

<p>PRESS RELEASE: RESULTS FOR FIRST QUARTER OF 2005</p>
--

- **Quarterly revenue of €30.3M**
- **Sales pipeline is growing**
- **Hiring accelerated in light of improving sales pipeline**
- **Costs under control and to be further monitored**
- **Net result improvement of €0.8M compared with the first quarter of 2004**
- **Announced measures improving extended equity by €15.8M completed**

Results for first quarter of 2005 ¹

- **Turnover**
During the first quarter of 2005, a group turnover of €30.3M was generated. This expected reduction in revenues is about proportional to headcount reduction and is a decline of 17% compared with the first quarter of last year.
- **Operating Result**
Operating result (EBIT) break-even in the first quarter of 2005 versus €0.8M in the same period last year.
- **Non-Operational and Extraordinary Income and Losses**
Financial result of €-2.6M in the first quarter of 2005 is €0.2M below last year. It includes €1.3M depreciation of goodwill, which is €0.5M lower than the first quarter of 2004 due to goodwill write off at year end and €1.3M accrued interests on loans which is €0.7M higher than the first quarter of 2004 due to waiver of interests on the major bank debt as part of the Gores transaction in the first quarter of 2004.

The extraordinary result of €1.0M in the first quarter of 2005 is €1.7M better than in the first quarter of 2004. It consists of an extraordinary charge of €0.3M and an extraordinary income of €1.3M, related to the debt waiver that was part of the agreement of 3 March 2005 with Indi NV.
- **Net Result**
The net group result improved by €0.8M to €-1.8M from €-2.6M, in the same period in 2004.
- **Net Cash Flow**
Net cash flow decreased to €-0.9M from €-0.7M, in the first quarter of 2004.

¹ These figures, reported under Belgian GAAP, are not audited.

KEY FIGURES

In m €

	2005	2004	
	Q1 05	Q1 04	Q1 05 - Q1 04
Turnover	30.3	36.2	-5.9
Operating result (EBIT)	0.0	0.8	-0.8
EBIT margin (%)	0.0%	2.2%	-2.2%
Financial result excl. goodwill depr.	-1.3	-0.6	-0.7
Taxes on ordinary result	-0.2	-0.3	0.1
Share of third parties	0.0	0.0	0.0
Share in the result of equity method enterprises	0.0	0.0	0.0
Net ordinary group result (excl. goodwill depr.)	-1.5	-0.1	-1.4
Extraordinary income	1.3	0.2	1.1
Extraordinary charges	-0.3	-0.9	0.6
Depreciation of positive consolidation differences	-1.3	-1.8	0.5
Net group result	-1.8	-2.6	0.8
Net cash flow	-0.9	-0.7	-0.2
Net ordinary cash flow	-1.3	0.3	-1.6

Announced measures improving extended equity by €15.8M completed

On 29 March 2005 the extraordinary general shareholders' meeting resolved to issue 1,500 subordinated convertible bonds for a value of €15.0M, replacing the existing bridge loans. As a result, in the second quarter, €15.0M will be added to the capital and reserves and are expected to amount, in the extended definition², to €-7.2M.

On 3 March 2005, Real Software NV entered into a settlement agreement with Rudy Hageman and Indi NV. The net payable of €2.1M was reduced to €0.8M, which has resulted in an extraordinary gain of €1.3M in the first quarter of 2005. Payment of €0.8M was settled on 25 April 2005 by issuance of 1.6 million shares resulting in an equity increase of €0.8M in the second quarter of 2005.

Summary table projected equity	€m
Capital and Reserves as per 31/03/2005	-38.6
Contribution in kind Indi NV Q2 2005	0.8
Projected Capital and Reserves end of Q2 2005	-37.8
Convertible subordinated G1 Bond	15.0
Convertible bond (conversion Q3 2005)	15.6
Projected extended equity end of Q2 2005	-7.2

At the end of the first quarter of 2005, the group's **capital and reserves** were €-38.6M, out of a balance-sheet total of €98.7M.

Headcount

As per 31 March 2005, the Real Software Group had 1260 employees, compared with 1457 on 31 March 2004 and 1251 on 31 December 2004³. During the first quarter of 2005, 30 staff left the company and 39 new recruits were hired in light of improving the sales pipeline and expanding the group's technology skills.

Prospects for 2005

The group maintains its perspectives announced at the year end of 2004. For fiscal year 2005 the group expects – based on the optimization of resources and productivity improvements on the one hand and more focus on selected niche markets and products on the other hand – continued improvement in the operational results and effective stabilization of the group's activities. In addition, the group continues to invest in product development and quality programs.

² Capital and reserves in the extended definition = capital and reserves plus subordinated loans

³ The reported headcount on 31 December 2004 of 1283 was reduced by 32, i.e. the number of employees who reached the end of their notice period on that day.

IFRS

The company plans to report according to IFRS as of year end 2005. At that time comparable 2004 figures will be reported as well.

GROUP TURNOVER FIRST QUARTER OF 2005

Group turnover per delivery organization

During 2004 the group switched over to a functionally oriented organizational structure. Reporting per division will be therefore, as from this first quarter of 2005 on, be done per delivery organization.

1Q05 YTD				
Turnover per division In m €	Services	Solutions	Retail	Total
System Integration	18.3	3.0	0.7	22.0
Software Products and Maintenance	0.1	3.1	1.7	4.9
Infrastructure	0.5	1.8	1.0	3.3
Total	18.9	7.9	3.4	30.2
% of Total	63%	26%	11%	100%

1Q04 YTD				
Turnover per division In m €	Services	Solutions	Retail	Total
System Integration	22.6	4.1	1.3	28.0
Software Products and Maintenance	0.5	2.8	2.1	5.4
Infrastructure	0.7	0.8	1.3	2.8
Total	23.8	7.7	4.7	36.2
% of Total	66%	21%	13%	100%

1Q05 YTD- 1Q04 YTD				
Turnover per division In m €	Services	Solutions	Retail	Total
System Integration	-4.3	-1.1	-0.6	-6.0
Software Products and Maintenance	-0.4	0.3	-0.4	-0.5
Infrastructure	-0.2	1.0	-0.3	0.5
Total	-4.9	0.2	-1.3	-6.0

Compared with the first quarter of 2004, revenue generated by system integration decreased by €6.0M (-22%) during the first quarter of 2005. The sales of software products and maintenance declined 10% compared with the same period of last year mainly due to the delay in roll out of a POS project within Retail. Infrastructure, on the other hand, increased with €0.5M as a result of two large hardware and related services deals in Luxembourg.

Geographical breakdown of group turnover

70 % of consolidated group turnover was recorded in Benelux during the first quarter of 2005. France remained in second position with 27% of group turnover, 4% up on the previous year.

	1Q 2005	1Q 2004
Geographical turnover analysis	In %	In %
Belgium	43%	46%
The Netherlands	13%	21%
Luxemburg	14%	7%
France	27%	23%
Switzerland	1%	1%
Germany	1%	1%
Other	1%	1%
Total	100%	100%

Income statement

In m €

	2005	2004	
	Q1 05	Q1 04	Q1 05 - Q1 04
Operating income	30.8	37.0	-6.2
Turnover	30.3	36.2	-5.9
Operating result (EBIT)	0.0	0.8	-0.8
(before goodwill depreciation)	0.0%	2.2%	-2.2%
Financial result	-2.6	-2.4	-0.2
Depreciation of positive consolidation differences	1.3	1.8	0.5
Financial result excl. goodwill depr.	-1.3	-0.6	-0.7
Result ordinary activities before taxes & goodwill depr.	-1.3	0.1	-1.4
<i>Depreciation of positive consolidation differences</i>	<i>-1.3</i>	<i>-1.8</i>	<i>0.5</i>
Result on ordinary activities before taxation	-2.6	-1.6	-1.0
<i>Depreciation of positive consolidation differences</i>	<i>1.3</i>	<i>1.8</i>	<i>-0.5</i>
Taxes on ordinary result	-0.2	-0.3	0.1
Share of third parties	0.0	0.0	0.0
Share in the result of equity method enterprises	0.0	0.0	0.0
Net ordinary group result (excl. goodwill depr.)	-1.5	-0.1	-1.4
Extraordinary income	1.3	0.2	1.1
Extraordinary charges	-0.3	-0.9	0.6
Extraordinary result	1.0	-0.7	1.7
Transfer to deferred taxes and latent taxation liabilities	0.0	0.0	0.0
Transfer from deferred taxes and latent taxation liabilities	0.0	0.0	0.0
Depreciation of positive consolidation differences	-1.3	-1.8	0.5
Net group result	-1.8	-2.6	0.8
Total non-cash costs	0.9	1.9	-1.0
Net cash flow	-0.9	-0.7	-0.2
(= Net group result + Total non-cash costs)			
Ordinary non-cash costs	0.2	0.4	-0.2
Net ordinary cash flow	-1.3	0.3	-1.6
(= Net ordinary group result (excl. goodwill depr.) + Ordinary non-cash costs)			

Figures per share

In m €

	181,448,916	181,448,916
Number of shares at balance date		
Net cash flow	0.00	0.00
Net ordinary cash flow	-0.01	0.00
Result ordinary activities before taxes & goodwill depr.	-0.01	0.00
Result on ordinary activities before taxation	-0.01	-0.01
Result on ordinary activities after taxation	-0.02	-0.01
Net ordinary group result (excl. goodwill depr.)	-0.01	0.00
Net group result	-0.01	-0.01

The figures are drawn up in accordance with general accepted accounting principles in Belgium.

Cash flow statement

In m €

	2005	2004
	Q1	Q1
Group result	-1.8	-2.6
Depreciation and other amounts written off (on formation expenses, intangible & tangible fixed assets)	0.4	0.4
Adjustments to depreciation and to other amounts written off on intangible and tangible fixed assets	0.0	0.0
Extraordinary depreciation and amounts written off on intangible and tangible fixed assets	0.0	0.0
Increase (+); Decrease (-) in amounts written off (stocks, contracts in progress and trade receivables)	-0.2	0.1
Increase (+); Decrease (-) in provisions for liabilities and charges	0.0	-0.1
Depreciation of positive consolidation differences	1.4	1.8
Adjustments to depreciation consolidation differences	0.0	0.0
Adjustments to provisions for extraordinary liabilities and charges	-0.2	-0.2
Provisions for extraordinary liabilities and charges; increase (+) ;decrease(-)	-0.5	-0.1
Non-cash expenses relating to tax	0.0	0.0
Extraordinary depreciation of goodwill	0.0	0.0
Adjustments to amounts written off on financial fixed assets	0.0	0.0
Exceptional loss on disposal of fixed assets	0.0	0.0
Extraordinary amounts written off financial fixed assets	0.0	0.0
Sub-total: non-cash expenses	0.9	1.9
Net cashflow	-0.9	-0.7
Cashflow from operating activities:		
Change in creditor balances payable in less than 1 year (excl. financial creditors)	-5.4	-4.4
Change in accrued costs and deferred income	2.3	2.7
Change in debtor balances due in less than 1 year	5.4	3.5
Change in accrued income and deferred costs	0.5	-0.1
Change in debtor balances due in more than 1 year	0.0	0.0
Change in stock	0.1	0.1
Subtotal: change in working capital	2.9	1.8
NET CASHFLOW FROM OPERATING ACTIVITIES	2.0	1.1
Cashflow from investment activities		
Change in consolidation goodwill	0.0	1.0
Change in (expensed) positive consolidation goodwill	0.0	0.0
Change in investments and retirements of tangible and intangible fixed assets	-0.2	-0.2
Change in financial fixed assets	0.0	-0.1
NET CASHFLOW FROM INVESTMENTS ACTIVITIES	-0.2	0.7
Cashflow from financing activities		
Allocated dividends	0.0	0.0
Change in minority interests	0.0	-0.2
Change in financial debts (excl. LT)	0.0	0.0
Cash from long-term debts and ACBs	-0.6	0.0
Cash from the issue of shares and conversion of ACBs	0.0	0.0
NET CASHFLOW FROM FINANCING ACTIVITIES	-0.6	-0.2
Conversion differences, changes in the scope of consolidation, and other items	0.0	0.0
Net increase/(decrease) in cash and cash equivalents	1.2	1.6
Cash and cash equivalents at the start of the financial period	5.6	7.0
Cash and cash equivalents at the end of the financial period	6.8	8.6

Balance sheet

In m €

	2005	2004
	31/03/2005	31/12/2004
FIXED ASSETS	55.9	57.4
Intangible assets	1.4	1.4
Consolidation differences (positive)	47.9	49.3
Tangible assets	6.1	6.3
Financial assets	0.5	0.5
CURRENT ASSETS	42.8	47.4
Investments & Cash at bank and in hand	6.8	5.6
Trade receivables	31.7	33.4
Other current assets	4.3	8.4
Total assets	98.7	104.8
CAPITAL AND RESERVES (EXTENDED DEFINITION)	-38.6	-36.8
Capital and reserves	-38.6	-36.8
Subordinated debentures	0.0	0.0
Minority interests	0.5	0.5
Provisions, deferred taxes and latent taxation liabilities	8.6	9.3
Long term financial debts	49.3	49.9
Other amounts payable	0.5	0.5
Other liabilities	78.6	81.5
Short term financial debts	19.2	24.0
ACB (conversion in July 2005)	15.6	15.6
Trade debts	10.4	11.9
Amounts payable regarding taxes, remuneration and social security	20.7	19.4
Other amounts payable	0.6	1.0
Accrued charges and deferred income	12.0	9.6
Total liabilities	98.7	104.8

For more information, please contact:

REAL SOFTWARE: Dina Boschmans
Corporate Communications Manager
Prins Boudewijnlaan 26, 2550 Kontich
Tel. +32.3.290.23.11 - Fax +32.3.290.23.00
Direct: +32.3.290.25.30 - GSM: +32.477.619.682
E-mail: Dina.Boschmans@realsoftware.be
URL: www.realsoftwaregroup.com

About Real Software

Real Software is a major European ICT services company. The company realizes a turnover in excess of €130m and employs over 1,200 ICT specialists. The core activities of Real Software are the automation and optimization of business processes and the associated ICT infrastructure. Thanks to its wide-ranging IT know-how (Java, Microsoft, iSeries, Oracle), and its extensive experience in specific industries (such as retail, manufacturing, banking and leasing, life science, utilities, textiles, public sector, food, wholesale) and functional domains (such as asset management, collaborative management, performance management and business intelligence), allows the group to provide innovative, total ICT solutions to help its customers improve their business performances, based on its own specialized solutions and competencies. For over twenty years, customers ranging from multinationals to medium-sized businesses across all industries have entrusted their projects to Real Software, including e.g. DuPont de Nemours, Johnson & Johnson, Merck Sharp & Dohme, Renault, STIB-MIVB, TF1, EDF – Electricité de France, Castorama, Carrefour, Blokker, Bandag, Philips, Goodyear, SNCF, PTT Post, KBC Bank and Fortis Bank. Real Software serves its customers from offices in Benelux and France. The headquarters are located in the vicinity of Antwerp (Belgium). For more information, visit www.realsoftwaregroup.com.