PRESS RELEASE: HALF-YEARLY RESULTS 2002

REAL SOFTWARE STILL EXPECTS TO GENERATE A NET ORDINARY GROUP RESULT [1] OF € 3.5 M FOR 2002

THE MERGER OF ALL BELGIAN CORE COMPANIES THAT WAS CARRIED OUT ON 10 JUNE 2002 HAS CREATED ROOM FOR ADDITIONAL SYNERGIES AND DURABLE VALUE CREATION

Results for first half of 2002 show positive development

- an EBIT margin at group level of 9.7%, compared with 9.0% during the first half of 2001
- a net ordinary group profit of € 2,1 mio
- a net group result after depreciation of goodwill and extraordinary results of € -2,0 mio

Group integration proceeding according to schedule

- during the first quarter, the non-core companies Infoplex and Britannia were sold; the programme of disposals for the remaining two (2) non-core businesses is proceeding according to schedule
- in June 2002, an important step was taken in the implementation of the strategic organisation model, focused around four divisions, with the effecting of a merger of all Belgian core companies. This will give rise to additional synergies. All Belgian entities' cashflow management has been centralised, and the liquidity position of the group and all subsidiaries remains strong
- during the first half, major investments were made in a development framework, which will enable future system integration projects and product development to be standardised to a greater extent and to run up to 30% more efficiently

Profit forecast for 2002 unchanged

- the earlier forecast of a net ordinary group profit in 2002 of € 3.5 m remains unchanged, despite the particularly difficult market conditions at present

Key figures

The following table of key figures for financial year 2001 does not take into account modifications of the consolidation perimeter during 2002, i.e. the sale of Britannia and Infoplex. The same remark needs to be made regarding Real Software UK that was taken out of the consolidation in the last quarter of the financial year 2001, meaning it affected the figures of the first months of 2001.

€ m	2002			2001		
	1H02	2Q 02	1Q 02	Y01	2H01	1H01
Turnover	90.6	44	46.6	208.6	104.7	103.9
EBIT – Operating profit	8.8	4.1	4.7	20.1	10.8	9.3
EBIT - Margin (%)	9.7%	9.2%	10.2%	9.6%	10.3%	9.0%
Net ordinary group result	2.1	1.3	0.8	-8.6	0.3	-8.9
Net profit/loss	-2.0	-3.5	1.5	-10.2	21.8	-32

[1] Net ordinary group result = net profit/loss of the group, before extraordinary results and depreciation of goodwill.

RESULTS FOR THE FIRST HALF OF 2002

2002: the year of implementing the new group strategy

For the Real Software Group, 2001 was the year of restructuring and redefining the group strategy.
2002 is the year of the group's integration and the implementation of the group strategy focused on core activities in continental Europe, where the group aspires to a positioning as a solution provider with high profitability, high added value for its clients and value creation for its shareholders.

The merger of all Belgian core entities that has been carried out (retroactively taking effect as from 1 January 2002) represents a significant step forward in the ongoing creation of a decentralised structure based around four core divisions

During the first half of 2002, work continued on the creation of the new organisational model based around the four operating divisions. On 10 June 2002, 15 Belgian core companies were merged with the parent company. This represented a significant step forward in the integration process and the ongoing creation of the group model.
This model is based on a decentralised structure in which the Manufacturing & Maintenance, Business & Government, Banking & Insurance and Retail divisions are being assigned across-the-board operational autonomy, underpinned by a lightweight, efficient corporate structure.

Non-core company disposal programme proceeds according to schedule

The disposal process for non-core companies was continued with the sale of Infoplex Gmbh on 25 February 2002 and the sale of Britannia Software on 22 April 2002. Both companies were removed from the scope of consolidation on 1 January 2002.
All non-core activities with a negative cashflow contribution have disappeared from the group. The programme for the disposal of the remaining non-core companies (Oriam in France and Oasis in Singapore) is proceeding according to the proposed schedule.

Results[2] from first half confirm previous profit forecasts

- *Group turnover*

Despite an upwards trend in group turnover deriving from system integration, the group recorded a slight drop in turnover from its core activities, due to pressure on licence and infrastructure sales. The client portfolio remained fully intact.

During the first half of 2002, the group generated a **consolidated group turnover of € 90.6 m**, compared with € 103.9 m in the first half of 2001 (down € 13.3 m). Over half of this decrease (€ 7 m) is due to changes in the scope of consolidation due to the continuing sale of non-strategic entities.

In its **core activities** during the first half of 2002, the group generated a consolidated turnover of € 89.0 m, compared with € 95.3 in the first half of the previous year (down € 6.3 m).

Turnover per division	**1H02**				
In € m	**Banking & Insurance**	**Business & Governm.**	**Manufact. & Mainten.**	**Retail**	**TOTAL**
Group software services & bespoke work	11.2	21.9	30.1	4.8	**67.9**
Licences: group products	0.9	1.6	0.3	0.5	**3.3**
Maintenance:group products	2.4	1.2	0.4	3.1	**7.1**
Software sales: 3rd-party products	0.3	0.6	0.1	0.3	**1.2**
Implementation: 3rd-party products	1.3	0.6	0	0	**1.9**
Infrastructure	2.1	2.3	1.6	3.2	**9.2**
Total (€ m)	**18.1**	**28.1**	**32.5**	**11.9**	**90.6**
% of Total	**20%**	**31%**	**36%**	**13%**	**100%**

The element of **group turnover deriving from system integration** weathered the adverse economic climate well, despite the pressure on Internet activities within system integration. It remained very stable, and even showed a slight increase between the first and second quarters of the year. Out of the overall group turnover of € 90.6 m, € 67.9 m (75%) was generated from software services and bespoke work.
The sale of group software products and associated maintenance revenues accounted for turnover of € 10.4 m (12%). The adverse economic climate was mainly to blame for the slowdown here and in the areas of infrastructure sales and licence sales relating to third-party products.
Turnover from the sale of third-party licences and the associated implementation services accounted for € 3.1 m (3%). Infrastructure generated turnover of € 9.2 m (10%).

Out of this group turnover of € 90.6 m, € 32.5 m (36%) was generated by the **Manufacturing & Maintenance** division, € 28.1 m (31%) by the **Business & Government** division, followed by the **Banking & Insurance** division with a turnover of € 18.1 m (20%) and the **Retail** division with a turnover of € 11.9 m (13%).

The proportion of **software services and bespoke work** in total turnover is highest in the **Manufacturing & Maintenance** division (93% of total turnover) and the **Business & Government** division (78% of turnover).

[2] Consolidated, audited figures

Licences for **group software products and associated services** revenue is relatively significant in the **Banking & Insurance** division (18% of turnover) with the products *IBSY*, *Real Portfolio* and *VarE-Docs* and the **Retail** division with *Frontstore* and *Flexpoint* (30% of turnover). Within Manufacturing & Maintenance, *Rimses*, *Fimacs* and *RITS* (the textiles application) and related services generate 2% of turnover. Business & Government makes 10% of its turnover from sales and the provision of associated services, relating mainly to *Extasy* and *Odisy* (the book-keeping and ERP application).

Turnover per division	1H02					Y01
In%	Banking & Insurance	Business & Governm.	Manufact. & Mainten.	Retail	TOTAL	TOTAL
Group software services & bespoke work	62%	78%	93%	40%	**75%**	**63%**
Licences: group products	5%	6%	1%	4%	**4%**	**6%**
Maintenance:group products	13%	4%	1%	26%	**8%**	**7%**
Software sales: 3rd-party products	1%	2%	0%	2%	**1%**	**4%**
Implementation: 3rd-party products	7%	2%	0%	0%	**2%**	**5%**
Infrastructure	11%	8%	5%	27%	**10%**	**15%**
Total	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**

During the first half of 2002, 73.1% of group turnover was generated in 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 17.9% of group turnover, followed by Switzerland, with 5.1% of group turnover.

Geographical distribution of turnover In € m	2002 1H	%	2001	%
Belgium	40.2	44.4%	92.5	44.3%
Netherlands	16.2	17.9%	31.4	15.1%
Luxembourg	9.8	10.8%	21.3	10.2%
France	16.2	17.9%	33.3	16.0%
UK	0.0	0.0%	9.3	4.5%
Switzerland	4.6	5.1%	12.2	5.8%
Germany	2.5	2.7%	4.5	2.2%
Other	1.1	1.2%	4.1	1.9%
Total	**90.6**	**100.0%**	**208.6**	**100.0%**

- ***EBIT margin remains strong; positive net ordinary group result***

The EBIT margin remains solid, despite significant investments in the technical development of the product portfolio and in a marketing campaign, which were fully taken into account in the profit calculation for the first half year.

The group has also regularised its payment obligations with regard to third parties. The liquidity position is now centrally managed and monitored. Cashflow prospects are showing positive development.

Out of a total turnover of €90.6 m, during the first half of 2002 the group recorded an **EBIT of € 8.8 m, representing an EBIT margin of 9.7% 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 9.7% in the first half of 2002 is in line with that for the full financial year 2001 (9.6%), and shows a 0.7% improvement on that achieved in the first half of last year (9.0%).

The EBIT margin in the second quarter (9.2%) did not reach the level of the first quarter (10.2%), in line with traditional seasonal fluctuations and as a result of the poor economic climate, which has led to a slowdown in sales of group and third-party software licences and associated maintenance activities.

Taking account of the very difficult market conditions and the slight progress in system integration activities, which are responsible for 75% of group turnover, this result was achieved through cost-control exercises and the first synergies produced by the group's integration and the implementation of the new organisational model.

During the first half, the group **invested 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.
These investments, which cost € 2.3 m, were fully charged to the profit and loss account during the first half.

During the first half, a **marketing campaign, 'explore the new Real Software'**, was conducted, the purpose of which was to draw attention to the new group strategy on the group's revised website. The costs of this campaign (€ 0.2 m) were charged in full to the half's profit and loss account.

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 measurable effect from the second half of this year.
As a result of this merger, the cashflow management of all former legal entities has been centralised and brought under the control of the parent company.
The group's liquidity position, which from now on will be centrally managed for all Belgian subsidiaries, remains strong, and has put the group in a position to regularise its payments to third parties.

After taking account of financial income (€ 0.366 m), interest and other debt charges (€ -4.164 m), amounts written off current assets (€- 0.074 m), other financial charges (€ -0.223 m), corporation tax (€ -2.127 m), minority interests in the group result (€ 0.324 m) and the share in the result of the companies to which the equity method has been applied (€ -0.078 m), the outcome is a **net ordinary group profit of € 2.142 m** during the first half of 2002.
Of the corporation tax amount of € 2.127 m, € 1.447 is attributable to the group's foreign entities. The remaining € 0.680 m is attributable to the Belgian entities, and relates mainly to joint ventures which remained outside the scope of the merger.

€ m	1H02	2Q 02	1Q 02	Y01	2H01	1H01
Turnover	90.6	44	46.6	208.6	104.7	103.9
EBIT – Operating profit	8.8	4.1	4.7	20.1	10.8	9.3
EBIT - Margin (%)	9.7%	9.2%	10.2%	9.6%	10.3%	9.0%
Net ordinary group result	2.1	1.3	0.8	-8.6	0.3	-8.9
Net profit/loss	-2.0	-3.5	1.5	-10.2	21.8	-32

Today, the Real Software Group has 1661 employees, compared with 1744 on 30 June 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 as well as the exceptional depreciation of consolidated goodwill related to the group's internet activities, largely account for the positive extraordinary result of € 0,658 mio.
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 remaining non-strategic entities (Oriam in France and Oasis in Singapore).

After taking account of the extraordinary results (€ 0,658 m) and the ordinary depreciation of goodwill (€ 4.840 m), the first half of 2002 saw a **net group result of € -2,0 m.**

Continued reinforcement of capital and reserves

During the first half, the capital and reserves **stricto sensu** were reinforced by a further **€ 3.6 m** by three (3) capital increases. These capital increases led to the issue of **1,148,802 new shares.** On 30 June 2002, the company's capital was represented by 25,389,142 shares.
Two capital increases related to the exercise of warrants that had been issued by the company on 30 April 1997, as a result of which 481,590 and 233,980 new Real Software shares were created on 26 March 2002 and 8 May 2002 respectively.
In a third capital increase on 30 April 2002, the company acquired an additional 110 shares (4.7%) in its Luxembourg subsidiary Real Solutions SA, as a result of which it controls 99.13% of Real Solutions either directly or indirectly. This operation was effected by means of a contribution in kind of 110 Real Solutions shares, which had been controlled by a number of key managers of the subsidiary, in exchange for the creation of 433,232 new Real Software shares.

As at 30 June 2002, the capital and reserves **in the extended definition**, i.e. the capital and reserves stricto sensu adjusted for subordinated loans, came to € 75,5 m or 30% of the group's balance-sheet total.

New agreement with former shareholders of Airial Conseil makes it possible to avoid further dilution

Real Software still has an outstanding remuneration obligation of € 15.5 m towards the former shareholders of Airial Conseil (France); this was payable on 30 June 2002 in cash, shares, or a combination. In June 2002, an agreement was reached with the former shareholders of Airial Conseil, which gives Real Software the option of settling its remaining buyout obligations in cash, but no longer ties it to a deadline. €3.5 m was immediately paid in July 2002. For the balance, a **flexible arrangement** has been devised. This should enable the company to settle the outstanding debt in the longer term as cash becomes available, **without additional dilution** and without incurring liabilities that might jeopardise the company's cashflow position.

Corporate governance

During the first half, the principles of corporate governance were further applied during six meetings of the board of directors, three meetings of the audit committee and two meetings of the appointments and compensation committee.

PROSPECTS

The positive developments in the net ordinary group result before depreciation of goodwill and extraordinary results in the first half of 2002, put the group in a position to **maintain the previously announced upwards adjustment in the profit forecast for 2002**. Allowing for a traditionally weaker third quarter and a traditionally strong fourth quarter, the group confirms that, barring exceptional outside circumstances, it 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.

The group also expects that its EBIT margin should improve in line with the set targets if there is a revival in economic activity, due to the increased share of software licences in the product portfolio and additional synergies that will be achieved through further integration.

Key financial figures

Income statement
(in 1.000.000 EUR)

	1H02 (*) 30/06/2002	2Q02 (*) 30/06/2002	1Q02 (*) 31/03/2002	1H01 (**) 30/06/2001
Operating income	**92.2**	**44.8**	**47.4**	**105.7**
Turnover	**90,6**	**44,0**	**46,6**	**103,9**
Operating result (EBIT)	**8,8**	**4,0**	**4,7**	**9,3**
(before goodwill depreciation)	**9,7%**	**9,2%**	**10,2%**	**9,0%**
Financial result	-8,9	-4,5	-4,5	-16,2
Depreciation of positive consolidation differences	4.8	2.4	2.4	4.0
Financial result excl. goodwill depr.	-4,1	-2,0	-2,1	-12,2
Result ordinary activities before taxes & goodwill depr.	**4,7**	**2,0**	**2,7**	**-2,8**
Depreciation of positive consolidation differences	-4,8	-2,4	-2,4	-4,0
Result on ordinary activities before taxation	**-0.2**	**-0.4**	**0.3**	**-6.9**
Depreciation of positive consolidation differences	4.8	2.4	2.4	4.0
Taxes on ordinary result	-2.1	-0.4	-1.7	-4.4
Share of third parties	-0,3	-0,2	-0,1	-1,7
Share in the result of equity method enterprises	-0.1	-0.1	0.0	0.1
Net ordinary group result (excl. goodwill depr.)	**2,1**	**1,3**	**0,8**	**-8,8**
Extraordinary income	3.3	0.0	3.3	27.7
Extraordinary charges	-2,6	-2,3	-0,3	-46,9
Extraordinary result	0.7	-2.4	3.0	-19.2
Taxes on extraordinary result	0,0	0,0	0,0	0,0
Depreciation of positive consolidation differences	-4.8	-2.4	-2.4	-4.0
Net group result	**-2,0**	**-3,5**	**1,5**	**-32,0**
Total non-cash costs	**5,5**	**4,2**	**1,2**	**43,6**
Net cash flow	**3,4**	**0,7**	**2,7**	**11,6**
(= Net group result + Total non-cash costs)				
Ordinary non-cash costs	**0,7**	**0,7**	**0,0**	**1,0**
Net ordinary cash flow	**2.9**	**2.0**	**0.9**	**-7.8**
(= Net ordinary group result (excl. goodwill depr.) + Ordinary non-cash costs)				

Figures per share
(in EUR)

Number of shares at balance date	**25.389.142**	**25.389.142**	**24.721.930**	**24.240.340**
Net cash flow	0.13	0.03	0.11	0.48
Net ordinary cash flow	0,11	0,08	0,03	-0,32
Net ordinary group result (excl. goodwill depr.)	0,08	0,05	0,03	-0,36
Net group result	-0.08	-0.14	0.06	-1.32
Bruto dividend				0,00

(*) Excluding Infoplex, Britannia, Real Logistics
(**) Including Infoplex, Britannia, Real Logistics and Real Software UK for 9 months

Balance sheet

(in 1.000.000 EUR)

	30/06/2002	31/03/2002	31/12/2001	30/06/2001	31/12/2000	31/12/1999
FIXED ASSETS	**182,1**	**184,9**	**188,6**	**144,1**	**161,0**	**192,7**
Intangible assets	0,5	0,6	0,5	0,5	0,9	0,6
Consolidation differences (positive)	171,6	174,0	177,5	131,8	145,2	173,7
Tangible assets	9,3	9,4	9,7	10,8	12,9	15,7
Financial assets	0,7	1,0	0,8	1,0	1,9	2,7
CURRENT ASSETS	**72,7**	**81,8**	**85,9**	**84,9**	**106,0**	**147,0**
Investments & Cash at bank and in hand	14,3	21,9	19,1	15,8	14,4	20,7
Trade receivables	49,0	49,7	56,2	57,6	69,5	79,9
Other current assets	9,3	10,1	10,6	11,6	22,1	46,4
Total assets	**254,8**	**266,7**	**274,5**	**229,0**	**266,9**	**339,8**

	30/06/2002	31/03/2002	31/12/2001	30/06/2001	31/12/2000	31/12/1999
CAPITAUX PROPRES (sense large)	**75,5**	**76,2**	**74,0**	**-92,1**	**-61,5**	**62,1**
Capital and reserves	-39,6	-38,9	-41,1	-108,0	-77,4	42,3
Subordinated debentures	115,1	115,1	115,1	15,9	15,9	19,8
Minority interests	0,9	1,9	1,8	9,3	9,4	12,3
Provisions, deferred taxes and latent taxation liabilities	6,3	7,5	8,7	15,4	13,9	7,9
Long term financial debts	108,5	103,5	99,5	147,1	119,2	135,5
Other amounts payable	13,6	2,5	6,9	0,0	0,0	0,0
Other liabilities	**50,0**	**75,1**	**83,6**	**149,3**	**186,0**	**122,0**
Short term financial debts	2,6	1,3	2,4	73,1	107,9	65,4
Trade debts	13,2	13,9	19,5	18,1	23,0	16,7
Other amounts payable	34,1	59,8	61,7	58,1	55,0	39,9
Total liabilities	**254,8**	**266,7**	**274,5**	**229,0**	**266,9**	**339,8**

Cash flow statement

(In 1.000.000 EUR)

	1H02	2Q02	1Q02	2001
Group result	**-2,0**	**-3,5**	**1,5**	**-10,2**
Depreciation and other amounts written off (on formation expenses, intangible & tangible fixed assets)	1,3	0,7	0,6	3,1
Adjustments to depreciation and to other amounts written off on intangible and tangible fixed assets	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	0,1
Increase (+); Decrease (-) in amounts written off (stocks, contracts in progress and trade receivables)	-0,4	0,1	-0,5	1,0
Increase (+); Decrease (-) in provisions for liabilities and charges	-0,2	-0,2	-0,1	0,6
Depreciation of positive consolidation differences	4,8	2,4	2,4	7,9
Adjustments to depreciation consolidation differences	0,0	0,0	0,0	0,0
Adjustments to provisions for extraordinary liabilities and charges	0,0	0,0	0,0	-2,7
Provisions for extraordinary liabilities and charges; increase (+) ;decrease(-)	-2,2	-1,0	-1,2	-1,8
Non-cash expenses relating to tax	0,0	0,0	0,0	-1,2
Extraordinary depreciation of goodwill	2,1	2,1	0,0	14,7
Extraordinary amounts written of financial fixed assets	0,1	0,1	0,0	21,7
Sub-total: non-cash expenses	**5,5**	**4,2**	**1,2**	**43,5**
Net cashflow	**3,4**	**0,7**	**2,7**	**33,3**
Cashflow from operating activities:				
Change in creditor balances payable in less than 1 year (excl. financial creditors)	-25,3	-15,6	-9,7	-4,3
Change in accrued costs and deferred income	-8,6	-10,7	2,1	-0,8
Change in debtor balances due in less than 1 year	9,6	1,6	7,9	13,4
Change in accrued income and deferred costs	-0,8	-0,4	-0,4	1,0
Change in debtor balances due in more than 1 year	0,0	0,0	0,0	1,2
Debtors in USA			0,0	-21,7
Change in stock	0,1	0,1	0,0	8,1
Subtotal: change in working capital	**-25,0**	**-24,9**	**-0,1**	**-3,1**
NET CASHFLOW FROM OPERATING ACTIVITIES	**-21,6**	**-24,2**	**2,6**	**30,2**
Cashflow from investment activities				
Change in consolidation goodwill	-1,0	-2,2	1,1	-54,8
Change in (expensed) positive consolidation goodwill	0,0	0,0	0,0	0,0
Change in investments and retirements of tangible and intangible fixed assets	-0,9	-0,5	-0,4	0,4
Change in financial fixed assets	0,1	0,2	-0,2	1,1
NET CASHFLOW FROM INVESTMENTS ACTIVITIES	**-1,8**	**-2,5**	**0,6**	**-53,4**
Cashflow from financing activities				
Allocated dividends	0,0	0,0	0,0	0,0
Change in minority interests	-0,9	-1,0	0,1	-7,6
Change in financial debts	0,2	1,2	-0,9	-97,3
Cash from long-term debts and ACOs	15,8	16,1	-0,3	86,3
Cash from the issue of shares and conversion of ACOs	3,6	2,8	0,8	50,9
NET CASHFLOW FROM FINANCING ACTIVITIES	**18,8**	**19,1**	**-0,3**	**32,3**
Conversion differences, changes in the scope of consolidation, and other items	-0,1	0,0	-0,1	-4,4
Net increase/(decrease) in cash and cash equivalents	-4,8	**-7,6**	2,8	**4,7**
Cash and cash equivalents at the start of the financial period	19,1	21,9	19,1	14,4
Cash and cash equivalents at the end of the financial period	14,3	14,3	21,9	19,1

Real Software NV

Report on limited audit of the consolidated half-year figures as at 30 June 2002

We have conducted a limited audit of the consolidated half-yearly figures for Real Software NV as at 30 June 2002, in accordance with the standards of the Instituut der Bedrijfsrevisoren. In keeping with their purpose, these checks were less thorough than those required for the certification of the consolidated annual accounts. During this audit, no data came to light that necessitated significant adjustments to the consolidated figures in the half-yearly report.

Brussels, 21 August 2002

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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 and JD Edwards. 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, TF1, EDF - Electricité de France, SNCF, PTT Post, NedCar, Philips, Bandag, Goodyear, KBC Bank and Fortis Bank.

APPENDIX: RECENT COMMERCIAL DEVELOPMENTS

Within the **Banking & Insurance division** the first half of 2002 was primarily characterised by the slowdown in IT activities in the banking sector, the postponement of certain projects and the cost reductions that our clients are putting the emphasis on in their IT strategy.
This trend in the banking market immediately and inevitably resulted in a cutback in the number of external IT specialists, and hence also a reduction in ICT businesses' revenues. Despite these signals, the Banking & Insurance division succeeded in renewing its framework contracts with its clients and in extending its current contracts for 2002, such as those with KBC Bank, Fortis Bank, BBL and Citybank.
Leasing activities, for which a separate business unit has been created within this division with major accounts such as ING Car Lease and ABN Amro Lease Holding, have been progressing well. During the first half, the unit developed a new "building block concept" in Microsoft .NET-technology for the automation of decision-making processes in leasing businesses. This package has already been proposed to a number of clients, and the response has been extremely positive, with clients being impressed both by the concept and the functionalities it includes. Here too, activities relating to the implementation and integration of systems provided by the division are developing very positively.
Within the private banking field, Ibsy, the backoffice programme that has already been installed at 20 banks in the Grand-Duchy of Luxembourg, recorded its first success in Belgium at an important asset management bank.
In the area of document management, the functionalities of VarE-docs have been extended and optimised. New project contracts have been secured and work is now underway on them.
As regards AOF/DM (the archiving system), a number of large projects were carried out, including one to integrate scanning activities at the Bank of Luxembourg, and one at a credit institution in Lyon.

The **Manufacturing & Maintenance** division concentrated on streamlining the range of services it offers during the first half. Supply chain management and asset lifecycle management are now central to the workings of the division.
The combination of ICT knowledge and business expertise within a single team has delivered enormous added value. In the Netherlands, a similar concept was implemented via a joint venture with Stork. The subsidiaries' areas of specialisation were also integrated. The positioning of SAP within the division was also reviewed in the light of the new focus. In specific terms, stress is now being laid on SAP's PLM suite. This focuses on supply chain management and asset lifecycle management.

These new moves have been positively received by existing and potential new clients, because of the rapid return on investment that supply chain management and asset lifecycle management solutions offer them. Additional projects with existing clients such as Orthobiotech, Bandag, Bayer and Nedcar confirm the attractiveness of such solutions for large production companies. New clients such as Gates Europe, Clear Channel, Icos Vision, Transpac, Quadrant, Dycore, SVK and JSR Electronics likewise became convinced during the first half of the benefits our products and services have to offer them.

Business & Government experienced confirmation of the trend of the first quarter. In the midrange market, the consolidation of the IT sector is proceeding apace. By contrast with other Western European countries, quite a few relatively small ISVs are still active in Belgium. These have insufficient critical mass to invest simultaneously in Java and .Net and new functionalities. This has led to a shift on the part of numerous clients, who have opted for a larger, more stable and more future-oriented ICT partner. The following clients have opted to work with Real Software: Eriks, Vanerum, Diamdel, Bosch Rexroth, Ecover, FTML, Intratuin and the Municipality of Bergen-Op-Zoom. Important new clients were also added in this segment during July and August.
In addition, a solution matrix was drawn up for this market, and those segments identified for which Business & Government still has an insufficient product range. The associated analyses have now been completed, so that steps can be taken in Q4 to start working actively on these segments.
The government team has now taken shape. A separate business plan has been compiled for the government sector. From the numerous contacts that Business & Government has had in recent months, it is clear that this market segment is particularly rich in potential and that Real Software can provide a great deal of added value for these organisations.

In the **Retail division,** a new division manager has been appointed: Piet Buyck. Under his leadership, the division worked to complete the retail solution and restructure its organisation in order to support this new solution. Among other steps, strategic alliances have been entered into to complement the retail offering: with Cedron for product information management, with Syncra for Internet-supported applications that automate the partnership between suppliers and retailers, with Healy Hudson for purchase management applications and with a datamining firm for CRM (Customer Relationship Management). The division's Intrastore application integrates these applications into a single package; as a result, Intrastore is increasingly developing into a market standard within the retail sector. Intrastore takes care of the distribution of information between the retailer's head office and the various branches and sales outlets. A contract with Kruidvat and Intergamma has been entered into for this application.
The success of the service organisation was confirmed by the winning of a contract worth 10 million euros over 3 years with Carrefour.
The current retail market is characterised by intensified pressure on prices in the service environment and hardware. Nevertheless, the Kruidvat deal provided confirmation of the competitiveness of Sycron software and hardware.
For Q3 and Q4, the shortlist stage has been reached for a number of larger projects in France, Belgium and the Netherlands.

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