REALTECH presents:
QUARTERLY REPORT
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QUARTERLY REPORT
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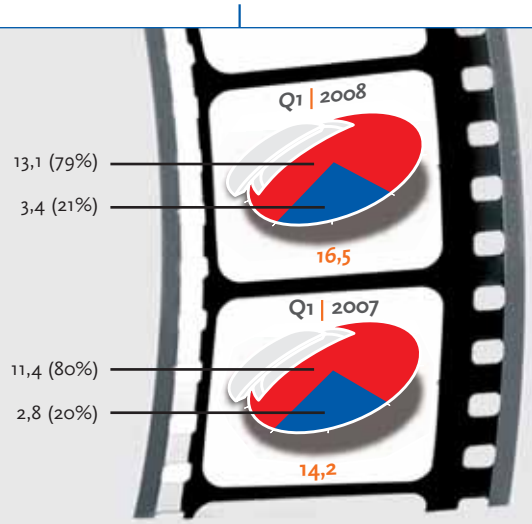
REALTECH

1st Quarter of 2008 at a Glance

	Q1 2008 TEUR	Δ %	Q1 2007 TEUR
Revenues and income			
Revenues	16.493	16	14.184
Revenues consulting	13.121	15	11.385
Revenues software	3.372	20	2.799
Revenues Germany	7.295	19	6.117
Revenues foreign countries	9.198	14	8.067
Earnings before interest, taxes, depreciation and amortization (EBITDA)	1.296	27	1.017
Earnings before interest and taxes (EBIT)	1.093	42	771
Earnings before taxes (EBT)	1.161	22	953
Net income	606	91	318
Earnings per share (in EUR)	0,12	100	0,06
Investments and depreciation			
Investments in intangible and tangible assets	124	(2)	127
Depreciation	203	(17)	246
Key figures			
Gross margin (in %)	38,3	(2)	39,1
EBITDA margin (in %)	7,9	10	7,2
EBIT margin (in %)	6,6	22	5,4
Cash flow from operating activities	1.565	41	1.108
Cash flow from investing activities	(2.915)	38	(4.726)
Cash flow from financing activities	66	500	11
Assets, shareholders' equity and liabilities (end of quarter)			
Total assets	65.886	3	63.789
Non-current assets	14.258	1	14.141
Current assests	51.628	4	49.648
Net cash and cash equivalents	29.563	2	28.970
Shareholders' equity	47.875	4	46.225
Equity ratio (in %)	72,7	0	72,5
Noncurrent liabilities	0	-	0
Current liabilities	17.661	3	17.106
Employees (end of quarter)	671	15	584

- Group revenue up 16 percent to EUR 16.5 million
- Consulting revenue up 15 percent
- Software business increased by 20 percent
- EBIT up 42 percent
- Increase in net cash and cash equivalents and cash flow



Revenues by segments (millions EUR)

Consulting
Software

Dear shareholders and business partners,

Nicola Glowinski Chief Executive Officer

Dr. Rudolf Caspary Chief Technology Officer

The fiscal year 2007 proved to be something of a record year for REALTECH in many respects. We not only met our targets for the year, we even exceeded them in some areas. We were especially satisfied with the company's improved profitability. At the same time, the company's performance also lays the foundations for the new fiscal year 2008. We have set ourselves very exacting goals and ambitious challenges. It is all the more satisfying then to be able to report that the company's performance in the first quarter of the current year directly picked up on and sustained the successful figures for last year. The details are as follows:

Business development

Revenues rose by 16 percent in the first three months of 2008 compared with the same period in the previous year, from EUR 14,184 thousand to EUR 16,493 thousand. Both segments contributed to this increase, with revenue in the consulting segment increasing by 15 percent from EUR 11,385 thousand to EUR 13,121 thousand. Revenues in the software solutions segment increased by 20 percent from EUR 2,799 thousand to EUR 3,372. The contribution made by this segment towards total revenue increased slightly to 21 percent (previous year: 20 percent).

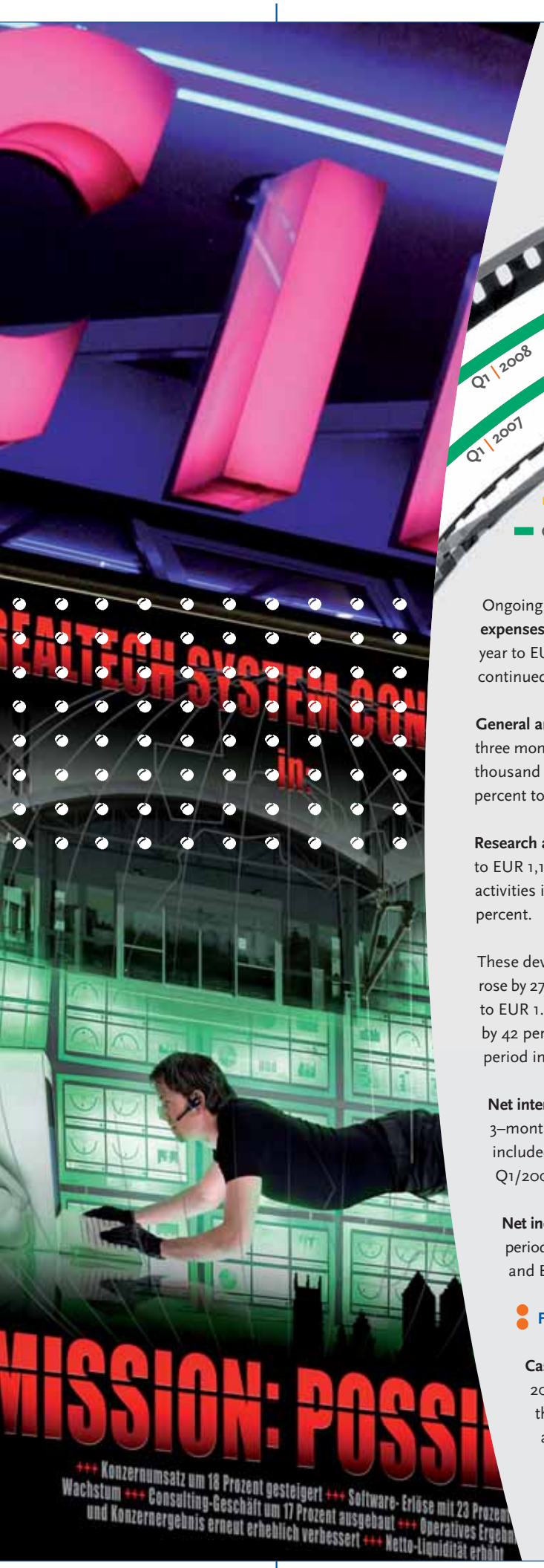
In Germany, revenues in the first three months of this year increased by 19 percent from EUR 6,117 thousand to EUR 7,295 thousand. The share of Group revenue generated in Germany increased to 44 percent (previous year: 43 percent); 56 percent of Group revenue in Q1/2008 (compared with 57 percent last year) continued to be earned abroad. The biggest contribution was again made by the European region where revenue increased by 9 percent from EUR 6,127 thousand to EUR 6,675 thousand. At the same time, this figure as a share of total revenue fell from 43 percent to 41 percent. Revenues increased by 20 percent in the US region from EUR 724 thousand to EUR 869 thousand, although this region's share of Group revenue remained unchanged at 5 percent. Revenue continued to develop as positively as ever in the Asia-Pacific region, where revenues were up by 36 percent from EUR 1,216 thousand to EUR 1,654 thousand. Asia-Pacific therefore contributed 10 percent (previous year: 9 percent) to Group revenue.

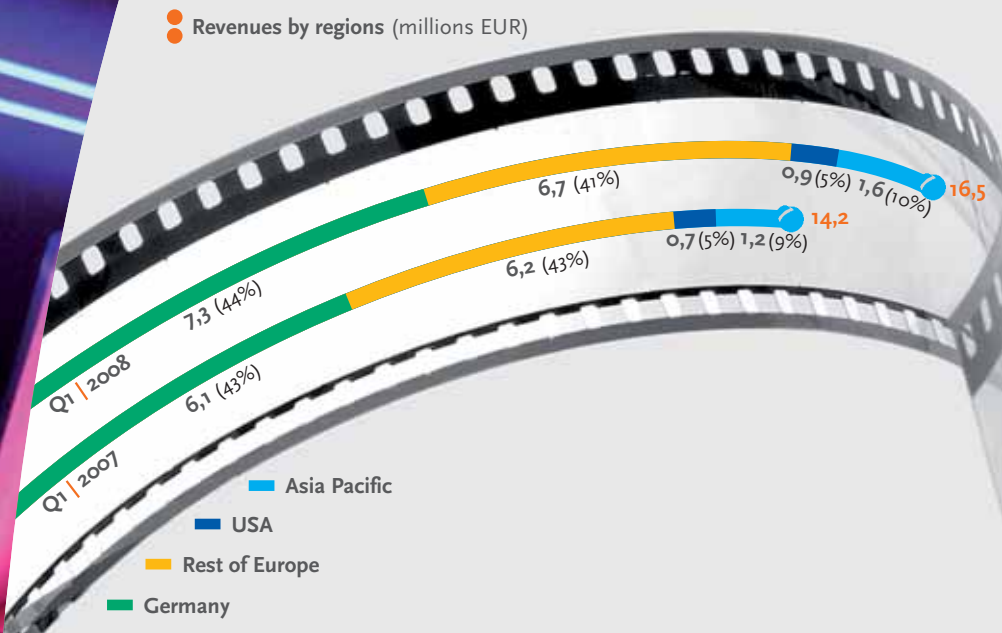
The current order book confirms all our planning assumptions and should help us achieve our forecast financial performance.

Earnings

Costs of revenues rose 18 percent from EUR 8,368 thousand to EUR 10,177 thousand. This increase was due to the recruitment of more consultants than last year as part of a planned investment in the future. As these costs increased more strongly than revenue, this percentage increased as a proportion of revenue from 61 percent to 62 percent.

This development resulted in 14 percent growth in **gross profit** in the first quarter of 2008 compared to the same quarter in 2007 from EUR 5,545 thousand to EUR 6,316 thousand. Based on revenue, this value fell slightly from 39 percent to 38 percent. This development was due to the increase in gross profit in the consulting segment in absolute terms from EUR 3,168 thousand to EUR 3,579 thousand and a reduction in the gross profit margin from 28 percent to 27 percent. Gross profit in the software segment increased from EUR 2,378 thousand to EUR 2,737 thousand. The value of this figure as a percentage of revenue dropped from 85 percent to 81 percent. Consulting therefore accounted for 57 percent and software 43 percent of gross profit.





Ongoing measures to boost revenue gave rise to an increase in **selling and marketing expenses**, which rose 21 percent from EUR 1,940 thousand in the first quarter of last year to EUR 2,350 thousand in the first quarter of this year. The proportion of revenue continued to amount to 14 percent.

General and administrative expenses were more or less unchanged during the first three months of 2008 and amounted to EUR 1,819 thousand compared with EUR 1,809 thousand in the first quarter of 2007. Relative to revenue, these expenses fell from 13 percent to 11 percent.

Research and development costs increased by 8 percent from EUR 1,070 thousand to EUR 1,156 thousand as a result of new product developments and development activities in the USA. The figure as a percentage of revenue fell from 8 percent to 7 percent.

These developments led to a substantial improvement in **operating income**. EBITDA rose by 27 percent to EUR 1,296 thousand in the first quarter of the fiscal year (compared to EUR 1.017 thousand in the same period in the previous year) and EBIT increased by 42 percent to EUR 1,093 thousand (compared to EUR 771 thousand in the same period in the previous year).

Net interest of EUR 103 thousand remained unchanged from the figures for the same 3–month period in the previous year. **Income from financial assets and securities** included income from the sale of securities and fell from EUR 78 thousand in Q1/2007 to EUR 1 thousand.

Net income and **earnings per share** almost doubled compared to the same quarterly period in the previous year to EUR 606 thousand (previous year: EUR 318 thousand) and EUR 0.12 (previous year: EUR 0.06) respectively.

Financial situation

Cash flow from operating activities in the first three months of the fiscal year 2008 was EUR 1,565 thousand – substantially higher than the EUR 1,108 thousand reported for Q1/2007 reflecting both an improvement in net income and – above all – a reduction in trade receivables on the same key date last year.

Cash flow from investing activities in the first three months of 2008 amounted to minus EUR 2,915 thousand compared with EUR 4,726 thousand the year before. This change was essentially the result of the slower increase in the number of securities compared with the previous year. **Investments** in tangible and intangible assets amounted to EUR 124 thousand (previous year: EUR 127 thousand). This particularly involved procuring replacements.

Assets

Total assets increased by 3 percent compared with December 31, 2007 to EUR 65,886 thousand on March 31, 2008 due to an increase in cash and cash equivalents and an increase in other receivables and assets.

Trade receivables on the reporting date amounted to EUR 20,398 thousand, compared to EUR 21,159 thousand on December 31, 2007, and thus represented 31 percent of total assets. This decrease of 4 percent can particularly be attributed to consistent improvements in the Group's receivables management.

On the key date of March 31, 2008 the REALTECH Group held **net cash and cash equivalents** of EUR 29,563 thousand compared with EUR 28,066 thousand on December 31, 2007 and EUR 28,970 thousand on March 31, 2007. This increase can essentially be attributed to the company's improved profitability and a reduction in its trade receivables. Net cash and cash equivalents represented 45 percent of assets.

Provisions were reduced in comparison to December 31, 2007 from EUR 8,561 thousand to EUR 5,855 thousand, primarily due to the utilization of bonus provisions at the end of the year, as well as provisions for outstanding incoming invoices.

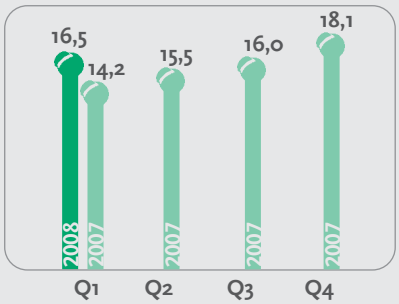
Shareholders` equity, which stood at EUR 47,875 thousand on March 31, 2008, was on a par with the figure on December 31, 2007 (EUR 47,202 thousand). The company's **equity ratio** on both key dates was 72.7 percent.

Employees

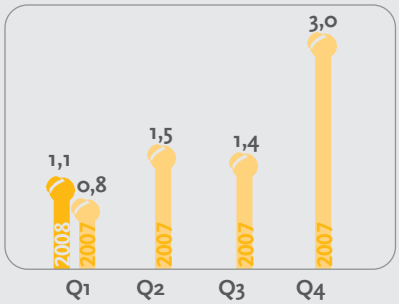
On the key date of March 31, 2008, the REALTECH Group employed 671 people, which is 15 percent more than at the end of the first quarter of 2007 (584). In Germany, the head count increased by 12 percent, from 221 to 247 employees. As a result, the percentage of REALTECH employees working in Germany fell from 38 percent to 37 percent.

The number of employees working in REALTECH companies in other countries increased in the same period by 17 percent from 363 to 424. Almost all regions contributed towards this development, with an increase of 16 percent from 300 to 348

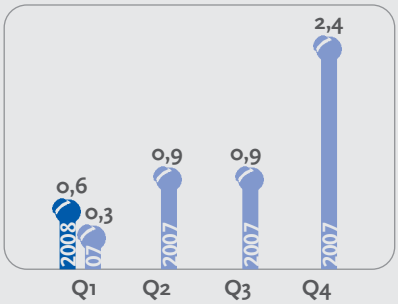
Revenues (millions EUR)



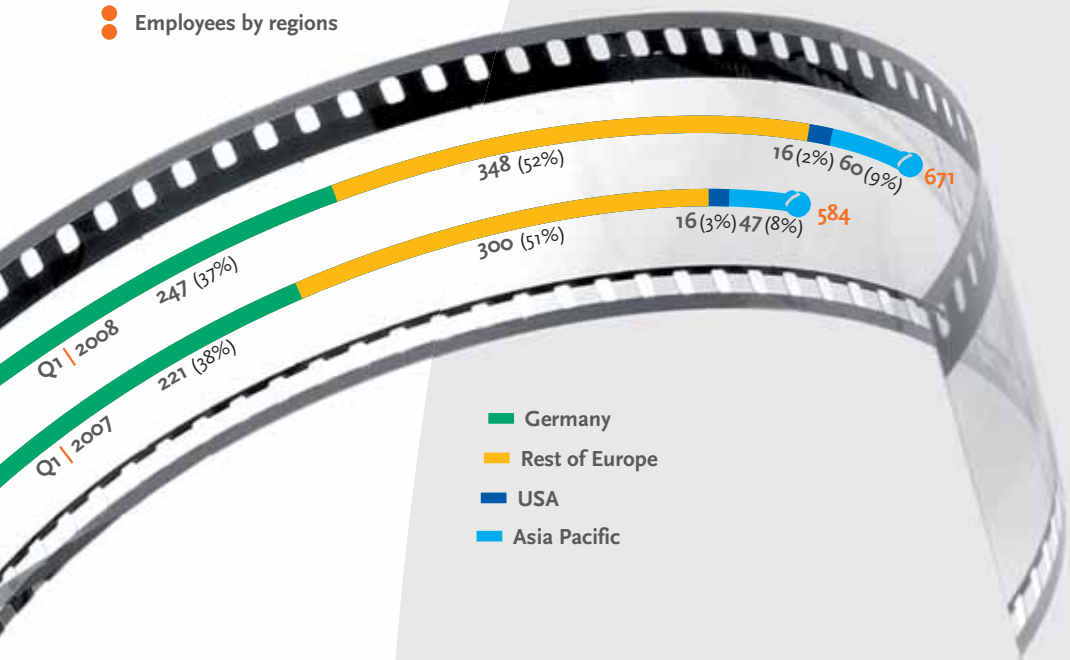
EBIT (millions EUR)



Net income (millions EUR)



Employees by regions



employees in the European region excluding Germany and an increase of 29 percent in the Asia–Pacific region from 47 to 60; the number of employees in the US remained the same at 16.

The company consistently pursued it corporate objectives and by the key date of March 31 the number of consultants had increased by 16 percent from 396 to 458 while expansion in the company's sales operations were also reflected in a 42 percent increase in employees from 69 to 90. The number of people working in development decreased by 16 percent from 57 to 48 employees while the administration headcount increased by 8 percent from 62 to 67.

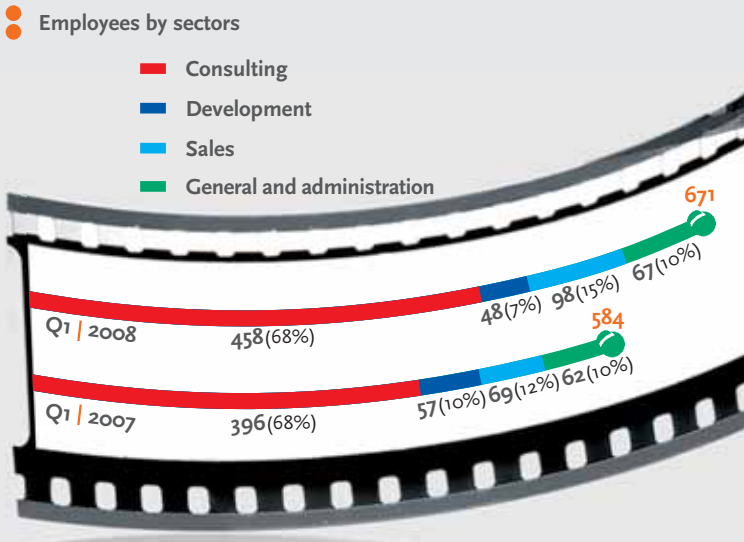
Outlook

At the outset of the fiscal year 2008 REALTECH was able to sustain the performance reported in 2007: the most successful fiscal year yet reported in the history of REALTECH AG. Its quarter–on–quarter figures show an increase in reported revenue of 16 percent and in operating results (EBIT) of 42 percent.

REALTECH has successfully transformed itself from a pure technology consultancy firm for SAP systems into a consulting specialist for business processes and projects of strategic importance. The company has already been distinguishing itself for several years through its competent consulting services for business processes in connection with SAP applications. On top of this, REALTECH also continues to support its customers in optimizing, consolidating and operating complex IT infrastructures. In expanding its consulting portfolio to also cover operational processes, the company has tapped another promising market – and REALTECH has plans to position itself even more firmly as a supplier of business process integration in the future.

In the consulting business, REALTECH strives to focus on future–oriented topics and thus achieve profitable growth in all three segments: in SAP technology consulting, in the preparation for SAP NetWeaver and in solutions for business processes using SAP NetWeaver/ESOA. In particular, the company intends to maintain the consistent focus it adopted in 2005 on higher–volume projects that require intensive consulting services. In this context, REALTECH intends to concentrate in particular on further strengthening the business process integration segment, as well as on broadly marketing SAP NetWeaver competence by training new employees.

In the software business, REALTECH will continue to concentrate on its two product lines: its theGuard! software family and applications especially tailored for use with SAP. The company's activities in 2008 will again revolve around current technological developments, alongside plans to continue developing solutions in both product lines, making them even more user–friendly,



and enhancing them by adding new service features and functions. In this way, REALTECH products will help make the company's customers more competitive while at the same time covering future market requirements. REALTECH plans envisage the software business area making a significantly increased, positive contribution towards the company's net income again in 2008.

Once again in 2008, the REALTECH Group perceives the main focus of its activities to be in Europe, with the core markets of Germany, Italy and Spain offering the greatest potential for growth. For example, the company maintained its leading position in SAP technology consulting in Spain in 2007, and aims to further build on this excellent position in 2008. Business also progressed as planned in 2007 in the USA and the Asia–Pacific region, with the result that REALTECH also anticipates stable growth rates there in 2008.

For fiscal year 2008, REALTECH has set itself ambitious, but achievable goals. The Executive Board aspires to achieve revenue growth of 14 percent for the corporate group, and hopes to see income from operations (EBIT) rise by 11 percent. These positive expectations are based on the clearly defined range of services that the company has offered since restructuring. REALTECH intends to build on these foundations in order to continue to achieve profitable growth with high margins – which should also be reflected in the future distribution of dividends to shareholders. The first step has already been taken as the figures for the first quarter of 2008 amply demonstrate.

Responsibility statement:
"To the best of our knowledge, and in accordance with the applicable reporting principles for interim financial reporting, the interim consolidated financial statements give a true and fair view of the net assets, financial position and earnings of the Group, and the interim management report of the Group includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group for the remaining months of the financial year."

Warm regards,

Your Executive Board
REALTECH AG

Note

REALTECH AG has prepared its (non–audited) quarterly financial statements in accordance with the accounting standards of the International Accounting Standards Board (IASB), i.e. the International Financial Reporting Standards (IFRS) as applicable in the EU. The IAS, IFRS, and corresponding interpretations of the International Financial Reporting Interpretations Committee (IFRIC) applicable as of March 31, 2008 have been taken into account. The figures for the previous year were also determined based on the same standards.

The consolidation and valuation methods used to prepare the quarterly financial statements and to establish the comparative figures for the previous year were basically the same as those used in the consolidated financial statement as of December 31, 2007. A detailed description of the individual methods is published in the notes of the 2007 annual report.

No matters of particular significance that may affect the company's income or circumstances that have affected business development are known other than those listed here.

Highlights

SAP up and running faultlessly in just five days REALTECH offers implementation guarantee for theGuard! ApplicationManager

With its theGuard! ApplicationManager 4.0 REALTECH guarantees implementation in just five days. This means that the product meets the core requirements for faultless SAP operation in an extremely short time. The implementation guarantee covers SAP installations with up to 100 different SAP systems.

With the new version of its proven monitoring solution for SAP NetWeaver REALTECH has launched a product which has been improved in a number of different ways: the new version now enables SAP basis administrators to manage powerful monitoring functions centrally. The solution extends the functions of the SAP CCMS standards (Computer Center Management System) and the SAP Solution Manager. Installation, maintenance and the individual configuration of the REALTECH data collectors can now be performed for entire SAP systems in the shortest of times from a single central interface.

The new version also includes pre–designed monitoring packages which contain all the settings and parameters required for the reliable monitoring of complete systems, from operating systems through to databases and ABAP and Java–based applications. These packages can be easily distributed across the IT environment per "drag & drop" to enable performance analyses to be carried out and SAP service levels verified in large and complex environments quickly and simply.

REALTECH shows what it can do at CeBIT 2008

REALTECH's trade show concept this year revolved entirely around positioning its own portfolio together with partners. REALTECH was able to present itself as a partner at a total of three stands at the CeBIT.

Visitors to the **Microsoft** stand had the chance to find out about our integration solution, theGuard! ApplicationManager, which allows SAP monitoring data to be displayed in the Microsoft System Center Operations Manager 2007. REALTECH is the first provider to make this possible.

Novell presented REALTECH as its preferred partner for Linux migrations in the SAP environment. Common topics here included the latest trends with regard to virtualization and high availability in the SAP environment, as well as solutions with the BI Accelerator.

The REALTECH presence on the stand of **Pandacom** focused particularly on the topics of IT service management and business process management. Customers were able to find out how new functions in theGuard! Service Management Center can be used to effectively monitor business-critical processes.

The trade show was a success for all areas. Both customers and the specialist press responded in a highly positive manner to the services presented.

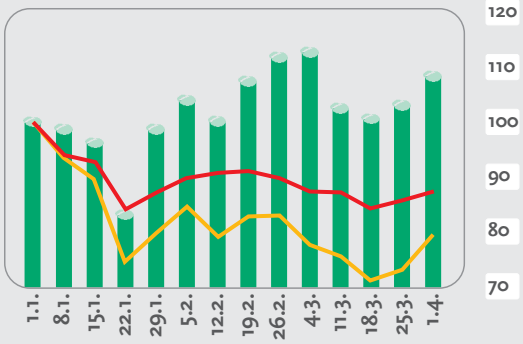
REALTECH implements online childcare information service in Wolfsburg

The City of Wolfsburg's online childcare search service provides the city's citizens with an all–round picture of the childcare services available in Wolfsburg. An important contribution to the evolution of a child and family–friendly city as part of the local "Enjoy Being a Family" campaign.

REALTECH assumed overall responsibility for the related IT project. REALTECH came up with the detailed specifications and the design for a solution based on the product brief stipulated by the City of Wolfsburg. The solution was then implemented and successfully launched in collaboration with City of Wolfsburg employees. One particularly tricky challenge in this project was complying with the mandatory web accessibility criteria for the state institutions involved.

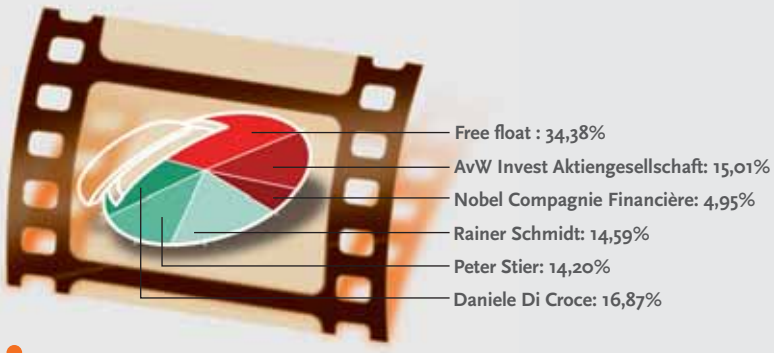
Standardized forms are now used to present all the crèches available and to enable users to make a realistic comparison of all the services on offer. The City of Wolfsburg is one of a very few local authorities in Germany to create a portal of this kind which enables citizens to see exactly where places are available on a day to day basis.

Shares



Share price index

REALTECH share
Prime Software
TecDax



Shareholder structure as of 31.03.08

Share performance and market capitalization

REALTECH shares began the current year at a price of EUR 11.72 only to fall over a period of three weeks bottoming out at the quarterly low of EUR 9.48 on January 23. The share price subsequently rose consistently reaching its high for the first quarter of 2008 on February 22 a week after REALTECH reported its provisional figures for its 2007 financial statements.

During the second half of the quarter the price of REALTECH shares fluctuated between EUR 11.33 and EUR 12.75 closing the quarter at EUR 12.10 (12 percent higher on March 31, 2008 than on the same key date a year previously) at a market capitalization of EUR 64 million or 133 percent of book equity. Significantly, after January 23, 2008, the share price was consistently above the TecDax and Prime Software comparative indices.

Shareholder structure and volume of trade in REALTECH shares

The REALTECH AG shareholder structure changed in the first quarter of 2008 compared with the end of the year 2007 in that Nobel Compagnie Financière reduced its holding to 4.95%. The company's free float increased to 34.38 percent on 31 March 2008.

On average, around 8,640 REALTECH shares were traded every day during Q1/2008 – 36 percent less than during the same quarter in the previous year (13,588). 72 percent of the shares were traded in Xetra (previous year: 71 percent), while 28 percent were traded on other stock exchanges (previous year: 29 percent).

Basics

Market segment	Prime Standard
Date of issue	26. April 1999
Security identification no.	700 890
Exchange ID	RTC
Issue price	54,00 EUR

Key figures

	Q1/2008 EUR	Q1/2007 EUR
Earnings per share	0,12	0,06
Cash flow per share	0,30	0,21
Shareholders' equity per share	9,12	8,94
Highest share price	12,75	11,53
Lowest share price	9,48	8,95
Share price at the end of quarter	12,10	10,80
Market capitalization at the end of quarter	64 Mio.	56 Mio.
Number of shares at the end of quarter	5.248.452	5.173.452

Shares and share options held by the issuer and the company's executive bodies as of March 31, 2008.

Issuer	
REALTECH AG	- shares
Executive board	
Dr. Rudolf Caspary	29.000 shares, 49.000 stock options
Nicola Glowinski	37.000 shares, 88.000 stock options
Supervisory board	
Daniele Di Croce	885.500 shares
Rainer Schmidt	765.500 shares
Peter Stier	745.500 shares

Consolidated Statements of Income

	Q1 | 2008 EUR	Q1 | 2007 EUR
Revenues	16.492.747	14.183.599
Costs of revenues	10.176.644	8.638.250
Gross profit	**6.316.103**	**5.545.349**
Selling and marketing expenses	2.349.007	1.940.293
General and administrative expenses	1.818.795	1.808.584
Research and development expenses	1.156.380	1.069.866
Other operating expenses	456.028	462.737
Other operating income	556.584	507.588
Operating income	**1.092.478**	**771.457**
Net interest	103.992	103.935
Income from financial assets and securities	1	78.305
Foreign currency exchange gains / losses	(35.701)	(595)
Income before taxes (and minority interests)	**1.160.770**	**953.102**
Income taxes	540.445	651.193
Income before minority interests	**620.325**	**301.909**
Minority interests	(14.050)	16.264
Net income	**606.275**	**318.173**
Accumulated profit/loss carried forward	7.276.847	5.336.833
Retained earnings	**7.883.122**	**5.655.006**
Earnings per share – basic	0,12	0,06
Earnings per share – diluted	0,11	0,06
Average number of shares outstanding – basic	5.248.452	5.173.452
Average number of shares outstanding – diluted	5.549.452	5.632.452

Segment Reporting

	Q1 | 2008 EUR	Q1 | 2007 EUR
Consulting		
Revenues	13.121.191	11.384.516
Costs of revenues	9.542.189	8.216.760
Gross profit	3.579.002	3.167.756
Software		
Revenues	3.371.557	2.799.083
Costs of revenues	634.455	421.490
Gross profit	2.737.102	2.377.593

Consolidated Statements of Cash Flows

	Q1 | 2008 EUR	Q1 | 2007 EUR
Net income	**606.275**	**318.173**
Depreciation of fixed assets	203.146	245.989
Change in income tax payable	137.496	476.785
Payments for income taxes	(204.648)	(126.488)
Change in accrued expenses	(2.706.970)	(1.117.517)
Change in trade accounts receivable	760.961	(1.710.766)
Change in other assets	(283.060)	(330.273)
Change in trade accounts payable and in other current liabilities	3.051.814	3.351.761
Cash flow from operating activities	**1.565.013**	**1.107.664**
Asset disposals	(10.728)	(22.763)
Purchase of intangible assets	(23.832)	(7.873)
Purchase of tangible assets	(100.407)	(119.505)
Investment in financial assets	829	3.430
Change in current securities	(2.884.712)	(4.683.180)
Proceeds from interests	103.448	106.235
Payments for interests	544	(2.300)
Cash flow from investing activities	**(2.914.858)**	**(4.725.956)**
Other change in shareholders' equity and in minority interests	65.863	11.216
Cash flow from financing activities	**65.863**	**11.216**
Change in cash and cash equivalents	**(1.283.982)**	**(3.607.075)**
Cash and cash equivalents at the beginning of the period	**9.885.536**	**12.972.973**
Cash and cash equivalents at the end of the period	**8.601.554**	**9.365.898**

Consolidated Statements of Changes in Shareholders' Equity

	Q1 | 2008 EUR	Q1 | 2007 EUR
Shareholders' equity as of January 1	**47.202.610**	**45.895.870**
Net income	606.275	318.173
Unrealized profit / loss from securities translations	63.265	(25.573)
Translation adjustments	(31.285)	54.184
Minority interests	33.884	(17.395)
Shareholders' equity as of March 31	**47.874.749**	**46.225.259**

Consolidated Balance Sheets

ASSETS	31.03.2008 EUR	31.12.2007 EUR
Non-current assets		
Intangible assets		
Concessions, industrial rights and similar rights and assets	298.907	297.716
Goodwill	4.335.679	4.335.679
	4.634.586	**4.633.395**
Tangible assets		
Property, plant and equipment	7.690.903	7.772.756
Technical equipment and machines	43.450	44.911
Other equipment and office equipment	1.717.864	1.709.024
	9.452.217	**9.526.691**
Financial assets		
Securities	37.168	32.872
Other loans	52.175	52.199
	89.343	**85.071**
Deferred tax assets	**82.050**	**304.141**
	14.258.196	**14.549.298**
Current assets		
Receivables and other assets		
Trade receivables	20.398.248	21.159.209
Tax assets	226.541	211.759
Other assets	1.440.733	950.362
	22.065.522	**22.321.331**
Securities	**20.961.030**	**18.180.309**
Cash ans cash equivalents	**8.601.554**	**9.885.536**
	51.628.106	**50.387.176**
Total assets	**65.886.302**	**64.936.474**

SHAREHOLDERS' EQUITY AND LIABILITIES		
Shareholders' equity		
Subscribed capital	5.248.452	5.248.452
Additional paid-in capital	34.200.867	34.200.867
Revaluation surplus	231.780	168.515
Cumulative translation differences	(167.249)	(135.964)
Retained earnings	7.883.122	7.276.847
	47.396.972	**46.758.717**
Minority interests	**477.777**	**443.893**
	47.874.749	**47.202.610**
Current liabilities		
Trade accounts payable	2.228.346	2.186.072
Income tax payable	1.347.930	1.415.082
Provisions	5.854.803	8.561.773
Other liabilities	3.239.320	3.553.972
Deferred income	4.990.217	1.498.706
	17.660.616	**17.215.605**
Deferred tax liabilities	**350.937**	**518.259**
Total shareholders' equity and liabilities	**65.886.302**	**64.936.474**

Financial Calendar 2008 | 2009

May 29, 2008	**Annual General Meeting, Palatin, Wiesloch, 10.00 a.m.**
August 7, 2008	Quarterly Report 2 | 2008
November 6, 2008	Quarterly Report 3 | 2008
November 10–12, 2008	Deutsches Eigenkapitalforum, Frankfurt
March 26, 2009	Annual Report 2008
May 7, 2009	Quarterly Report 1 | 2009
August 6, 2009	Quarterly Report 2 | 2009
November 5, 2009	Quarterly Report 3 | 2009

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