Interim results for the six months ended 30 September 2010

RealDolmen, the independent single source ICT solutions provider, announces results for the six months ended 30 September 2010. The result shows a turnover increase of 1.6% and EBIT margins up €2.4m compared to the same period last year.

Highlights

- *Turnover grows with 1.6% confirming the step by step recovery of the economy after the financial crisis. Professional Services and Infrastructure Products revenue are up with respectively 1.2% and 10.2% while Business Solutions turnover decreased by 10.7% as a consequence of a slower activity in some of our business applications.*
- *REBIT margin decreases by 0.5% as EBIT margin is up with €2.4m as restructuring charges of last year regarding efficiency increase, made place for aggressive hiring of IT professionals.*
- *Sound financial structure with strong cash position of €47m and only €8.5m in net debt.*

Half year results September 2009 vs September 2010

in m€	IFRS 30/09/2010	IFRS 30/09/2009	% Variation
Turnover continued operations	112.8	111.0	1.6%
Operating results before non recurring (REBIT)	3.0	3.5	-14.8%
Margin	*2.7%*	*3.2%*	
Operating result (EBIT)	3.6	1.3	188.4%
Net profit (loss)	0.8	-1.7	145.9%
EBITDA (1)	5.8	3.7	56.8%
EBITDA Margin	*5.2%*	*3.4%*	

(1) EBITDA=EBIT increased with depreciations, amortizations and increase in provisions

Balance sheet September 2009 vs March 2009

	IFRS 30/09/2010	IFRS 31/03/2010	% Variation
Equity	132.6	131.8	1.4%
Net Debt (2)	8.5	12.1	-44.6%

(2) Net Debt= Financial debts and bank overdrafts minus cash & assets held for trading

Bruno Segers, Chief Executive Officer of RealDolmen, commented:

“In view of the IT sector and the overall economic environment we could feel relatively positive about our growing revenue and our EBIT increased with €2.4m. However, in absolute terms, we are not satisfied with the current results as revenue growth and profitability ought to be even higher.

The company is still suffering from a weak market. Larger projects are slow to come through also - and for obvious reasons - in the Belgian public sector. The increased hiring efforts bear fruit, though at a pace slower than expected. It will probably take us beyond this year for the average headcount in Belgium to match the pre-crisis levels.

Taking into account the developments in the sector we do however remain upbeat about the progress of the company and its positioning for the longer term. The structuring of our organization and processes around single source offering are showing successes in sales and delivery. Response from clients is positive.

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Our objective is to continue growing the company, through sales, increased hires, operational excellence as well as through acquisitions. We will be well positioned when the economic activity gets back to full throttle."

Enquiries:

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Bruno Segers, CEO

During the period, the following contracts and customers were won, across a spread of sectors:

- **Samsonite Belgium**, one of the leading designers, manufacturers, and distributors of luggage, made the strategic choice to no longer invest in their own datacenter and server infrastructure. Samsonite will migrate to the RealDolmen DataCenter and use the shared infrastructure it offers. This allows the Samsonite IT department to focus on maintaining applications and processes. Samsonite was the first customer of the RealDolmen DataCenter.

- **UCB**, a global biopharma company, chose RealDolmen as supplier and implementer of NetApp for all its data management and data storage needs. In a first phase, the full VMWare environment and file services & archiving will be moved to NetApp.

- RealDolmen won the OPD Applications frame agreement at **FAVV**, the Federal Agency for the Safety of the Food Chain. This frame agreement covers resourcing for development projects and Information Management projects, including both long term and short term projects. The contract runs for a period of 2 years and can be extended.

Turnover

As expected, turnover in H1 slightly grew compared to the prior year as the crisis bottomed out. Infrastructure Products is performing strong, Professional Services is up though still under pressure of reduced headcount and Business Solutions is suffering from reduced activity in some of our business applications.

Turnover per segment in m€	**HY 2010/2011**	**HY 2009/2010**	**%Variance**
Infrastructure Products	34.0	30.9	10.2%
Professional Services	*61.8*	*61.1*	*1.2%*
Business Solutions	*16.9*	*18.9*	*-10.7%*
Subtotal Services & Solutions	78.8	80.1	-1.6%
Total Group	**112.8**	**111.0**	**1.6%**

- **Infrastructure Products:** Turnover increased in H1 by 10.2% compared to last year. This demonstrates the company is maintaining its market leadership in virtualization and datacenter offerings in BeLux in a market that slowly starts to take up again.

- **Professional Services:** Professional Services turnover increased by 1.2% compared to last year. Such turnover has been achieved notwithstanding a year over year reduction in billable headcount in our Belgian operations as a consequence of the crisis last fiscal year. The turnover growth is among others due to the strong performance of our French business, improved rates in our application services business and improved billability in our infrastructure services business.

- **Business Solutions:** Business Solutions turnover decreased by 10.7% in the period. Such decrease is nearly entirely due to a sharp decrease of some of our business applications over the period compared to last year. In Belgium clients still take a long time to reach decisions about larger projects in enterprise resource planning and reorganizations of internal information. A relatively larger volume of smaller projects keeps some pressure on billability while headcount is still slightly down.

Operating result from continued operations before non-recurring items (REBIT)

During the half, REBIT margins decreased to 2.7%. Margins on the products business and corporate costs improved. Professional Services is still suffering from the impact of lower headcount while the Business Solutions margins are down as a consequence of a reduced activity in some of our business applications.

Segment information in m€	HY September 2010					HY September 2009				
	Infra Products	Prof Services	Bus Solutions	Corporate	Group	Infra Products	Prof Services	Bus Solutions	Corporate	Group
Turnover	34.0	61.8	16.9		112.8	30.9	61.1	18.9		111.0
Operating result before non recurring	1.7	2.7	0.0	-1.4	3.0	0.7	3.9	0.7	-1.7	3.5
REBIT Margin in %	*4.9%*	*4.4%*	*-0.1%*		*2.7%*	*2.3%*	*6.3%*	*3.5%*		*3.2%*

Margins in the **Infrastructure Products** division increased by 2.6% to 4.9% as a consequence of a higher volume and a different product mix with larger deals leading to higher margins.

In **Professional Services**, we saw in H1 a decrease of the margins from 6.3% to 4.4%. This is explained by the lower revenue in our higher margin Belgian operations as a consequence of the reduced headcount following last year's financial crisis and a lower billability due to among others relatively more training. Such negative impact is mitigated by the positive impact of increased efficiency following last year's optimization program.

Margins in **Business Solutions** decreased significantly from 3.5% to break-even. Such negative evolution is a consequence of the reduced high margin business application activity. The margins of the Belgian activity are improving but are not sufficient to offset the above decrease because of pressure on billability, a smaller headcount and roadmap investments.

Corporate costs improved by €400k as a consequence of a reduction of litigation costs and the consequence of optimization efforts of last year.

Operating result (EBIT)

We saw EBIT increase by €2.4m compared to the same period last year. This evolution is on the one hand due to last year's restructuring charges of €2.1m linked to the financial crisis that were qualified as non-recurring. This year, no restructuring charges are taken into account and, when redundancy charges have been incurred, such charges have been included in the REBIT of the relevant segments. On the other hand there is a positive impact of the bad will of €0.8m of the Lille acquisition mitigated by related deal costs of €0.2m.

Total Group Net Profit

The Group reported a net profit of €0.8m for the period compared to a loss of €1.7m last year over the same period. The increase of net profit with €2.5m is largely due to the increased EBIT level. The net profit was also positively impacted by a reduction in income taxes by €388k as relatively more profit was generated in Belgium where taxes are booked against our deferred tax asset. Financial charges went slightly up by €200k as a consequence of the yearly build up of the debt portion of the convertible bond with €250k mitigated by a €50k interest improvement due to reduced debt.

Cash Flow

Total cash inflow amounted to €1.3m. €5m accounts for the Net Operating Cash Flow despite a REBIT margin decrease of 0.5%. The difference between the €1.3m of cash generated and the €8.4m variance in cash on the balance sheet, is the transfer of €7.1m from "Assets held for trading" to "Cash and cash equivalents".

Equity/Net Debt

Equity increased by €0.8m due to net profit generated during the half year.

The total debt position amounts to €55.2m and consists mainly of a €42.6m convertible debt at favorable terms with maturity in July 2012. Cash balances remain strong and amount to €46.7m, up €1.3m compared to March 2010.

Prospects for H2 2010/2011

We maintain our expectation of limited revenue growth and improved profitability for the full year. We expect services revenue to be slightly up. For products revenue we have to be more careful in light of the less predictable nature of that business and therefore expect to be slightly down. REBIT margins would only slightly increase, as the current hiring of professionals in Belgium is not making up for the reduction in headcount of last year. Net result should continue to improve as exceptional costs related to synergies and improvement plans are behind us.

We believe that our strong market position, our good spread of customers across a number of sectors, our strengthened offering and the benefit of the strategic projects in which we have continued to invest, allow us to continue to gain market share especially when the economy performs better.

Half year financial report will be issued on 30 November 2010
http://www.realdolmen.com/investors/default.aspx?id=172

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About RealDolmen

RealDolmen is an independent single source ICT solutions provider and knowledge company with over 1,600 highly skilled IT professionals and more than 1,000 customers in the Benelux and France. The company offers innovative, effective and reliable ICT solutions and professional services designed to help its clients achieve their objectives by optimizing their business processes.

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Condensed consolidated statement of comprehensive income for the period ended September 30, 2010

	30/09/2010	30/09/2009
	EUR '000	EUR '000
CONTINUING OPERATIONS		
Operating Revenue	**114,270**	**111,594**
Turnover	**112,803**	**110,981**
Other operating income	1,467	613
Operating Charges	**-111,251**	**-108,048**
Purchases of goods for resale, new materials and consumables	-30,256	-27,315
Services and other goods (1)	-26,627	-23,865
Employee benefits expense (1)	-51,764	-54,374
Depreciation and amortization expense	-2,231	-2,474
Provisions and allowances	-106	521
Other operating expenses	-267	-541
OPERATING RESULT before NON-RECURRING	**3,019**	**3,546**
Non-recurring revenues	800	0
Restructuring charges	0	-2,102
Other non-recurring charges	-204	-190
OPERATING RESULT (EBIT)	**3,615**	**1,254**
Financial income	120	130
Financial charges	-2,962	-2,762
Profit (Loss) before income taxes	**773**	**-1,378**
Income taxes	25	-363
Profit (Loss) for the year	**798**	**-1,741**
Other comprehensive income	0	0
Total comprehensive income for the period	**798**	**-1,741**
Attributable to:		
Equity holders of the parent	*798*	*-1,741*
Minority interest	*0*	*0*
EPS (in EURO)		
Basic earnings per share (EUR)	0.149	-0.325
Diluted earnings per share (EUR)	0.149	-0.325

(1) Comparative figures have been restated to classify Remunerations of Board of Directors as Employee benefits expense instead of Services and other goods

Condensed consolidated statement of financial position for the period ended September 30, 2010

	30/09/2010 EUR '000	31/03/2010 EUR '000
ASSETS		
Non Current Assets	**137,502**	**138,635**
Goodwill	97,714	97,714
Intangible assets	2,673	3,264
Property, plant and equipment	16,354	16,888
Deferred tax assets (1)	20,174	20,007
Finance lease receivables	587	762
Current Assets	**123,264**	**125,447**
Inventories	1,201	1,121
Trade and other receivables	75,380	78,964
Financial assets classified as held for trading	670	7,725
Cash and cash equivalents	46,013	37,637
Non Current Assets as held for sale	0	0
Total Current Assets	123,264	125,447
TOTAL ASSETS	**260,766**	**264,082**
EQUITY AND LIABILITIES		
Shareholder's Equity	**132,602**	**131,804**
Share capital	32,193	32,193
Share premium	61,807	61,807
Retained earnings	38,602	37,804
Equity attributable to equity holders of the parent	**132,602**	**131,804**
Minority interest	0	0
TOTAL EQUITY	**132,602**	**131,804**
Non-Current Liabilities	**55,968**	**54,175**
Convertible loan notes	42,598	40,431
Obligations under finance lease	2,412	2,720
Bank loans and Other Borrowings	3,409	3,941
Retirement benefit obligations	4,218	3,996
Provisions	2,806	2,527
Deferred tax liabilities (1)	525	560
Current Liabilities	**72,196**	**78,103**
Obligations under finance lease	265	258
Bank overdrafts and loans	6,480	10,092
Trade and other payables	64,503	66,351
Current income tax liabilities	403	523
Provisions	545	879
Liabilities directly associated with non-current assets classified as held for sale	0	0
Total Current Liabilities	**72,196**	**78,103**
TOTAL LIABILITIES	**128,164**	**132,278**
TOTAL EQUITY and LIABILITIES	**260,766**	**264,082**

(1) Comparative figures have been restated to reflect netting of deferred tax assets and deferred tax liabilities per legal entity

Condensed consolidated statement of changes in equity for the period ended September 30, 2010

	Share Capital	Share Premium	Convertible bond	Retained earnings	Total
Balance at April 1, 2009	**32,193**	**50,006**	**12,687**	**35,575**	**130,461**
Net profit/(loss)				-1,741	**-1,741**
Share based compensation		120			**120**
Transfer within equity		-1,126		1,126	**0**
Other				-2	**-2**
Balance at September 30, 2009	**32,193**	**49,000**	**12,687**	**34,958**	**128,838**
Balance at April 1, 2010	**32,193**	**49,120**	**12,687**	**37,804**	**131,804**
Net profit/(loss)				798	798
Share based compensation					0
Balance at September 30, 2010	**32,193**	**49,120**	**12,687**	**38,602**	**132,602**

Condensed consolidated statement of cash flows for the period ended September 30, 2010

	30/09/2010 EUR '000	30/09/2009 EUR '000
EBIT	**3,615**	**1,254**
Depreciation and amortization	2,231	2,474
Impairment losses on assets	0	0
Write-offs on assets	0	0
Value adjustments of financial investments	0	0
Provisions and allowances	158	-115
Restructuring charges	0	0
(Gains) / Losses on disposals of assets	-502	-115
Share-based compensation	0	120
Negative goodwill	-800	0
Other adjustments	-675	186
Gross Operating Cash Flow	**4,027**	**3,805**
Changes in working capital	958	4,846
Net Operating Cash Flow	**4,985**	**8,651**
Income taxes paid	-213	-115
Net Cash Flow from Operating Activities	**4,772**	**8,536**
Interest received	55	88
Dividend received	0	0
Increase / Decrease of receivables (1)	0	0
Investments in intangible assets	-75	-22
Investments in property, plant and equipment	-384	-419
Acquisitions of investment property	0	0
Cash-in acquisition Lille branch	1,352	0
Deferred payment on acquisition of Axias	-1,446	0
Disposals of intangible assets and property, plant and equipment	554	228
Investments classified as held for trading (SICAVS) cash inflow	8,064	4,089
Investments classified as held for trading (SICAVS) cash outflow	-1,006	-2,170
Net Cash Flow from Investment Activities	**7,114**	**1,794**
Interest paid	-620	-692
Capital Increase	0	0
Buy-back convertible bond	0	0
Dividend paid	-1	0
Increase / Decrease financial liabilities cash inflow	0	0
Increase / Decrease financial liabilities cash outflow (1)	-2,889	-1,567
Cash Flow from Financing Activities	**-3,510**	**-2,259**
Effect of exchange rate changes	0	0
Effect of change in scope of consolidation	0	0
Changes in Cash and Cash Equivalents	**8,376**	**8,071**
Net cash position opening balance	37,637	23,456
Net cash position closing balance	46,013	31,527
Total Cash movement	**8,376**	**8,071**

(1) Comparative figures adjusted for non cash movement of Finance lease receivables/payables

Auditor statement

The statutory auditor confirms that the limited review, which is finished in substance, did not reveal any significant adjustments to the consolidated half-year financial information included in the press release.