
PRESS RELEASE: YEAR RESULTS FOR 2001

Turnaround achieved at Real Software

Results second half positive and indicative for future

- **positive 2nd half,**
 - ~~///~~ **with EBIT-margin increase on group level from 9 % in the first half to 10.3 % in the second half**
 - ~~///~~ **a positive net profit of €21.8 m (resulting from core and non-core activities)**
 - ~~///~~ **an EBIT-margin increase of the core business to 11.5 % in the second half year**
- **year results in line with forecast made at time of announcement of half-yearly results:**
 - ~~///~~ **€208.6 m turnover, EBIT-margin of 9.6%**
 - ~~///~~ **€6.3 % organic growth of core business**
 - ~~///~~ **€-10.2 m net group loss**

~~///~~ Real Software Group (including core and non-core) achieved the targets it had set itself for the second half of 2001, recording a positive EBIT of € 10.8 m (10.3 %), a net ordinary group result¹ of €0.3 m and a net group profit of €21.8 m in the second half.

~~///~~ The core activities around which the Real Software Group has mapped out its strategy, grew organically by 6.3 %, producing an EBIT-margin of 10.7 % (increasing from 9.9 % in the first half to 11.5 % in the second half)

~~///~~ There was a substantial recovery in equity: according to their extended definition, these became positive once again, increasing by €135.5 m from €- 61.5 m as at 31.12.00 to €74.0 m as at 31.12.01; this represents 27 % of the balance total.

~~///~~ The group has acquired full control of all its strategic subsidiaries, and is smoothing the path towards future value creation with a new management team and a completely independent Board of Directors.

~~///~~ The disposal process of all non-strategic entities has progressed considerably: companies making a negative cashflow contribution have been sold.

PROSPECTS

~~///~~ The group anticipates 5% turnover growth, in line with the market average

~~///~~ EBIT margin improvement on group level (core and non-core) of 1% expected as a result of integration synergies to 10.6 %

~~///~~ The cautious estimation of the nett current group result for FY2002 amounts to €1 mio

¹ EBIT minus financial result for depreciations on consolidation differences and after tax on the current result and share of third parties in the result

Kontich, 27 February 2002. Real Software's management and its workforce of 1750 people have succeeded in transforming the company during 2001 from an ailing confederation of businesses into a profitable group with a focused strategy, a new organisation and solid foundations for a durable recovery.

The turnaround has been achieved, and the year results - particularly those for the second half - are there to prove it. Completely in line with the forecast released at the time of the announcement of the half-yearly results, an ordinary group result of € 0.3 m was recorded during the second half of the year and a net group profit of € 21.8 m. The core activities around which the group has mapped out its strategy, and which are the key to its success, produced a turnover growth of 6.3 % during 2001. The EBIT-margin increased from 9.9 % to 11.5 % during the second half. Debt restructuring and contributions in kind from minority shareholders significantly reinforced the company's capital position: equity in the large sense grew from € -61.5 m as at 31.12.00 to € 74.0 m as at 31.12.01, and now represents 27.0 % of the balance-sheet total.

Meanwhile, the disposal of all non-strategic entities is progressing smoothly, and has now reached an advanced stage. Significantly, the sale of Infoplex on 25 February 2002 means that all companies with a negative cash flow contribution have been disposed.

In 2001 the group also acquired all the remaining shares of her strategic subsidiaries, held by the minority shareholders, putting the management in a position to implement the proposed integration process that will totally transform Real Software from a confederation of businesses into a single, tight-knit group, thereby generating operational and financial synergies.

The management believes that the impact of this transformation will result in 2002 in an improvement in the operational margin from 9.6 % to 10.6 % for the Real Software Group as a whole (taking core and non-core activities together). The group expects its turnover to increase in line with the market average, currently fluctuating around the 5% mark, during 2002. The nett current group result for FY2002 is being estimated cautiously on €1 mio.

Year Results for 2001

2001, a year of restructuring and redefining group strategy

The year 2001 will definitely go down in the records as the year when the group underwent complete restructuring. A new management team was recruited and a restructuring plan was drawn up.

After an in-depth analysis of market requirements and of existing competences and products within the group, the *group strategy* was defined and an *organisational model* was constructed, featuring a corporate structure and four operational business units.

This strategy is characterised by its focus on core activities in *continental Europe*, where the group is seeking to position itself as a solution provider with high profitability and added value for the client; its ambition is to draw clear of the market average or 'peer group' in terms of both turnover growth and EBIT-margin.

Non-core activities and companies were identified, and a disposal process launched that was in fact largely completed during the financial year 2001. As a result, the group has parted ways with all companies that do not fit with the group's strategic profile or which were making a negative contribution to group cash flow. The implementation of this programme during 2001 has had the effect of fundamentally altering the group's scope of consolidation.


The three American companies (RES, Inc. and RSNA) that were disposed have been removed from the scope of consolidation from the start of the financial year 2001, together with Shire Systems Ltd (UK) and Falcon Software (B). In September and October, respectively ASQ BV (NL) and Real Software UK were also removed from the scope of consolidation.

Year figures and important events

2001 Key figures for the total Real Software Group (core and non-core together)

EURO m	YO1	Forecast YO1	2H01	1H01	Y00*
Turnover	208,6	211,9	104,7	103,9	239,5
Operational Profit - EBIT	20,1	20,4	10,8	9,3	0,5
EBIT-margin	9,6%	9,6%	10,3%	9,0%	0,2%
Net Ordinary Group Result	-8,6	-6,2	0,3	-8,9	-27,2
Net Group Result **	-7,7	-10,4	22,7	-30,4	-284,2
Net Group Result	-10,2	Not forec.	21,8	-32,0	-289,3

* including all US activities, Falcon Software, Shire Systems, Real Software UK and ASQ bv
** excluding share third parties and equity method enterprises

 **Forecasted objectives realised**

Turnover, EBIT and net result in line with objectives

2001 saw a group turnover of € 208.6 m, an operating profit (EBIT) of € 20.1 m and an EBIT-margin of 9.6%. Despite difficult market conditions and the ongoing restructuring programme, these achievements are completely in line with previously set objectives. The comparison with last year is extremely difficult, because of the fundamental changes in the scope of consolidation, especially as a result of the deconsolidation of the American entities. In 2000 the American subsidiary companies realised a turnover of €36.3 m and an EBIT of € -23.1 m. If we make a turnover comparison on a comparable basis (i.e. the turnover of last year minus the companies that were disposed = core and non-core), we see that the group has realised a turnover increase of 6.7 % and an EBIT-margin of 10.3 %, in comparison with 12.5 % in the last financial year, a.o. as a result of the market conditions.

Half Year Results (EURO m)	Y01		Y00
	EBIT % 2H01	EBIT % 1H01	EBIT % 2H00
Group EBIT	10,3%	9,0%	4,0%
Core Activities	11,5%	9,9%	N.A.
			9,6%

EBIT-margin improvement

The improvement in the EBIT-margin that had already been recorded during the first half of the year in comparison with the second half of the previous year (from 4 % to 9 %) was continued during the second half, with a further increase from 9 % to 10.3 %.

The net group result, excluding share third parties and the share in the results of companies consolidated by the equity method was €-7.7 m, compared with the forecast figure of €-10.4 m. The net group result was €- 10.2 m (see table on previous page).

2001 Turnover (EURO m)	Y01 %
Licenses : own products	6%
Maintenance : own products	7%
Own software services	37%
Tailormade solutions	25%
Third party software sales	4%
Third party software implem.	5%
Infrastructure	15%
Other revenues	1%
Total	100%

2001 Turnover (EURO m)	Y01	%
Benelux	145,2	69,5%
France	33,3	16,0%
UK	9,3	4,5%
USA	0	0,0%
Switzerland	12,2	5,8%
Other	8,7	4,2%
Total	208,6	100%

The sale of licences and maintenance services on the group's own products accounted for 13 % of total turnover, licences relating to third-party products for 4 %, associated implementations for 5 %, services for 62 % and infrastructure for 15 %. Only 1 % of the services turnover is accounted for by consulting. 3.5 % of the turnover is realised through outsourcing.

69.5 % of the group turnover was generated in Benelux; the second place is occupied by France with 16 %, Switzerland's turnover represents 5.8 %.

2001 Turnover (EURO m)	Y01	%
Manufacturing & Maintenance	70,5	33,9%
Business & Government	66,5	31,9%
Banking & Insurance	44,1	21,0%
Retail	27,5	13,2%
Total	208,6	100%

The Manufacturing & Maintenance business unit generated 33.9 % of group turnover in 2001, followed by Business & Government (31.9 %). Banking & Insurance accounted for 21.0 %, while the Retail business unit was responsible for 13.2 % of turnover during 2001.

Core activities

Turnover and EBIT from *core activities* came to €192.7 m and €20.6 m (10.7 %) respectively during 2001.

Compared with the previous financial year, the core activities saw an organic turnover growth of 6.3 %. The EBIT-margin increased from 9.9 % to 11.5 % during the second half of the year.

Core activities accounted for 92.4 % of consolidated turnover during 2001 (compared with 75.7 % in 2000) and 102.5 % of the group's EBIT (compared with 92.3 % in 2000).

2001 Year Results (EURO m)	Y01			
	Turnover	Turnover Growth	EBIT	EBIT %
Core	192,7	6,3%	20,6	10,7%
Non-Core	15,9	-72,7%	-0,5	-3,1%
Group	208,6	-12,9%	20,1	9,60%

**Core business EBIT-margin increase during 2H01 :
from 9,9 % in 1H01 to 11,5 % in 2H01**

Non-core activities

Turnover from *non-core activities* came to €15.9 m in 2001, with an EBIT of €-0.5 m and an EBIT margin of -3.1 %.

In the previous financial year, turnover from non-core activities was € 58.3 m, while EBIT was €-22.9 m.

This change is entirely due to the disposal of the heavily loss-making American businesses.

Costs of finance were substantially reduced during the second half as the result of a drastic debt restructuring exercise, the full impact of which will be felt in 2002

The financial result, including € 7.9 m of ordinary depreciation on goodwill, was € -25.6 m, putting it at the same level as during the previous year (€-25.8 m).

The lowering of interest charges on debt, as a result of the fundamental *debt restructuring exercise* that the group carried out with its bankers in 2001, only had an impact on the financial result during the second half of the year.

During the first half, interest charges on debt came to € 8.8 m, compared with € 4.9 m during the second half. This effect will be felt in full during 2002.

Early July, an agreement was reached with the banking syndicate on a *complete restructuring of the group's bank debt of € 218.2 m*. This debt restructuring has three sections:

~~///~~ The *first section* of the debt restructuring consists of the conversion of € 99.2 m into *quasi-capital*. This has been achieved by means of a 10-year subordinated loan, of which the first five years will be interest-free. As a compensation for this exemption of interest during the first five years, 4 million warrants were created. These warrants will help strengthen the company's capital position once they are eventually exercised. In this way the interests on this loan will not be booked during the first five years and the theoretical value of the warrants issued will not be included in the equity. The last five years interest is due on these subordinated loans, based on EURIBOR plus 250 base points.

~~///~~ The *second section* of the debt restructuring consists of a *long-term loan of € 94.2 m over a period of 12 years*. This is repayable in half-yearly instalments, but no repayments are required in the first two years. The interests for this longterm loan are based on EURIBOR plus 200 base points.

~~///~~ The *third section* consists of the definitive and irrevocable *cancellation of € 24.8 m of debt*, coupled with a '*retour à meilleure fortune* (restoration of fortunes)' clause. This debt cancellation was recorded in the extraordinary results for the financial year 2001.

The '*retour à meilleure fortune*' clause means that the banking syndicate will be allowed to gradually recuperate the contribution it has made via debt cancellations on an annual basis over a 7-year period starting in 2006, on condition that the group significantly exceeds the EBIT-targets in its recovery plan.

Three thresholds have been set for each financial year between 2006 and 2012. The first EBIT-threshold for 2006 has been set at €55.4 m, while that for 2012 is €67.3 m.

~~///~~ **Substantial improvement in net current group result**

The net current group result (i.e. EBIT after the financial result and before depreciation of goodwill, after current tax and after minority interests) improved from €- 27.2 m in 2000 to €- 8.6 m in 2001.

Because the reduction in interest charges only took effect during the second half of the year, the substantial improvement in the net current group result for the financial year 2001 is *not yet fully discernible* in the year figures for 2001.

The same is true of minority interests in the consolidated group result. Because the group only increased its stake in its strategic subsidiaries to 100 % on 21 December 2001, the full impact of this will only be felt during 2002. Minority interests in the consolidated group result was €2.4 m in 2001 compared with €5.2 m in the previous financial year.

Current tax on the consolidated group result was €8.5 m in 2001 compared with €9.0 m in the previous financial year.

✎✎ The implementation of the restructuring plan and the completely new group strategy have produced substantial extraordinary results

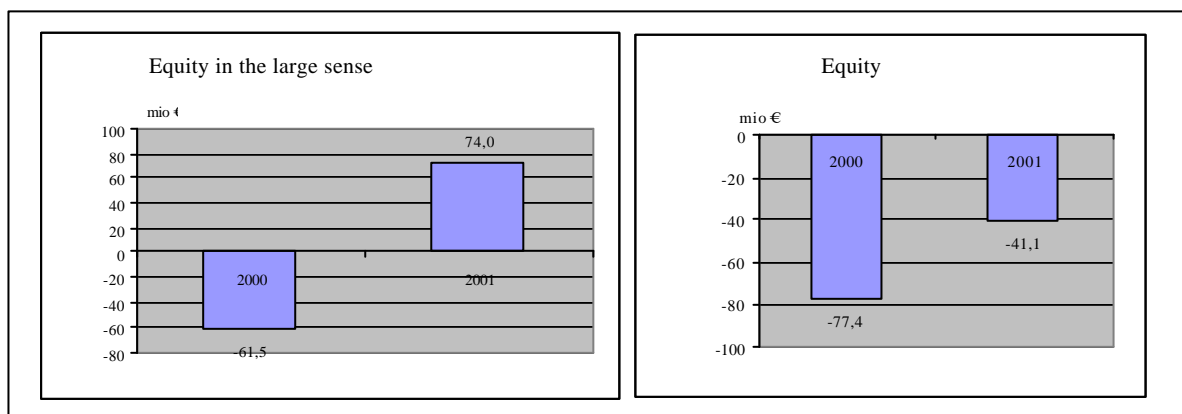
The extraordinary result of € 6,4 m can be explained as follows:

- ✎ € 14.7 m of accelerated extraordinary depreciation of goodwill on non-strategic entities;
- ✎ restructuring costs of € 9.5 m; mainly as a result of one-off fees of experts and indemnifications;
- ✎ € 4.9 m of additional provisions for various exceptional risks and costs linked to the restructuring;
- ✎ the cancellation of € 24.8 m of debt by the banking syndicate in connection with the debt restructuring;
- ✎ the overall positive impact of removing non-core companies (especially the American companies) from the scope of consolidation, worth €10.4 m;
- ✎ other extraordinary revenue of €0.3 m.

✎✎ The group made a net profit in the second half of the year of €21.8 m and a net ordinary group result of €0.3 m

In 2001 the group generated a net group result in 2001 of €-10.2 m. In the second half of the year, a net profit of €21.8 m was made.

✎✎ The group's equity position recovered substantially as a result of capital increases and debt restructuring, and represents the basis for further group integration and future value creation



Equity in the large sense = equity + long term subordinated loans (at Real Software these are set on 10 years) and Automatic Convertible Bonds.

In the statutory accounts the equity for 2001 is €-44.8 m, in comparison with €-66.3 m during the previous fiscal year.

Goodwill as at 31.12.01

CONSOLIDATION GOODWILL				
Company name	C (Core) NC (Non Core)	€ mio		
		2000	2001	Change
Airial	C	52,1	50,1	-2,0
Sycron	C	41,0	38,1	-2,9
ASQ	C	15,6	31,4	15,8
Real Solutions	C	9,9	23,7	13,8
Connect	C	3,6	13,5	9,9
FSS	C	2,1	7,7	5,6
Real Information Services	C	4,2	4,0	-0,2
ESCI	C	1,0	3,4	2,4
Xenia	C	0,0	2,2	2,2
Meta Software Company	C	0,0	2,1	2,1
Infoplex	NC	4,0	1,2	-2,8
Britannia	NC	6,8	0,0	-6,8
Oriam	NC	2,2	0,0	-2,2
Falcon	NC	1,4	0,0	-1,4
Imotion	C	0,7	0,0	-0,7
Net Markets	NC	0,5	0,0	-0,5
Other	C	0,1	0,1	0,0
TOTALS		145,2	177,5	32,3

Dilution table on time axis: simulation (*) of the future number of shares: The table below gives an overview of the evolution of the number of shares, spread in time, (taking into account the relevant issuing and exercise conditions and an exercise of definitely obtained warrants evenly spread in time).

Number of shares on 31/12/01 : 24.240.340					
	2002	2003	2004	2005	2006
Warrants 1997 executed	734.400				
Warrants 2001 Personnel executed	13.067	53.900	412.856	771.845	935.178
Warrants banks executed			1.333.333	1.333.333	1.333.333
ACB's				447.150	
Interest 2002 on ACB's	89.430				
Total Shares	25.077.237	25.131.137	26.877.326	29.429.654	31.698.165

* Excluding payment in shares of Airial-guarantee

On 21 December 2001, the shareholders approved the buy out by contribution in kind of the minority holdings in those strategic subsidiaries in which the group did not yet have 100 % of the shares. The initial agreements with these subsidiaries provided for a system of put and call options, by which the group is obliged to buy out the minority shareholders over the period 2001 to 2005 (the vast majority of which relate to 2002). The intense involvement of these minority shareholders, who are also key-managers, in the drawing up of the business plans and the determination of the new group policy, have constituted the basis for the *share swaps*.

These share swaps, combined with the contribution of a number of claims, led to € 50.9 m of capital increases in the financial year, with the creation of 9,019,770 new shares and the disappearance of virtually all buyout obligations. At the end of the financial year, the company's capital was represented by 24,240,340 voting shares, compared with 15,220,570 at the end of the previous financial year.

This operation also ensured that all conditions for the debt restructuring were definitively satisfied. The subordinated loans in the restructured debt have increased the company's *capital and reserves in the extended definition* by € 99.2 m, helping make these positive once again.

The possible exercise of warrants that have been assigned in connection with the restructuring of the bank syndicate debt, warrants created for the personnel and the conversion of automatically convertible bonds should further strengthen the capital basis in the future.

PROSPECTS

~~///~~ The acquisition of all remaining shares of all strategic subsidiaries smoothes the way for future value creation

The organisation of the share swaps has enabled the group *to accelerate the integration of its different businesses*, making new market growth possible and generating cost-saving synergies that will lead to *future value creation*. The group with its 1750 employees will focus on its core activities in continental Europe, and has organised itself into four strategic sectors: Banking & Insurance, Manufacturing & Maintenance, Retail and Business & Government.

~~///~~ Expectations for 2002

In 2002, the group is expecting turnover growth in line with the market average (the group is anticipating market growth of 5% in 2002) and the continued improvement of its EBIT margin to 10.6 % for the Real Software Group as a whole (taking core and non-core activities together). The cautious estimation of the nett current group result for FY2002 amounts to €1 mio

Income statement (in 1.000.000 EUR)	2000 (*)	2001
Turnover	239,5	208,6
Operating result (EBIT) (before goodwill depreciation)	0,5 0,2%	20,1 9,6%
Financial result	-25,8	-25,6
Depreciation of positive consolidation differences	12,3	7,9
Financial result excl. goodwill depr.	-13,5	-17,7
Result ordinary activities before taxes & goodwill depr.	-13,1	2,3
Depreciation of positive consolidation differences	-12,3	-7,9
Result on ordinary activities before taxation	-25,3	-5,5
Depreciation of positive consolidation differences	12,3	7,9
Taxes on ordinary result	-9,0	-8,5
Share of third parties	-5,2	-2,4
Net ordinary group result (excl. goodwill depr.)	-27,2	-8,6
Uitzonderlijk resultaat	-234,9	6,4
Taxes on extraordinary result	-15,0	0,0
Depreciation of positive consolidation differences	-12,3	-7,9
Share in the result of equity method enterprises	0,0	-0,1
Net group result	-289,3	-10,2
Total non-cash costs	250,4	43,5
Net cash flow (= Net group result + Total non-cash costs)	-38,9	33,3
Ordinary non-cash costs	11,7	4,8
Net ordinary cash flow (= Net ordinary group result (excl. goodwill depr.) + Ordinary non-cash costs)	-15,5	-3,8
Figures per share (in EUR)		
Number of shares	15.220.570	24.240.340
Net ordinary group result (excl. goodwill depr.)	-1,79	-0,35
Net group result	-19,01	-0,42
(*) Including 12 months for all US activities, Falcon Software, Shire Systems, Real Software UK and ASQ BV		

The auditor has confirmed that the outcome of his essentially completed audit procedures has not resulted in the finding that the information contained in the press release requires a significant adjustment.

The auditor should like to add the following point: notwithstanding the losses harming the group's financial position, the annual accounts have been drawn up in the assumption that the enterprise will carry on with its operations. Note, with regard to this assumption, which is based on the turnaround plan developed by Management, that account has been taken of all of the achievements recorded throughout the accounting year 2001, and that it is assumed that Management will be able to carry on implementing the same plan throughout the accounting year 2002.

Balance sheet (in 1.000.000 EUR)		
	31/12/2000	31/12/2001
FIXED ASSETS	161,0	188,6
Intangible assets	0,9	0,5
Consolidation differences (positive)	145,2	177,5
Tangible assets	12,9	9,7
Financial assets	1,9	0,8
CURRENT ASSETS	106,0	85,9
Investments & Cash at bank and in hand	14,4	19,1
Trade receivables	69,5	56,2
Other current assets	22,1	10,6
Total assets	266,9	274,5
	31/12/2000	31/12/2001
CAPITAL AND RESERVES (EXTENDED DEFINITION)	-61,5	74,0
Capital and reserves	-77,4	-41,1
Subordinated debentures	15,9	115,1
Minority interests	9,4	1,8
Provisions, deferred taxes and latent taxation liabilities	13,9	8,7
Long term financial debts	119,2	99,5
Other amounts payable	0,0	6,9
Other liabilities	186,0	83,6
Short term financial debts	107,9	2,4
Trade debts	23,0	19,5
Other amounts payable	55,0	61,7
Total liabilities	266,9	274,5

For more information:

REAL SOFTWARE NV

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. During the first semester of 2001 the group realised a consolidated operating profit of 9.3 million euro on a total consolidated turnover of 103.9 million euro, which represents an EBIT margin of 9 %.. The Real Software Group currently employs a staff of 1750 employees. The group 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 JD Edwards. The company exports Belgian technology to countries such as Luxemburg, the Netherlands, France, Germany and Switzerland. The customer portfolio includes companies such as Du Pont de Nemours, GIB, Océ, Johnson & Johnson, Merck Sharp & Dohme, Biogen, Renault, the Paris Metro, TF1, EDF – Electricité de France, SNCF, the Dutch Post Office, NedCar, Philips, Shopi, Bandag, Goodyear, KBC Bank and Fortis Bank.

(If there should be any interpretation differences between the Dutch and the English text, the Dutch text will be binding.)