

INTERIM RESULTS OF ORDINA N.V.: STRONG REVENUE GROWTH, INITIATIVES FOR MARGIN IMPROVEMENT

HIGHLIGHTS OF FINANCIAL RESULTS FOR FIRST HALF OF 2008

- Total revenue increases to EUR 360.7 million (H1 2007: EUR 311.4 million). An increase of 16%. Organic revenue growth is 13%.
- Revenue generated from multi-year contracts has increased from 15% in the first half of 2007 to 21%.
- Revenue increases in the strategic markets finance and public amount to 50% and 10% respectively.
- Revenue growth in Belgium and Luxembourg constitutes 33%.
- Recurring EBITA amounts to EUR 25.4 million (first half 2007: EUR 25.8 million).
- Recurring EBITA-margin amounts to 7.0% (first half 2007: 8.3%).
- Revenue generated by Consulting, IT and Application Outsourcing has increased with 14% to EUR 337 million in the first half of 2008 (first half 2007: EUR 296 million). The EBITA-margin on Consulting, IT and Application Outsourcing is 8.5% (first half 2007: 9.7%).
- Revenue in BPO has increased with 53% from EUR 15.4 million to EUR 23.6 million. The recurring EBITA-loss of BPO totals EUR 3.1 million (loss in first half 2007: EUR 2.8 million).
- The premature termination of the BPO contract by Robeco Direct, as announced in June, has resulted in a one-off impairment of intangible assets to the size of EUR 6.2 million before taxes.
- The recurring earnings per share before amortisation of intangible assets due to acquisitions amounts to 0.46 EUR in H1 2008 (first half 2007: EUR 0.49).

OUTLOOK FOR 2008

- At present, market demand remains healthy. In alignment with our strategic course, Ordina continues to focus on winning large (multi-year) assignments from strategic clients.
- Ordina is currently working on a programme aimed at:
 - Further strengthening our specialist profile in the finance and public market.
 - Investing to further standardize our service portfolio. This includes further embedding our offshore proposition into our portfolio.
 - Realising the economies of scale and utilising the synergy advantages resulting in lower cost levels of approximately 10 million euros annually.

This programme is initiated due to the pressure on profit margins in the first half of 2008, aiming to make sustainable improvements of the margin in the coming years and also anticipates economic conditions. The one-off expense in this regard will affect the results for the second half of 2008 negatively.

- Ordina continues a focussed search for strategic acquisition possibilities in the Netherlands and Belgium.
- Based on the results achieved during the first half of 2008, we expect to generate revenue between EUR 700 and EUR 720 million over the entire year (the sold technical automation activities will be de-consolidated as from August 2008). Recurring EBITA-margin is expected between 7% and 8%. Regarding recurring EBITA-margin we refer to EBITA-margin excluding impairment, one-off costs for initiatives aiming for margin improvement and also excluding the profit from the sale of our Technical Automation activities, to be accounted for in the second half of 2008.

COMMENTS ON THE FIRST HALF-YEAR RESULTS FROM RONALD KASTEEL CEO ORDINA:

"Sustainable growth is Ordina's goal. We wish to realise sustainable growth by specialising. In alignment with our strategy, Ordina won marketshare by realising an above-average growth in the finance and public market during the first half of this year. Furthermore, the share of revenue generated from multi-year contracts has increased. We won two prestigious multi-year contracts in this first half of this year, namely with the Immigration and Naturalisation Service and the Ministry of Agriculture, Nature and Food Quality. We will also be able to sign off a number of long-lasting project proposals in contracts in the second half of 2008. As far as revenue developments are concerned, we can be satisfied from many different perspectives. This however, cannot be said for the development of the EBITA-margin. The EBITA-margin was under pressure during the first half of this year. Costs incurred for project proposals, start-up and running expenses of a few large projects as well as hiring more contractors were important contributing factors.

Our BPO-activities also are of specific interest. The loss of Robeco Direct as a client has a negative impact on the revenue and profit development in the coming period and could result in a more defined future BPO-proposition in the coming months. Regarding Consulting, ICT and Application Outsourcing we will focus on the overall quality and professionalism of our services including further embedding our offshore proposition. Additionally we will lower our cost levels. End-year we wish to be ready to show a positive trend enabling us to create sustainable value throughout the cycle from 2009 and onwards. Also if the economic developments prove to negatively impact these type of services."

	H1-2008	H1-2007	Change
Summary of key figures (in million EUR, unless stated otherwise)			
Revenue from Consulting, IT and Application Outsourcing	337.1	296.0	14%
Revenue from BPO	23.6	15.4	53%
Total Revenue	360.7	311.4	16%
EBITA from Consulting, IT and Application Outsourcing	28.5	28.6	0%
EBITA-margin from Consulting, IT and Application Outsourcing	8,5%	9,7%	
Recurring EBITA from BPO	-3.1	-2.8	-11%
Recurring EBITA margin on BPO	-13%	-18%	
Recurring total EBITA	25.4	25.8	-2%
Recurring total EBITA margin	7,0%	8,3%	
Net earnings per share before amortisation of intangible assets due to acquisitions (in EUR)	0.46	0.49	-6%
Number of employees (in FTE's)	5,652	5,477	3%
Average number of employees (in FTE's)	5,670	5,169	10%

MARKET DEVELOPMENTS

The demand for services in the areas of Consulting, IT and Outsourcing showed a healthy development during the first half of this year. Weakening economic growth has not yet led to slinking demand. Meanwhile the market for Consulting, IT and Outsourcing is developing at a tremendous pace. This market is maturing rapidly. Previously we signalled a trend towards large-scale outsourcing of projects as well as maintenance activities in the market. We have seen a continuance in this trend. Clients are demanding that the service providers take a greater measure of responsibility for the outcomes of outsourced activities. Service providers are now required to have intimate knowledge of their clients and are able to organize themselves to the required scale. The trend to (partially) outsource system development and application management offshore is also continuing steadily. This is being fuelled by the shortage of skills in the Dutch and Belgian labour markets on the one hand and by the clients' demand for competitive pricing structures on the other.

During the first half of 2008, Ordina has successfully translated the positive market developments to a revenue growth that once again lies higher than the market average. Our market share has therefore also increased again. The sharp focus on the finance and public market and the choice to focus on large strategic clients has delivered rewards. Revenue generated from our top 40 clients during the first half of this year equals 68% of the total revenue (first half of 2007: 69%). The top 10 clients represents 45% of the revenue (first half of 2007: 42%).

Finance market

In the finance market we have realised an enormous growth of 50%, in comparison to the first half of 2007. News from the finance market has been dominated with reports of the credit crisis, but at the same time we have noticed a trend to consolidate and integrate. While consolidation, integration and rationalisation of costs occur, every effort is being made to win and retain customers. Product renewal and new distribution models are essential to differentiate from the competition. Financial institutions need to be flexible in meeting the demand of their customers. This has consequences for the way in which an organisation structures its front and back office. These developments in the market are important drivers behind new projects and consulting assignments. A number of factors have contributed to the strong revenue growth in this market segment: our specialist positioning, the seven-year application outsourcing agreement with Rabobank that started in May 2007, the BPO contracts concluded in the first half of 2007 and the acquisition of ITG Consulting in Belgium.

Public market

In our other strategic growth market, the public market, Ordina realised an increase in revenue of 10% during the first half of 2008. Central government is driven to organise the day-to-day delivery of its services more efficiently, improve overall effectiveness and to improve service levels to citizens via one service desk. Improving and simplifying the information provision, making knowledge applicable and productive, integration of the supply chain and shared services are the focal points. Underlying processes are to be standardised in order for the front end to operate more effectively. Digitalisation plays an important role in all of this. The in the first half awarded contracts with the Immigration and Naturalisation Service and the Ministry of Agriculture, Nature and Food Quality are good examples. Looking toward the future, these assignments also offer us vast growth opportunities.

Industry market

Aside from the ever present focus on cost reduction, the Industry market is focussing on themes such as customer experience service, corporate performance management and information provision management. Ordina is a renowned specialist in these areas. Revenue development showed a slight decrease in this segment during the first half of 2008. This decrease has been driven mainly by the success and the even more specific focus on our strategic growth markets, finance and public.

	H1-2008	H1-2007	Change
Breakdown of revenue to market segments (in EUR millions)			
Finance	122.2	81.5	50%
Public	122.2	111.3	10%
Industry	116.3	118.6	-2%
TOTAL	360.7	311.4	16%

SERVICES

Outsourcing

Ordina wishes to increase its stability throughout the economic cycle. We are striving to increase the revenue share generated from multi-year agreements to 30% - 35% of total revenue. The revenue share of long-term contracts (Application Outsourcing and BPO) has increased during the first half of 2008 in line with our objective and amounts to 21% of total revenue (15% in the first half of 2007). The abovementioned market developments are expected to continue the trend of outsourcing applications and business processes. Even if the economic growth would weaken. Special attention is for our BPO activities now Robeco Direct decided in June to premature terminate the contract with Ordina. This termination will cause the revenue generated by BPO activities to show a decrease in the near future (expected in Q4-2008). The profit development will also be negatively impacted, which could result in a more defined future BPO-proposition in the coming months.

Consulting and ICT

Also in the Consulting and IT markets, Ordina has experienced stronger growth than the market estimates forecasted by amongst others Gartner. Likewise for Application Outsourcing, we have intensified our use of IT via our offshore channel of our Indian partner, Cognizant. We expect that our activities that we outsource offshore will further increase. In the first half of 2008, offshoring totalled approx. EUR 10 million, while no activities were done in the first half of 2007.

	H1-2008	H1-2007	Change
Breakdown of revenue to services (in EUR million):			
Consulting	81.5	75.8	7%
IT	203.4	189.9	7%
Application Outsourcing	52.2	30.3	72%
BPO	23.6	15.4	53%
TOTAL	360.7	311.4	16%

EMPLOYEES

In the first half of 2008 the average amount of employees increased with 10% compared to the first half of 2007. We have decided to limit the recruitment of professionals with a technical background slightly and we continuously sharpen our focus on recruiting top quality skills. As far as our own employees are concerned, we aim to employ only the absolute top amongst professionals. Aside from our own employees, we have also deliberately hired more contractors and utilised our offshore channel, specifically for technical activities. The thinking behind this is that we wish to be less dependent of the economic conditions and the tight labour market, where individualisation is a continuing trend. By choosing alternative resource possibilities we wish to achieve greater cost flexibility. Our offshore channel in particular, offers us the opportunity to mobilize rapidly capacity. For our Consulting activities we will in particular continue to source and recruit employees with a permanent employment contract.

FINANCIAL RESULTS

Revenue development

In the first half of 2008 the total revenue increased by 16% to an amount of EUR 360.7 million (H1 2007: EUR 311.4 million). The largest part of this revenue growth was organic (13%). Additionally the acquisitions of YoungWood (acquired in April 2007) and ITG Consulting in Belgium (acquired in September 2007) contributed slightly more than 3% to the revenue growth. Contributing factors to the revenue growth include price hikes in line with increased costs for personnel, increases in the number of employees compared to the first half of 2007, a growing number of contractors and the partial outsourcing of work to our offshore partner. Of the total revenue, EUR 35.2 million was generated in Belgium and Luxembourg (2007: EUR 26.4 million). That constitutes an increase in revenue of 33%. 14% of this growth was organic. In conclusion, Ordina Technical Automation (sold as per 31 July) generated revenue of EUR 18.3 million in the first half of this year.

Operating profit and operating margin

The recurring operating profit before amortisation of intangible assets due to acquisitions (EBITA) for the first half of 2008 amounted to EUR 25.4 million and thus decreased by 1.5%, compared with the EBITA of the first half of 2007. The recurring operating margin constituted 7.0% for the first half of 2008 showing a decrease compared to the first half of 2007 (first half 2007: 8.3%). For Consulting, IT and Application Outsourcing the EBITA margin totalled 8.5% (9.7% in the first half of 2007). The decrease in operating margin for Consulting, IT and Application Outsourcing activities is mostly influenced by three elements. An increasing number of long-term and intense proposal projects tasked with winning large multi-year contracts, the costs involved in starting up and executing a number of large-scale multi-year contracts and the increased use of contractors and offshore for projects and assignments. The margin for contractors and offshore is much smaller than the margin on own personnel. Operating profit for the first half of 2007 has also been negatively affected by an amount of EUR 0.7 million, consulting fees relating to the planned acquisition of the Business Application Services Division of GetronicsPinkRocade.

Contribution to BPO and impairment

The recurring EBITA for BPO was negative EUR 3.1 million (first half 2007: EUR 2.8 million loss). From an operational point of view, the services run satisfactorily in general. Delayed delivery of the new Basic Banking functionality however leads to a delay in realising economies of scale and the subsequent cost advantages. As far as the services for mortgage loans are concerned, delivery of the standard functionality however is running according to schedule. Transformation to the standard platform has to be realised by year-end, after which we will be focussing on drawing the full benefit of economies of scale by linking new clients to the platform. Robeco Direct was scheduled as most important client for the Fund Administration (Securities Servicing). Meanwhile new contracts in this field have been concluded with Loyalis and PGGM during the first half of this year. Both are so-called greenfield operations, where no personnel or existing systems have to be transferred to Ordina.

As a result of the contract termination by Robeco Direct, we have subjected the investments in Fund Administration (Securities Servicing), as at half-year end, to an impairment test. Due to the fact that Robeco Direct decided to terminate the contract, a one-off impairment of EUR 6.2 million is accounted for. Regarding the contract termination itself, it must be stated that the parties hold substantial different views regarding the consequences of the early termination. Financial impact per half-year end cannot be accounted for.

Net profit and EPS

Recurring net profit (excluding the impairment for BPO) decreased by 12% during the first half of this year to an amount of EUR 10.6 million (first half 2007: EUR 12.1 million). The recurring net profit and recurring EBITA developments are moreover in line with each other as the amortisation of intangible assets due to acquisitions is slightly above to that of the first half of 2007. Compared to 2007, the interest charges have increased (EUR 2.5 million in the first half of 2008 compared to EUR 1.7 million in the first half of 2007), partly due to investments in acquisitions and intangible fixed assets. The tax burden is as expected and customary, higher than the Dutch nominal corporate income tax rate because the effective corporate tax rate is higher in Belgium than in the Netherlands.

Recurring earnings per share, exclusive of amortisation of intangible assets due to acquisitions amounted to EUR 0.46 for the first half of 2008. This is a decrease of 6% in comparison to 2007 (EUR 0.49).

Capital expenditure, cash flows and financing

The first half of 2008 saw a large outflow of cash to the amount of EUR 90.7 million (first half 2007: EUR 60.7 million) similar to previous years. This is a result of the payment of bonuses for 2007, holiday allowances and dividends and is in line with the seasonal pattern common to the professional services sector. Other than this, the cash flow was affected by debtors- and work-in-progress ratios similar to June 30 (2007), though substantially higher than end 2007. Furthermore, earn out obligations relating to acquisitions were paid to the amount of EUR 7.2 million. Finally, an amount of EUR 2.2 million was invested in tangible fixed assets to continue our day-to-day operations. The investment in intangible assets totalled EUR 17.5 million, of which EUR 15.9 million was invested with BPO for the development of the standardised platforms for services in the areas of basic banking, mortgage loans and Fund Administration (Securities Servicing).

As per 30 June 2008, Ordina has a net debt position of EUR 151.5 million. This net debt position is in line with Ordina's internal policy to limit net debt to no more than twice the EBITDA figure. Mid 2008 this figure constitutes 1.9 times EBITDA. In view of our strong seasonal pattern in cash generation, the continuous focus on collecting from debtors, the amount received for the sale of our Technical Automation activities and our profitability, this ratio will be fundamentally better at year-end and we hold sufficient financial resources to continue making targeted acquisitions in the future.

IFRS

The schedules, figures and notes in this interim report are based on IFRS. For the accounting policies, reference is made to the notes to the financial statements for 2007. These policies have remained unchanged. Ordina N.V. has availed itself of the option not to prepare this semi-annual report on the basis of IAS 34 Interim Financial Reporting. Finally, we note that the figures in this semi-annual report have not been audited.

OUTLOOK FOR THE FULL YEAR: 2008

Based on the results achieved during the first half of 2008, we expect to generate revenue between EUR 700 and EUR 720 million over the entire year (the sold Technical Automation activities will be de-consolidated as from august 2008). Recurring EBITA-margin is expected between 7% and 8%. Regarding recurring EBITA-margin we refer to EBITA-margin excluding impairment, one-off costs for initiatives aiming for margin improvement and also excluding the profit from the sale of our Technical Automation activities, to be accounted for in the second half of 2008.

ABOUT ORDINA

With our more than 5,300-strong workforce, Ordina aims to improve the business processes of Dutch and Belgian enterprises by providing advisory services, developing supporting applications or taking on a wide range of processes, including IT. Ordina N.V. was incorporated in 1973. Ordina N.V. shares are quoted on Amsterdam's Euronext Stock Exchange, where they are included in the Midkap Index.

FOR MORE INFORMATION:

Ordina N.V.
Saskia Huuskes, Director Corporate Communications
Telephone: + 31(0)30 - 6637402
www.ordina.nl

This document contains pronouncements forecasting the future financial performance of Ordina N.V. and outlines certain plans, objectives and ambitions based on current insights. Obviously, such forecasts are not without risk; they entail a relative degree of uncertainty since no guarantees exist on future circumstances. There are many factors that could potentially affect the actual performance and forecasts, causing them to deviate from the situation described in this document. Such factors include general economic trends, the pace of the globalisation of the ICT services industry, the growing number of projects with responsibility for deliverables, increasing scarcity on the labour market, and future acquisitions and disposals.

	30 June 2008	30 June 2007	Change
(in euro millions, unless indicated otherwise)			
Revenue IT-services	337.1	296.0	
Revenue BPO	23.6	15.4	
Total revenue	360.7	311.4	16%
EBITA	19.2	25.8	-26%
EBITA as % of turnover	5.3	8.3	
Operating profit ICT-services	20.3	21.4	
Operating profit BPO	9.3	2.8	
Total operating profit	11.0	18.6	-41%
Net profit	5.9	12.1	-51%
Net profit margin	1.6	3.9	
Shareholders' equity	252.7	233.5	8%
Capital asset ratio	45	44	
Intangible fixed assets	286.2	282.2	1%
Tangible assets	26.4	26.1	1%
Total assets	567.1	527.6	7%
Trade debtors as % of turnover *	21	22	
Days Sales Outstanding (DSO) *	78	79	
Net debt versus EBITDA	1.9	1.7	
Average number of staff	5,670	5,169	10%
Number of staff at year-end	5,652	5,477	3%
Number of shares outstanding at year-end (in millions)	41.3	41.1	0%
Per share information (based on average number of shares outstanding, in euros)			
Shareholders' equity	6.13	5.87	4%
Cash flow	0.70	0.65	8%
Net earnings before amortisation of intangible assets due to acquisitions	0.34	0.49	-31%
Net earnings after amortisation of intangible assets due to acquisitions	0.15	0.31	-52%
Net earnings after amortisation of intangible assets due to acquisitions, fully diluted	0.15	0.30	-50%

* Including unbilled receivables.

Keyfigures 2008 including impairment ad EUR 6.2 million.

	first half year 2008	first half year 2007
<i>(x euro thousands)</i>		
Revenue	360,700	311,436
Cost of hardware and software	12,482	10,168
Work contracted out (hired staff)	52,825	38,972
Personnel expenses	238,827	208,525
Depreciation	5,651	4,753
Amortisation	17,243	9,113
Other operating expenses	22,692	21,339
Total operating expenses	349,720	292,870
Operating profit	10,980	18,566
Finance costs - net	2,450-	1,715-
Profit before income tax	8,530	16,851
Income tax	2,540-	4,709-
Profit	5,990	12,142

	30 June 2008	30 June 2007	31 Dec 2007
(x euro thousands)			
Assets			
Intangible assets	286,179	282,182	292,611
Tangible assets	26,358	26,079	29,064
Investments in associates	176	86	143
Deferred income tax assets	4,980	6,482	4,955
Derivatives	1,199	1,050	717
Total fixed assets	318,892	315,879	327,490
Inventories	-	78	-
Trade and other debtors	213,676	179,511	168,670
Income tax assets	213	8,472	-
Cash & cash equivalents	16,148	23,696	35,993
Assets held for sale	18,147	-	-
Total current assets	248,184	211,757	204,663
Total assets	567,076	527,636	532,153
Equity and liabilities			
Issued capital	4,126	4,111	4,119
Share premium reserve	76,589	74,886	75,744
Hedging reserve	893	782	534
Retained earnings	165,072	141,620	143,800
Profit for the year	5,990	12,142	30,394
Shareholders' equity	252,670	233,541	254,591
Long-term borrowings	34,912	44,873	34,893
Financial lease	2,397	2,489	2,665
Employee related provisions	7,794	11,722	7,348
Other provisions	2,405	1,118	2,238
Deferred income tax liabilities	9,246	12,181	11,517
Non-current liabilities	56,754	72,383	58,661
Bank credit	128,543	89,562	57,716
Trade and other payables	121,227	127,699	154,904
Current tax payable	-	4,451	6,281
Liabilities held for sale	7,882	-	-
Total current liabilities	257,652	221,712	218,901
Totaal liabilities	314,406	294,095	277,562
Total equity and liabilities	567,076	527,636	532,153
Movements in shareholders' equity			
Book value as at 31 December previous bookyear	254,591	194,039	
Share issue pursuant to acquisitions	-	31,517	
Share issue pursuant to exercise of options	853	3,220	
Cash flow hedges, net of tax	359	565	
Share based payments	872	268	
Prior-year dividend distribution	8,251	8,210	
Profit current bookyear	5,990	12,142	
Book value as at 30 June current bookyear	252,670	233,541	

	first half-year 2008	first half-year 2007
(x euro thousands)		
Cash flow from operating activities		
Net profit	5,990	12,142
Adjustments for:		
Finance costs - net	2,450	1,715
Share of profit of associates	-	-
Income tax expense	2,540	4,709
	4,990	6,424
Operating profit	10,980	18,566
Adjustments for:		
Depreciation	5,651	4,753
Amortisation	17,243	9,113
Share-based payments	175-	268
	22,719	14,134
Operating profit before changes in working capital and provisions	33,699	32,700
Movements in trade and other receivables	55,304-	31,361-
Movements in stock and work in process	-	25
Movements in current liabilities	21,682-	2,741-
Changes in provisions	613	1,302-
	76,373-	35,379-
Cash flow from operating activities	42,674-	2,679-
Interest paid	3,273-	2,227-
Income taxes paid	9,034-	3,242-
Net cash flow from operating activities	54,981-	8,148-
Cash flow from investing activities		
Acquisitions of group companies	7,222-	29,254-
Proceeds from sale of ApplicationNet	-	406
Proceeds from sale of infrastructure management activities	-	-
Additions to tangible fixed assets	2,204-	6,315-
Additions to intangible fixed assets	17,489-	12,455-
Investments in associates	125-	-
Proceeds from sale of tangible assets	-	674
Proceeds from sale of intangible assets	-	-
Proceeds from dividends of associates	92	33
Net cash flow from investing activities	26,948-	46,911-
Cash flow from financing activities		
Issue of shares	156	3,220
Repayments of borrowings	648-	604-
Dividends paid	8,251-	8,210-
Net cash flow from financing activities	8,743-	5,594-
Movements in cash first half-year	90,672-	60,653-
Movements in cash first half-year	90,672-	60,653-
Cash and cash equivalents at beginning of the year	11,723-	5,213-
Cash and cash equivalents at half-year end / net	102,395-	65,866-