20,6 | -4,4 | -16,2 |
| Depreciation of positive consolidation differences | 7,3 | 2,4 | 4,8 | 5,9 | 1,8 | 4,0 |
| Financial result excl. goodwill depr. | -6,0 | -1,9 | -4,1 | -14,7 | -2,5 | -12,2 |
| Result ordinary activities before taxes & goodwill depr. | 3,5 | -1,2 | 4,7 | -2,1 | 0,7 | -2,8 |
| <i>Depreciation of positive consolidation differences</i> | -7,3 | -2,4 | -4,8 | -5,9 | -1,8 | -4,0 |
| Result on ordinary activities before taxation | -3,8 | -3,6 | -0,2 | -8,0 | -1,1 | -6,9 |
| <i>Depreciation of positive consolidation differences</i> | 7,3 | 2,4 | 4,8 | 5,9 | 1,8 | 4,0 |
| Taxes on ordinary result | -2,4 | -0,3 | -2,1 | -6,4 | -2,0 | -4,4 |
| Share of third parties | -0,3 | 0,0 | -0,3 | -1,7 | -0,1 | -1,7 |
| Share in the result of equity method enterprises | -0,1 | 0,0 | -0,1 | 0,1 | 0,0 | 0,1 |
| Net ordinary group result (excl. goodwill depr.) | 0,62 | -1,5 | 2,1 | -10,2 | -1,4 | -8,8 |
| Extraordinary income | 3,3 | 0,0 | 3,3 | 64,4 | 36,6 | 27,7 |
| Extraordinary charges | -3,5 | -0,9 | -2,6 | -59,1 | -12,3 | -46,9 |
| Extraordinary result | -0,2 | -0,8 | 0,7 | 5,2 | 24,4 | -19,2 |
| Taxes on extraordinary result | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 |
| Depreciation of positive consolidation differences | -7,3 | -2,4 | -4,8 | -5,9 | -1,8 | -4,0 |
| Net group result | -6,8 | -4,8 | -2,0 | -10,9 | 21,1 | -32,0 |
| Total non-cash costs | 8,2 | 2,8 | 5,5 | 36,9 | -6,7 | 43,6 |
| Net cash flow (= Net group result + Total non-cash costs) | 1,4 | -2,0 | 3,4 | 26,1 | 14,5 | 11,6 |
| Ordinary non-cash costs | 1,4 | 0,7 | 0,7 | 2,9 | 1,9 | 1,0 |
| Net ordinary cash flow (= Net ordinary group result (excl. goodwill depr.) + Ordinary non-cash costs) | 2,1 | -0,8 | 2,9 | -7,3 | 0,5 | -7,8 |

| Figures per share (in EUR) | | | | | | |
|--|------------|------------|------------|------------|------------|------------|
| Number of shares at balance date | 25.478.572 | 25.478.572 | 25.389.142 | 15.220.570 | 15.220.570 | 15.449.040 |
| Net cash flow | 0,06 | -0,08 | 0,13 | 1,71 | 0,95 | 0,75 |
| Net ordinary cash flow | 0,08 | -0,03 | 0,11 | -0,48 | 0,03 | -0,50 |
| Net ordinary group result (excl. goodwill depr.) | 0,02 | -0,06 | 0,08 | -0,67 | -0,09 | -0,57 |
| Net group result | -0,27 | -0,19 | -0,08 | -0,71 | 1,39 | -2,07 |

(*) Excl. Infoplex, Britannia, Real Logistics
(**) Incl. Infoplex, Britannia, Real Logistics

| Balance sheet (in 1.000.000 EUR) | | | | | | |
|---|--------------|--------------|--------------|--------------|--------------|--------------|
| | 30/09/2002 | 30/06/2002 | 31/03/2002 | 31/12/2001 | 30/09/2001 | 30/06/2001 |
| FIXED ASSETS | 179,9 | 182,1 | 184,9 | 188,6 | 141,4 | 144,1 |
| Intangible assets | 0,4 | 0,5 | 0,6 | 0,5 | 0,5 | 0,5 |
| Consolidation differences (positive) | 169,8 | 171,6 | 174,0 | 177,5 | 130,0 | 131,8 |
| Tangible assets | 9,0 | 9,3 | 9,4 | 9,7 | 10,2 | 10,8 |
| Financial assets | 0,7 | 0,7 | 1,0 | 0,8 | 0,7 | 1,0 |
| CURRENT ASSETS | 66,6 | 72,7 | 81,8 | 85,9 | 79,7 | 84,9 |
| Investments & Cash at bank and in hand | 11,6 | 14,3 | 21,9 | 19,1 | 18,4 | 15,8 |
| Trade receivables | 45,3 | 49,0 | 49,7 | 56,2 | 48,5 | 57,6 |
| Other current assets | 9,8 | 9,3 | 10,1 | 10,6 | 12,8 | 11,6 |
| Total assets | 246,6 | 254,8 | 266,7 | 274,5 | 221,1 | 229,0 |
| CAPITAL AND RESERVES (EXTENDED) | 71,2 | 75,5 | 76,2 | 74,0 | 28,3 | -92,1 |
| Capital and reserves | -43,9 | -39,6 | -38,9 | -41,1 | -86,8 | -108,0 |
| Subordinated debentures | 115,1 | 115,1 | 115,1 | 115,1 | 115,1 | 15,9 |
| Minority interests | 0,9 | 0,9 | 1,9 | 1,8 | 9,0 | 9,3 |
| Provisions, deferred taxes and latent taxation liabilities | 6,0 | 6,3 | 7,5 | 8,7 | 6,1 | 15,4 |
| Long term financial debts | 108,5 | 108,5 | 103,5 | 99,5 | 104,9 | 147,1 |
| Other amounts payable | 14,2 | 13,6 | 2,5 | 6,9 | 0,0 | 0,0 |
| Other liabilities | 45,7 | 50,0 | 75,1 | 83,6 | 72,8 | 149,3 |
| Short term financial debts | 1,1 | 2,6 | 1,3 | 2,4 | 1,6 | 73,1 |
| Trade debts | 14,5 | 13,2 | 13,9 | 19,5 | 14,9 | 18,1 |
| Other amounts payable | 30,1 | 34,1 | 59,8 | 61,7 | 56,2 | 58,1 |
| Total liabilities | 246,6 | 254,8 | 266,7 | 274,5 | 221,1 | 229,0 |

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| Cash flow statement (In 1.000.000 EUR) | | | | | |
|---|---------------|-------------|--------------|--------------|-------------|
| | 3Q YTD | 3Q02 | 1H02 | 2Q02 | 1Q02 |
| Group result | -6,8 | -4,8 | -2,0 | -3,5 | 1,5 |
| Depreciation and other amounts written off (on formation expenses, intangible & tangible fixed assets) | 2,0 | 0,6 | 1,3 | 0,7 | 0,6 |
| Adjustments to depreciation and to other amounts written off on intangible and tangible fixed assets | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 |
| Extraordinary depreciation and amounts written off on intangible and tangible fixed assets | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 |
| Increase (+); Decrease (-) in amounts written off (stocks, contracts in progress and trade receivables) | -0,4 | 0,0 | -0,4 | 0,1 | -0,5 |
| Increase (+); Decrease (-) in provisions for liabilities and charges | -0,2 | 0,1 | -0,2 | -0,2 | -0,1 |
| Depreciation of positive consolidation differences | 7,3 | 2,4 | 4,8 | 2,4 | 2,4 |
| Adjustments to depreciation consolidation differences | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 |
| Adjustments to provisions for extraordinary liabilities and charges | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 |
| Provisions for extraordinary liabilities and charges; increase (+); decrease (-) | -2,6 | -0,4 | -2,2 | -1,0 | -1,2 |
| Non-cash expenses relating to tax | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 |
| Extraordinary depreciation of goodwill | 2,1 | 0,0 | 2,1 | 2,1 | 0,0 |
| Extraordinary amounts written off of financial fixed assets | 0,1 | 0,0 | 0,1 | 0,1 | 0,0 |
| Sub-total: non-cash expenses | 8,2 | 2,8 | 5,5 | 4,2 | 1,2 |
| Net cashflow | 1,4 | -2,0 | 3,4 | 0,7 | 2,7 |
| Cashflow from operating activities: | | | | | |
| Change in creditor balances payable in less than 1 year (excl. financial creditors) | -27,9 | -2,6 | -25,3 | -15,6 | -9,7 |
| Change in accrued costs and deferred income | -8,9 | -0,3 | -8,6 | -10,7 | 2,1 |
| Change in debtor balances due in less than 1 year | 11,8 | 2,2 | 9,6 | 1,6 | 7,9 |
| Change in accrued income and deferred costs | 0,1 | 0,9 | -0,8 | -0,4 | -0,4 |
| Change in debtor balances due in more than 1 year | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 |
| Debtors in USA | | | | | 0,0 |
| Change in stock | 0,3 | 0,1 | 0,1 | 0,1 | 0,0 |
| Subtotal: change in working capital | -24,6 | 0,4 | -25,0 | -24,9 | -0,1 |
| NET CASHFLOW FROM OPERATING ACTIVITIES | -23,2 | -1,6 | -21,6 | -24,2 | 2,6 |
| Cashflow from investment activities | | | | | |
| Change in consolidation goodwill | -1,6 | -0,6 | -1,0 | -2,2 | 1,1 |
| Change in (expensed) positive consolidation goodwill | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 |
| Change in investments and retirements of tangible and intangible fixed assets | -1,1 | -0,3 | -0,9 | -0,5 | -0,4 |
| Change in financial fixed assets | 0,0 | 0,0 | 0,1 | 0,2 | -0,2 |
| NET CASHFLOW FROM INVESTMENTS ACTIVITIES | -2,7 | -0,9 | -1,8 | -2,5 | 0,6 |
| Cashflow from financing activities | | | | | |
| Allocated dividends | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 |
| Change in minority interests | -0,9 | 0,0 | -0,9 | -1,0 | 0,1 |
| Change in financial debts | -1,2 | -1,4 | 0,2 | 1,2 | -0,9 |
| Cash from long-term debts and ACOs | 16,4 | 0,6 | 15,8 | 16,1 | -0,3 |
| Cash from the issue of shares and conversion of ACOs | 4,1 | 0,5 | 3,6 | 2,8 | 0,8 |
| NET CASHFLOW FROM FINANCING ACTIVITIES | 18,5 | -0,3 | 18,8 | 19,1 | -0,3 |
| Conversion differences, changes in the scope of consolidation, and other items | -0,1 | 0,0 | -0,1 | 0,0 | -0,1 |
| Net increase/(decrease) in cash and cash equivalents | -7,5 | -2,8 | -4,8 | -7,6 | 2,8 |
| Cash and cash equivalents at the start of the financial period | 19,1 | 14,3 | 19,1 | 21,9 | 19,1 |
| Cash and cash equivalents at the end of the financial period | 11,6 | 11,6 | 14,3 | 14,3 | 21,9 |

Dina Boschmans
 Corporate & Marketing Communications Manager
 Prins Boudewijnlaan 26, 2550 Kontich
 Tel. +32.3.290.23.11 - Fax +32.3.290.23.00
 E-mail : Dina.Boschmans@realsoftware.be
 URL: www.realsoftwaregroup.com

About Real Software NV

Real Software was established in 1986. In 2001, a group turnover of €208.6 m was generated, with an operating profit (EBIT) of €20.1 m, representing an EBIT margin of 9.6%. The Real Software Group currently has 1660 employees. Since 2002, the group's organisation has been based around four divisions: Banking & Insurance, Manufacturing & Maintenance, Business & Government and Retail. It offers a comprehensive range of software services, from the development and implementation of inhouse products, tailor-made projects and outsourcing through to advice, implementation and sales of products produced by other companies such as SAP, JD Edwards and Microsoft Navision. The company exports Belgian technology to a number of countries, including Luxembourg, the Netherlands, France, Germany and Switzerland. Its client portfolio includes companies such as Du Pont de Nemours, Carrefour, Johnson & Johnson, Merck Sharp & Dohme, Biogen, Renault, the Paris Metro, TFI, EDF - Electricité de France, SNCF, PTT Post, NedCar, Philips, Bandag, Goodyear, KBC Bank and Fortis Bank.

RECENT COMMERCIAL DEVELOPMENTS

Banking & Insurance

Despite a generally acknowledged slowdown of activities across the whole financial markets sector and the previously announced shortfalls, be it for the need of external resources, the renewal of contractual frameworks or even due to the execution of substantial cost savings within its target customers, the Banking & Insurance division keeps following its track by heavily developing its activities, including those of the leasing operations, which are still offering a great potential.

Furthermore, a great partnership has been concluded between Real Software's Banking & Insurance division, "Tijd Beursmedia" and Pavell Software. This innovative association will support our product range by offering a new product : Equity Expert. Based upon Real Software's experience in providing expert services in financial market applications and in handling monetary and economic data, that brand new software package will provide industry professionals the necessary and widely extended information regarding securities, related press articles and current market activities, allowing both, historical and current in-depth analysis due to a perfect integration of Euronext and the major international stock markets.

Last but not least, the Banking & Insurance division is proud to announce the successful start of its IBM Websphere (IBM technology) competence center, already introducing its proficiency and technical experience through three projects centered around Websphere technology for three clients amongst the top companies in the sector.

Manufacturing & Maintenance

During the third quarter, the **Manufacturing & Maintenance** division officially rolled out its strategy to its target market. The strategy had been defined during the first half of the year, and has a clear focus on Supply Chain Management and Asset Lifecycle Management. It met with a very positive reception, resulting in a definite increase in client orders and in a high level of interest from prospects and existing clients in the concepts and cases the division has presented. On 9 October, the successful 'Captains of Industry Debate' was attended by 224 executives and decision-makers from the target group, who were impressed by the identifiable client testimonials from DuPont, Bandag, Nedcar and Promat. The debate with Rudi Thomaes (CEO Alcatel), Chris Dewulf (Industriebank LIOF and ex-CEO NedCar), Geoff Varley (DuPont), Jan Coene (CEO Picanol), Prof. Ludo Gelders and Theo Dilissen, chaired by Karel Cambien from Belgian TV channel Kanaal Z, was described by participants as highly professional, and focused on ICT from a business standpoint.

A number of new clients were gained for Rimses, the division's internally developed application for Asset Lifecycle Management. Clear Channel Communication, which among other things organises the Rock Werchter Festival, purchased Rimses to enable it to steer its technical service more effectively. Amphia, a group of four hospitals in Breda and Oosterhout, will implement Rimses to support its purchasing processes. Real Software's Dutch joint venture, StorkReal, sold Rimses to a Russian poultry slaughterhouse.

New projects were also commenced with various clients including Staples - one of the major players in the office and school equipment sector in the USA, and now growing fast in Europe – and Janssen Pharmaceutica. Fibertex decided to buy RITM, the division's 'Real Integrated Textile Manufacturing' solution.

Retail

At the Retail Division, the third quarter was characterised by intense pre-sales activity, in preparation for contracts scheduled for the fourth quarter of 2002.

Since the end of the second quarter, in conjunction with a number of application partners, a total solution has been presented on the retail market. In addition to standard POS (Point of Sales – intelligent cash register) activities, this also incorporates integration with suppliers, purchasing strategy and the analysis of customer behaviour and fraudulent behaviour. The first generation of operating system-independent POS solutions was also launched, based on Java technology. Real Software is the first-to-market in this area. The solution enables retailers to roughly halve their software costs for their POS environment.

The new total solution and the Java application met with a very positive reception, and generated 26 direct leads at the Equipmag fair in Paris and 24 direct leads at the IT in Retail event. The solution was also shortlisted in 15 tenders.

On November 6, 2002 the prestigious e-Trends Award was presented to the best e-business project of the past year. From a list of 72 contestants, the jury composed a list of 7 candidates, among which Real Software (Retail division) with its product FlexPoint Intrastore. After deliberation, a Silver Award was bestowed upon this solution for the way it facilitates the stream of information between stores and their headquarters. FlexPoint Intrastore is currently running in 2300 locations in the Benelux, France, Germany, Switzerland and the UK, at, amongst others, Blokker, Brantano and Kruidvat.

Market activity in retail is reviving strongly. Retailers are very eager for new applications, as is apparent from the interest shown in the retail forum organised by the division on 7 and 8 November, and attended by 100 retailers from Benelux and France. A couple of major contracts were entered into in October, with both existing clients (Intergamma) and new clients (Brantano in the Netherlands and two major chains of foodstores).

Business & Government

Business & Government continues to consolidate its position in the midrange market. Its internally developed software products targeting well-defined market niches (Odisy, Extasy and Smart) were further harmonised with one another, and are now marketed under the logo 'Real Applied': applied functionality for the wholesale segment.

As well as traditional IT services, a considerably greater quantity of network and system engineering services were also offered. This underscores a general market trend: midrange businesses are increasingly turning to a total partner who can provide them with a comprehensive range of solutions.

To complete its solution matrix, the division recently strategically extended its longstanding partnership with market leader Microsoft. As a new Navision Solution Center, B&G will primarily focus on medium-sized production and service businesses - an important market segment whose needs it has hitherto not been possible to fully cater to with the division's own vertical products. The division has therefore earmarked a substantial investment budget for the development of add-ons to Microsoft Navision. These will mainly relate to production, supply chain management and PDA integration.

The Government team's business plan is being implemented, and is totally on schedule. In the field of local government, B&G is laying particular stress on the automation of technical services, and more generally on the automation of communication within the organisation, including flow management and document management.

At federal and Flemish government level, the division plans to assume a leading, innovative role in the Flemish media world with the creation of a Media Competence Center. In this context, the first projects have been started at VRT.

The division is now also involved in various other government projects, and further competence centers will be developed in this area.
