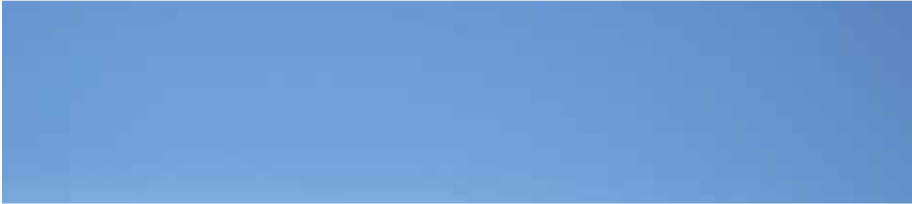


Annual Report 2008





SEVEN SUMMITS.

Climbing the Seven Summits – by which we mean the highest mountain on each continent – poses a real challenge for every mountaineer. Team spirit, experience and readiness for action are key factors that decide whether or not each expedition is successful.

None of these mountains are alike in terms of their requirements. For example, all that is required to climb Mount Kilimanjaro in Tanzania is a good stamina. Mount Vinson in the Antarctic is comparatively easy to climb, but places tough demands on the condition, knowledge and motivation of participants, as they have to carry or pull along all their gear themselves at temperatures of minus 40 degrees. Climbing the Puncak Jaya in Indonesia is a challenge in logistical terms alone, as state permits can become invalid in a matter of days, mining companies and separatists are not exactly pleased to see foreign visitors in their territory and this mountain is much more challenging from a climbing viewpoint than Mount Everest.

A similar variety of requirements can be seen in the projects and tasks that our customers set for our employees. However, if everyone works in close cooperation, keeping their sights set on the common goal, even extraordinary projects can be implemented successfully. The parallels between mountaineering and our business are therefore quite clear. REALTECH too profits from its employees' collaboration and willingness to work hard. We demonstrate day in, day out that we are able to respond flexibly to the specific needs of our customers and thus work together to make their "expeditions" a success.



02	"Seven Summits"
03	Ten Year Overview
06	Highlights 2008
08	Short Trip
12	The Goal Report of the Executive Board
18	The Challenge Shares
24	The Control Report of the Supervisory Board
36	The Equipment Market and Employees
46	The Road Customer Projects
52	The Team Spirit Management Report
68	The Success Consolidated Financial Statements 70 Consolidated Balance Sheets 72 Consolidated Statements of Income 73 Consolidated Statements of Cash Flows 74 Consolidated Statements of Changes in Shareholders' Equity 76 Notes to the Consolidated Financial Statements 105 Auditors' Opinion
114	REALTECH AG 114 Balance Sheets 115 Statements of Income
116	Group Addresses
118	Financial Calendar 2009
119	Contact and Imprint

Three Year Overview...

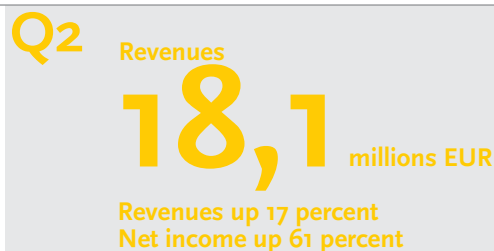
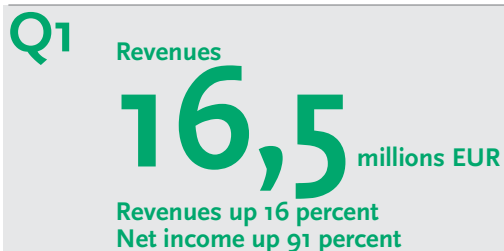
	2008		2007		2006
	TEUR	Δ %	TEUR	Δ %	TEUR
Revenues and income					
Revenues	70.823	11	63.752	17	54.380
Revenues consulting	54.050	9	49.801	16	42.948
Revenues software	16.773	20	13.951	22	11.432
Revenues Germany	30.413	12	27.038	17	23.079
Revenues foreign countries	40.410	10	36.714	17	31.301
Earnings before interest, taxes, depreciation and amortization (EBITDA)	8.039	6	7.600	49	5.094
Earnings before interest and taxes (EBIT)	7.026	6	6.610	77	3.731
Earnings before taxes (EBT)	8.497	18	7.213	72	4.199
Net income	5.703	25	4.552	139	1.902
Earnings per share (in EUR)	1,08	24	0,87	135	0,37
Investments and depreciation					
Investments in intangible and tangible assets	811	(27)	1.105	74	635
Depreciation	1.013	2	990	(27)	1.363
Assets, shareholders' equity and liabilities (end of year)					
Total assets	46.477	(28)	64.936	7	60.937
Non-current assets	14.229	(2)	14.549	(1)	14.658
Current assets	32.248	(36)	50.387	9	46.279
Net cash and cash equivalents	6.436	(77)	28.066	0	27.997
Shareholders' equity	29.226	(38)	47.203	3	45.896
Equity ratio (in %)	62,9	(13)	72,7	(3)	75,3
Non-current liabilities	0	0	0	0	0
Current liabilities	16.771	(3)	17.216	21	14.224
Key figures					
Gross margin (in %)	38,0		39,4		40,5
EBITDA margin (in %)	11,4		11,9		9,4
EBIT margin (in %)	9,9		10,4		6,9
Cash flow from operating activities	3.314		4.047		2.413
Cash flow from investing activities	15.668		(4.903)		814
Cash flow from financing activities	(23.551)		(2.231)		270
Employees (end of year)	721	15	629	10	571



...and since being public

	2005	2004	2003	2002	2001	2000	1999
	TEUR	TEUR	TEUR	TEUR	TEUR	TEUR	TEUR
	50.047	49.688	55.279	56.981	56.456	45.153	28.907
	39.773	39.872	46.756	48.419	50.558	39.500	27.076
	10.274	9.816	8.523	8.562	5.898	5.653	1.831
	21.653	21.226	21.075	24.210	26.235	22.389	13.642
	28.394	28.462	34.204	32.771	30.221	22.764	15.265
	3.120	977	4.293	4.941	5.418	4.986	5.119
	1.688	(1.116)	1.443	1.853	1.811	2.000	3.969
	2.398	(691)	1.246	2.215	(211)	289	4.074
	1.110	(1.760)	(326)	306	(2.140)	(913)	2.150
	0,22	(0,35)	(0,06)	0,06	(0,42)	(0,18)	0,46
	1.137	896	610	4.141	3.143	8.051	29.623
	1.432	2.049	2.850	3.088	6.318	2.986	1.150
	57.310	55.290	63.546	62.725	63.910	64.752	66.339
	15.750	16.423	45.742	42.343	43.743	41.348	16.066
	41.560	38.867	17.804	20.382	20.167	23.404	50.272
	25.948	21.357	19.960	16.607	15.699	17.725	40.359
	43.724	42.442	44.024	44.404	44.036	46.144	40.194
	76,3	76,8	69,3	70,8	68,9	71,3	60,6
	0	0	16.454	14.486	4.602	6.136	6.536
	12.950	12.849	3.068	3.835	15.272	12.472	18.448
	38,1	36,0	38,1	36,7	33,8	39,8	42,9
	6,2	2,0	7,8	8,7	9,6	11,0	17,7
	3,4	(2,3)	2,6	3,3	3,2	4,4	13,7
	4.818	2.995	4.366	4.303	781	(2.360)	2.341
	1.941	(896)	(610)	(6.123)	3.143	(8.051)	(29.623)
	172	(3.585)	(801)	(780)	(775)	(9.991)	(50.378)
	535	565	595	632	640	514	369

Highlights 2008



CAPITAL REPAYMENT TO SHAREHOLDERS

On February 14, 2008 the shareholders received a capital repayment of 0.27 euros a share. Prior to this, the Annual General Meeting on May 22, 2007 passed a resolution to reduce the share capital of the company in accordance with the regulations concerning ordinary capital reduction for the purpose of paying it back to the shareholders. As a result, the proportionate amount of share capital for each individual share fell from 1.27 to 1.00 euro.

SMOOTH SAP OPERATION



With the new version of its proven monitoring solution for SAP applications REALTECH has launched a product which offers improvements in many areas. SAP administrators are able to provide powerful monitoring functions centrally with theGuard! ApplicationManager 4.0.

REALTECH also guarantees your customers that the implementation period will be a maximum of five days.

REALTECH HAS A SUCCESSFUL CeBIT



At the CeBIT in Hanover, the world's biggest trade show for IT, REALTECH teamed up with its partners and was represented on three stands. Visitors, the sales department and media representatives definitely drew a positive conclusion.

The high level of interest demonstrated that the solutions and products offered by the Walldorf-based IT service providers are addressing the problems currently experienced by IT and corporate managers.

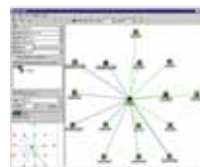
PASTAS GALLOS CHOOSES REALTECH



When it comes to pasta, the company Pastas Gallo is well established on the Spanish market and, with its many sites, it is one of the major operators in the Spanish food industry. The company chose REALTECH's theGuard! NetworkManager and theGuard! Helpdesk – and achieved a noticeable improvement in all critical IT areas just a few weeks after implementation.

Pastas Gallo now has a stable and transparent IT environment, which has become considerably easier to manage.

NEW TheGuard! SERVICE MANAGEMENT CENTER



REALTECH has developed a new procedure to visualize critical business processes and implemented this in the new version of theGuard! Service Management Center. So-called VAA (Visual Assisted Analysis) technology constitutes an entirely new means of analyzing IT infrastructures and

business processes. The advantage of this is that companies can analyze IT-supported business processes even more effectively and respond more quickly in the event of an error.

ANNUAL GENERAL MEETING ATTENDED BY 200 SHAREHOLDERS AND GUESTS



REALTECH AG's ninth Annual General Meeting was held in Wiesloch on 29 May and it was the first time Daniele Di Croce, Chairman of the Supervisory Board, was in charge. The event passed off successfully in a harmonious atmosphere: shareholders passed all motions by a large majority.

SHUTTLE SERVICE TO SAP'S SAPPHIRE TRADE SHOW



REALTECH had its own stand at SAPPHIRE in Berlin – the most important trade show in Europe for SAP customers and partners. At this event REALTECH managed to make numerous valuable contacts in the SAP customer segment and to raise awareness of REALTECH's own brand in an SAP

environment. The free shuttle service from the airport to the exhibition center, organized by REALTECH in co-operation with the BMW dealership in Berlin, was very well received.

NOVELL AND REALTECH SUPPORT OPEN SOURCE PLATFORM



In future, REALTECH will work closely with Novell in Switzerland. Apart from strategic SAP consulting, the partnership also covers

the implementation of Linux-based SAP solutions. This is of particular benefit to those companies which use SAP with the SUSE Linux Enterprise open source operating system. This co-operation will ensure that customers in Switzerland will also receive expert advice on all issues relating to SAP systems.

EVERYTHING REVOLVES AROUND CUSTOMERS



Numerous SAP customers and other interested parties visited REALTECH's head office in Walldorf to find out about current trends and further developments relating to SAP NetWeaver Business Intelligence. A special information day organized by REALTECH showed potential customers

how companies can use SAP to analyze business processes and set up information systems.

Q3 Revenues
16,7 millions EUR
 Revenues up 5 percent
 Net income up 54 percent

Q4 Revenues
19,5 millions EUR
 Revenues up 8 percent
 Net income down 7 percent

INNOVATIVE TECHNOLOGIES IN A ROMANTIC CASTLE



Meggenhorn castle near Lucerne was the venue for the summer meeting of IT managers who wanted to find out more about new solutions offered by REALTECH. Information was also available on how organizations can optimize important business processes using SAP solutions.

Those present found the contrast between discussing innovative technologies and sustainable IT strategies in a romantic castle very exhilarating.

RESEARCH IN JAPAN

REALTECH is, together with prestigious companies such as IBM, Intel and Microsoft, one of the founder members of the Co-Innovation Lab in Tokyo, which was opened by SAP in July 2008. Among other things, the development center focuses on solutions for business applications based on a service-oriented architecture and environmentally friendly IT solutions (Green IT).

EASIER INTRODUCTION FOR MEDIUM-SIZED COMPANIES



Thanks to three new software packages from REALTECH medium-sized companies can also monitor their IT systems efficiently and cost-effectively. These are based on automated monitoring of SAP applications under different operating systems using special theGuard! solutions.

REALTECH AT THE ANNUAL DSAG CONGRESS IN 2008

The annual congress of the German-speaking SAP user group (DSAG) is a "must" for companies that use SAP systems.



REALTECH was represented with a stand here and was able to present its SAP expertise, again making many new and important contacts as well as renewing existing relationships. The positive feedback from user companies and customers has again confirmed the appeal

of the strategies offered by REALTECH.

HEADCOUNT UP 18 PERCENT

REALTECH is still growing. On the key date of September 30, 2008 the company employed 714 employees – up 18 percent compared to the end of the third quarter of the previous year (604). In Germany, the workforce increased by 15 percent to 260 employees. This means that 36 of all employees are based in Germany.

SAP DEVELOPERS ARE GIVEN VALUABLE ASSISTANCE



REALTECH has developed a special solution for SAP application environments, which make the work of software developers easier. SyncAssist accelerates change and development processes in SAP environments. Until now, there was no software on the

market to solve this challenge in an elegant and user-friendly way.

AWARD FOR A HIGH LEVEL OF EXPERTISE



SAP has recognized the expertise of REALTECH consultants by awarding the company Special Expertise Partnership status for SAP ERP upgrades. SEP status is a quality designation clear to those outside the company and it stands for high-quality consultancy work. The title

is also equivalent to a recommendation of the company offering services.

RISK MANAGEMENT IN AN SAP ENVIRONMENT



REALTECH consultants gave presentations at many congresses in 2008, attracting many potential customers. For example, a specialist event in Dusseldorf focused on risk management in relation to SAP solutions.

CAPITAL REPAYMENT OF 3.99 EUROS

The capital repayment of 3.99 euros, passed at the Annual General Meeting, was paid on December 8. As a result of this, 20,989,203.48 euros were paid out to REALTECH shareholders. The next day the shares were traded on the Frankfurt stock exchange "ex capital repayment", which means that the price was marked down to allow for the repayment.

Short Trip



1. THE GOAL – Report of the Executive Board

In spite of all the uncertainty, we are confident about the future. We are convinced that REALTECH operates on a solid basis that will ensure that the company can continue to be successful in the market in future. We have delivered sufficient proof of this in 2008. Our company has a clear strategy, a tried and tested portfolio of services, a good customer-centric focus and very well trained employees. These are the best possible requisites to allow the company to come out of the general economic crisis in a stronger position.

REALTECH's primary aim for 2009 is to retain the jobs that currently exist in the company. This is because a consulting company's most important investment is its employees, even in a time of economic uncertainty.



1 Mount Everest
Asia, 8.848 m

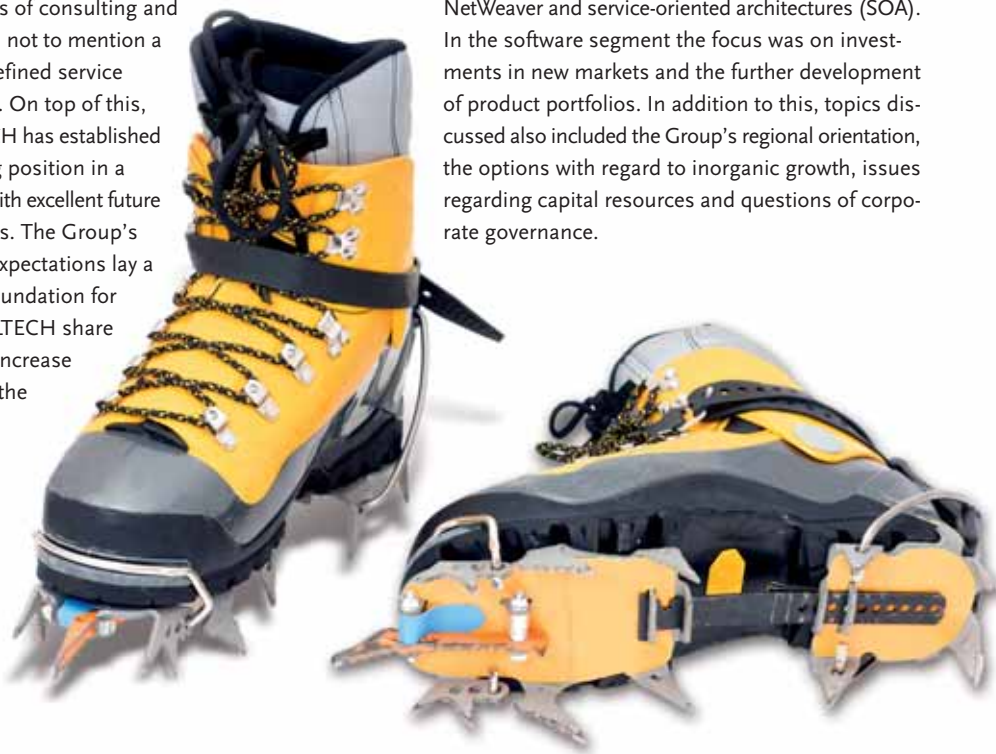




Every new task requires a different approach and special preparation.

2. THE CHALLENGE – Shares

Despite the developments on international stock markets since the fall of 2008, the Executive and Supervisory Boards continue to consider REALTECH shares to be an attractive investment for both private and institutional investors. This opinion is supported by the company's performance, as REALTECH has a successful business model with the profitable segments of consulting and software, not to mention a clearly defined service portfolio. On top of this, REALTECH has established a leading position in a market with excellent future prospects. The Group's growth expectations lay a sound foundation for the REALTECH share price to increase again in the future.



3. THE CONTROL – Report of the Supervisory Board

The Supervisory Board meetings held in fiscal year 2008 concentrated in particular on the successful continuation of corporate strategy in the company's two business fields of consulting and software. In terms of consulting, REALTECH continued to focus on clearly defined areas of technology consulting, as well as on technology-driven tasks relating to SAP NetWeaver and service-oriented architectures (SOA). In the software segment the focus was on investments in new markets and the further development of product portfolios. In addition to this, topics discussed also included the Group's regional orientation, the options with regard to inorganic growth, issues regarding capital resources and questions of corporate governance.

2 Carstensz Pyramid
Australia/Oceania, 4.884 m



3 Mount McKinley
North America, 6.195 m





■ 4. THE EQUIPMENT – Market and Employees

REALTECH has the experience and knowledge to deal with the current demands of the market. Highly specialized consultants and developers know what is required in the company and computer centers and always design solutions tailored to meet the individual needs of customers.

Customers and partners appreciate the high level of qualification of REALTECH’s employees, their dedicated approach to their work and the reliability of the information they provide. This has the result that customer satisfaction is one of the most important aspects of our service and thus gives us a key competitive edge. Both in our core consulting business and in software development, the customer orientation and service focus of our experts lay the foundations for REALTECH’s successful business activities.



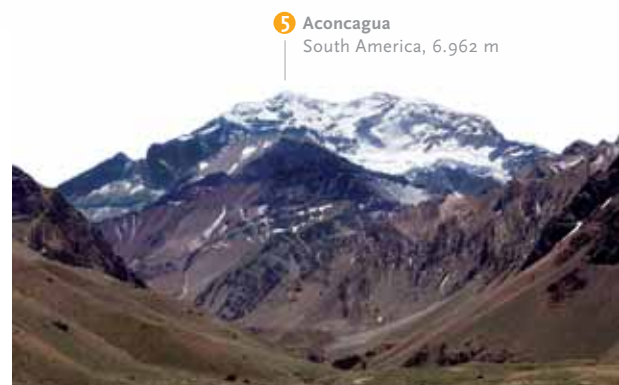
4 Mount Vinson
Antarctica, 4.892 m

■ 5. THE ROAD – Customer Projects

“Thanks to the new solution under the Linux operating system, combined with the consulting services provided by REALTECH, we were able to cut our IT costs while at the same time gaining a stable and optimized SAP system,” is how head of the system administration team at ENSO, summarizes the advantages.

“In view of REALTECH’s technical expertise regarding SAP NetWeaver and the SAP Enterprise Portal, not to mention many years of positive experience of collaboration with the company, it was clear that REALTECH is the right partner for us,” states Head of Product Development and Financial Management Consulting at the Baden-Württemberg Data Center.

“The trust we placed in REALTECH has really paid off for us. The consulting company provided expert advice combined with flexible project implementation services throughout the entire project duration,” describes Head of Controlling at Atlas the co-operation with REALTECH.



5 Aconcagua
South America, 6.962 m

Reaching the destination in the end despite setbacks such as a sudden change in the weather or drop in temperature.

6. THE TEAM SPIRIT – Management Report

Fiscal year 2008 was a successful, but also difficult year for REALTECH. On the one hand, the Group succeeded in increasing revenue by 11 percent and EBIT by 6 percent. On the other hand, it was very noticeable from the fall of 2008 onwards that the mood in the economy is becoming increasingly gloomy as a result of the global financial crisis. REALTECH customers have also been affected by this slowdown, with the result that individual IT projects have already been approached with increased restraint. Faced with such an overall economic environment, REALTECH cannot help but be affected by the development as well – even though the prospects for the IT sector remain comparatively robust.

In any case, although fiscal year 2009 poses a great challenge, REALTECH is well equipped for the future. After all, a smoothly running IT infrastructure is nowadays absolutely essential for the success of our customers.

7. THE SUCCESS – Consolidated Financial Statements

According to IAS 33, earnings per share are determined from the consolidated earnings after tax and the average number of outstanding shares during the year.

	2008	2007
Income before minority interests	EUR 5.809.524	EUR 4.646.749
Minority interests	EUR 106.362	EUR 94.509
Net income	EUR 5.703.161	EUR 4.552.240
Number of shares outstanding – basic	5.255.952	5.248.452
Number of shares outstanding – diluted	5.535.552	5.549.452
Earnings per share – basic	EUR 1,08	EUR 0,87
Earnings per share – diluted	EUR 1,03	EUR 0,82



6 Kibo
Africa, 5.895 m



7 Elbrus
Europe, 5.642 m



Report of the Executive Board

THE GOAL.

MOUNT EVEREST

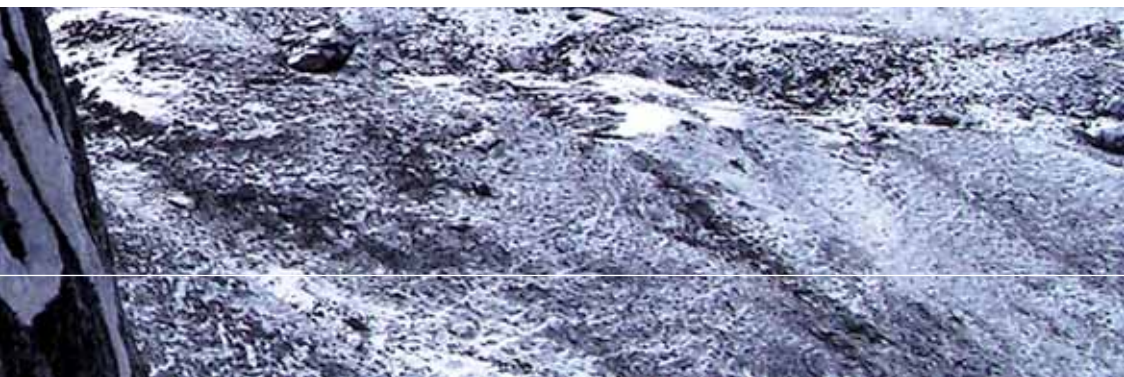
The highest mountain on Earth, Mount Everest is always the ultimate challenge for “Seven Summitters”. For this reason, most mountaineers make it the first of the seven summits that they attempt to master. The number of people climbing this mountain has increased constantly since the 1980s, with the result, for instance, that frequent “traffic jams” occur at the Khumbu Icefall following the base camp at 5,400 meter. Although Mount Everest is responsible for more casualties than any other of the Seven Summits, this can be attributed to its temptation for many insufficiently experienced climbers who want to stand at the highest point on the Earth’s surface.



Asia



Name	Mount Everest
Elevation	8.848m
Location	Nepal/China (Tibet)
Range	Himalaya
Coordinates	27° 59' 17" N, 86° 55' 31" E
First ascent	1953, Edmund Hillary und Tenzing Norgay





Report of the Executive Board



Nicola Glowinski
Chief Executive Officer

Dr. Rudolf Caspary
Chief Technology Officer

DEAR SHAREHOLDERS AND BUSINESS PARTNERS,

The fiscal year 2008 which has just ended has been a successful year but also a difficult one. We are proud to be able to report to you here that, once again, REALTECH AG has exceeded the previous year's record figures for revenue and income. However, during the last four months of the year dark clouds appeared on the economic horizon. In the fall of 2008 the worldwide crisis in financial and credit markets finally had an effect on the real economy and our customers are also feeling the impact of weaker trading conditions.

Even though the prospects for the IT sector remain comparatively robust, the situation of the economy as a whole and customers themselves will have an impact on our business performance in 2009. This is why the current fiscal year presents a huge challenge to us all in many ways.

However, before we look at the future, we will take a closer look at the 2008 year that has just ended. Over the past fiscal year REALTECH has increased its revenues by 11 percent to EUR 70.8 million. Once again, both the Consulting and Software business areas have contributed to this. Revenue generated by Consulting saw a 9 percent rise to EUR 54.1 million and Software revenue climbed by 20 percent to EUR 16.8 million. In the year under review EBIT improved by 6 percent to EUR 7.0 million. Thanks to their clear structures and strategies, both business segments again made a positive contribution towards earnings.



The extent to which REALTECH is now reaping the benefits of earlier decisions became particularly apparent in fiscal year 2008. Several years ago the Executive Board started to prepare the company for the future and, in particular, they gave higher priority to business aspects. This took the form of tight cost control combined with investments geared to the future and systematic training of our employees. This makes us optimistic that REALTECH will maintain its position in the difficult market conditions that await us in 2009.

The company's positive development in the year under review is also reflected in the fact that, once again, each individual quarter was profitable, indicating that the positive trend in 2007 continued into 2008. Performance in the fourth quarter of 2008 was also unusual: with revenue of EUR 14.2 million from Consulting and EUR 5.2 million from Software, each of the two segments achieved record sales during this period despite the emerging economic gloom. Here REALTECH was very largely benefiting from projects where the orders were placed in the first three quarters of 2008. In the fourth quarter there were already signs of a fall in the number of orders received so in November we were able to correct our overall forecast for 2008 in good time.

However, overall we have managed to improve net income in 2008 by a disproportional amount to EUR 5.7 million – an increase of 25 percent. At the General Meeting, the Executive and Supervisory Boards will propose the distribution of a dividend of EUR 0.50 per share from the company's net profit.

As was the case the previous year, REALTECH's economic activities in 2009 will focus on the European region. In our most important markets of Germany, Italy and Spain, in particular, we have always had a reputation of covering an extremely wide spectrum of services. We saw strong growth here in 2008 and, in our opinion, these core markets also offer potential for growth in the future. We will use our established position in the market to continue to develop our consulting portfolio in line with cus-

tomers requirements and demand. We would particularly like to highlight Spain, where our national company has been the market leader in SAP technology for many years.

■ Our customers are reducing their costs

Fiscal year 2008 was an impressive demonstration that we are right to align our strategy closely to our customers' requirements. Our future-oriented business model also makes us optimistic that REALTECH is well equipped to cope with the general economic crisis. With the two pillars of consulting and software the company is built on solid foundations which will allow it to continue to be a successful player in the market. An IT infrastructure that operates well is increasingly important for companies – particularly in periods when the economy is weak. It has always been our policy to work with our customers to optimize IT systems and the business processes that run on these systems. We make it possible for them to gain tangible advantages and thus also financial benefit from their investment in IT infrastructure. More efficient processes allow our customers to achieve clear cost reductions – and that is something that is particularly important in times of crisis.

Over the past few years REALTECH has demonstrated that the company has the experience and knowledge to respond to the current demands of the market. Our highly trained consultants and developers know what is required in companies and computer centers and always design solutions tailored to meet the individual needs of customers. In 2008, too, our services were impressive. We offer consulting services, strategies and products that provide companies and organizations with the best possible support in mapping their business processes with IT.



**REALTECH's
successful
business performance
is foremost due to
our employees.**

■ **Reasons for success**

In the highly competitive market for IT consultancy REALTECH is now firmly established as a well-known partner for international companies of all sizes and in all sectors. Our company was founded in 1994 and has continued to develop from a pure technology consultancy firm for SAP systems into an expert consultancy for business processes and projects of strategic importance. Our largest and most important partner is and remains SAP. The close physical proximity of the two Walldorf-based companies again gave REALTECH a valuable advantage in 2008 as regards knowledge. Other indications of the close partnership are the numerous seals of approval, which SAP has awarded to REALTECH. Only a few selected partners have received these certificates and only very few consultancy companies are SAP partners for numerous topics. Each individual certificate is proof of high performance in specific areas. The sum of all certificates equates to a broadly based supplier recommendation from SAP.

REALTECH's unique selling point is the combination of specialist SAP technical knowledge and expertise in the process consultancy business. In the fiscal year that has just ended this focus on more sophisticated projects that require considerable advice was shown, once again, to be the right decision. We will also consistently build on this in the next few years, concentrating on innovative and high-performance SAP application environments. Here we will primarily expand the segment dealing with optimum design of business processes – a topic that will continue to dominate the IT market over the next few years.

The second pillar in our tried-and-tested portfolio of services is the software business area. We have developed innovative products in this area for years, helping IT departments to operate their IT systems reliably. Demand in 2008 demonstrated that our solutions are meeting customers' requirements. Our theGuard! software family allows organizations to achieve even greater automation of their extensive tasks and processes in computer centers. The various

theGuard! products monitor IT systems largely automatically, identify possible sources of errors early on, and provide IT managers with suggestions as to how weak spots can be remedied quickly and efficiently. IT departments can, with the help of this software, carry out their work as reliably as usual even though their budgets have been reduced. Based on the experience we gained in customer projects in 2008, we will also continue to develop our software solutions in future so that they deliver tangible added value for our customers, which can be measured.

■ **Our employees are our most important investment**

REALTECH's successful business performance in 2008 is first and foremost due to our well trained, committed and motivated employees. They are the company's most important resources. Their know-how, willingness to work hard, expertise and team spirit play a key part in REALTECH's rise to its leading position in the market as a consultancy specializing in SAP environments, business processes and strategic projects. Customer satisfaction is one of our most important competitive advantages and our employees contribute to this every day.

The high qualifications of our consultants and developers form the basis for this positive performance by the company. During fiscal year 2008 as well, REALTECH based the internal training of their experts on current market trends and SAP's new technologies. In the year under review it again became clear that an increasing number of IT projects require a holistic consulting approach. It is now nowhere near sufficient for a consultant "just" to have excellent technical knowledge. Nowadays specialist knowledge of business, communications skills and interpersonal skills are also required.



REALTECH continued to upgrade its employees' skills accordingly in 2008 and matched all training closely to practical requirements. Areas of particular importance included targeted promotion of teamwork, because this aspect is becoming increasingly important at partners in general and for SAP projects because of the complexity of the work.

■ **Well-trained IT specialists are always in demand.**

Against this background REALTECH works continuously to retain the loyalty of its highly qualified employees. The most important means of achieving this are clear career structures and an extensive range of available training. This is how we succeeded in 2008, too, in keeping specialists at the company. This is illustrated primarily by the fact that fluctuation is only 14,0 percent in the entire Group and 14.5 percent in Germany. Both these figures are below average for the market and are at the lowest level in the history of REALTECH.

■ **Our targets**

The lack of confidence about how the economy will evolve in future is also expressed by the fact that prestigious market research organizations and economic research institutes do not agree on and are uncertain about their forecasts. Therefore, it is practically impossible for REALTECH and other companies to make reliable forecasts about revenue and earnings for the current fiscal year. The Executive Board has therefore decided to postpone announcing an annual forecast until more certain facts and data on overall economic development are available.

In spite of all the uncertainty, we are confident about the future. We are convinced that REALTECH operates on a solid basis that will ensure that the company can continue to be successful in the market in future. We have delivered sufficient proof of this in 2008.

Our company has a clear strategy, a tried and tested portfolio of services, a good customer-centric focus and very well trained employees. These are the best possible requisites to allow the company to come out of the general economic crisis in a stronger position.

REALTECH's primary aim for 2009 is to retain the jobs that currently exist in the company. This is because a consulting company's most important investment is its employees, even in a time of economic uncertainty.

This year we would again like to thank our customers, partners and employees as well as the Supervisory Board and shareholders. Together we have already climbed numerous summits – and will continue to do so in the future.

Warm regards,
Your Executive Board



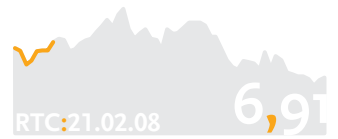
Before a party begins climbing the mountain, the Sherpas always perform a "Puja" ceremony. This blessing ceremony is essential to ward off evil spirits, and usually all western expedition participants take part too.

Shares

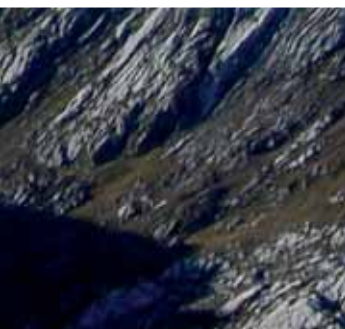
THE CHALLENGE.

CARSTENSZ PYRAMID

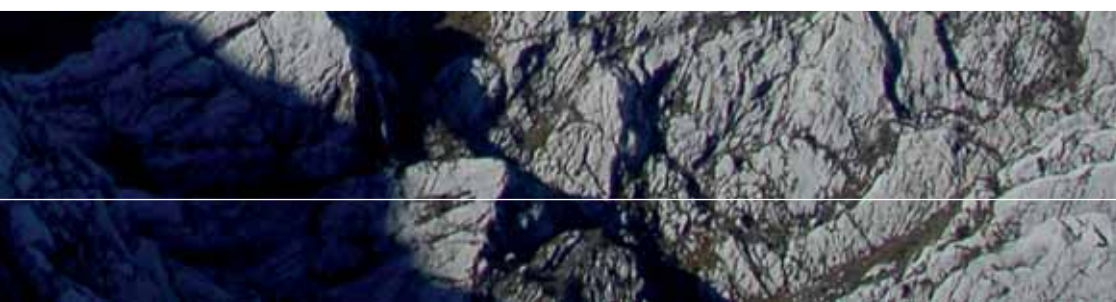
Puncak Jaya (sometimes also referred to as the Carstensz Pyramid) is located directly beside the world's largest goldmine – the Grasberg Mine in the part of New Guinea belonging to Indonesia. While large parts of the ascent involve straightforward climbing through a 700-meter-high rock face made of pure chalk and the key section has a difficulty level of V, the main problem is actually getting to the base camp. With an aggressive indigenous population, corrupt officials and anti-tourist mining companies, traveling to the foot of the mountain is an adventure in itself.



Australia/Oceania



Name	Carstensch-Pyramid
Elevation	4.884m
Location	Indonesia (Papua Province)
Range	Sudirman Range
Coordinates	4° 5' 0" S, 137° 11' 0" O
First ascent	1962, H. Harrer, P. Temple, R. Kippax und A. Huizenga





Shares

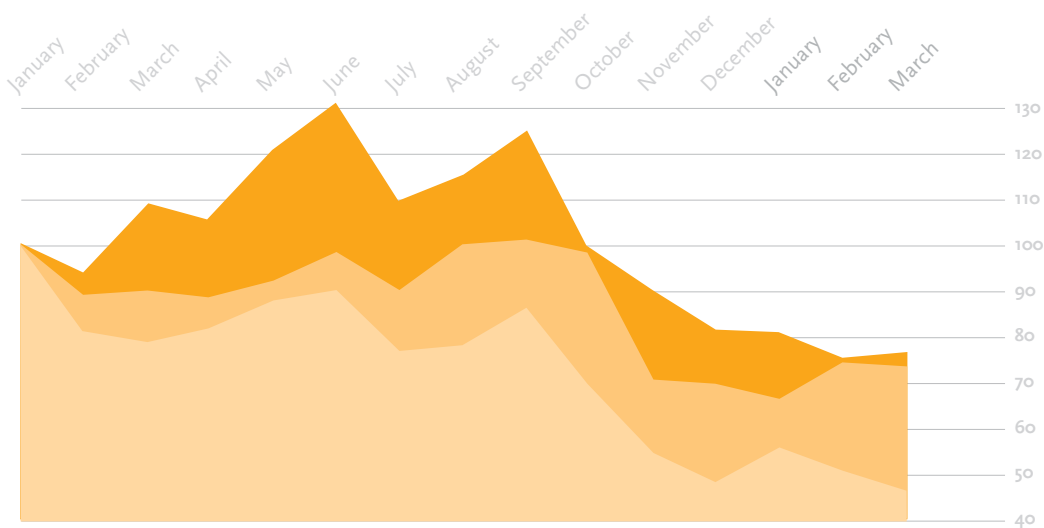
THE STOCK MARKET IN 2008

Dax loses 40 percent, REALTECH shares follow the market trend

The year 2008 was a year of extremes on financial markets all over the globe. Unprecedented share price swings were to be seen – not only downwards, but also upwards. To take one example, a barrel of WTI (West Texas Intermediate) crude oil cost USD 94 in January, USD 147 in July and just USD 35 at the end of the year. The euro fluctuated between USD 1.25 and USD 1.60. And, in October, the VW share price skyrocketed from around EUR 200 to more than EUR 1,000 in the space of two trading days. However, this development was an exception to the rule, as the prices of German blue-chip shares generally fell rather than rose in 2008 in line with international stock markets. The Dax fell by around 40 percent, while the Euro-Stoxx-50 index, which comprises the 50 most important stock corporations in the euro region, dropped by as much as 44 percent. The most important stock market barometer worldwide, the Dow Jones index, saw a fall of 34 percent.

Having begun the stock market year 2008 at 8,067 points, the Dax fell up to the end of November to reach its low point for the year of 4,127, before recovering in December to end the year at 4,810 points. This marked an end to a five-year upward trend, during which the Dax had increased from 2,188 points in March 2003 to its all-time high of 8,152 points in July 2007.

The German stock market's technology share index, TecDax, was also among the list of losers, recording a decrease of just under 48 percent. The shares that were mainly responsible for this were the shares of solar power companies listed in the index. One TecDax heavyweight alone, Q-Cells, which is the world's largest



SHARE PRICE INDEX

- REALTECH share
- Prime Software
- TecDax

Nonetheless a 18 percent decrease the REALTECH share remained above relevant comparative indices.



independent manufacturer of solar cells, saw its value plunge by around 74 percent. The market barometer for German second-line shares, the MDax, recorded a decrease of 43 percent over the course of the year.

Subdued forecasts for the first half of 2009

At the beginning of 2009, the fallout from the financial crisis is spreading, while the mood on stock markets remains subdued and full of caution. Governments around the globe have now decided to invest billions in rescue packages in order to support banks and boost the flailing economy. In addition, central banks have cut interest rates with a view to restoring liquidity on financial markets.

For 2009, Dax market strategists consider a growth rate of 15 percent to be quite possible. Banks have similarly optimistic expectations for other stock market barometers such as the Dow Jones index and the Euro-Stoxx-50 index. With regard to the first six months of 2009, however, analysts are more reserved and anticipate that the stagnation in the Dax and Euro-Stoxx-50 index will continue. Nevertheless, after that, things are expected to look up again for the economy and stock markets.

Share performance and market capitalization

On December 8, 2008, the capital repayment of EUR 3.99 per share previously decided on by the General Meeting was carried out. Due to this, Deutsche Börse marked down the REALTECH share price for the following trading day by this amount, meaning that the company's shares have been traded "ex capital repayment" on the Frankfurt stock exchange since December 9, 2008. To make the previous price levels in 2008 easier to compare, Deutsche Börse also adjusted them to the new level.

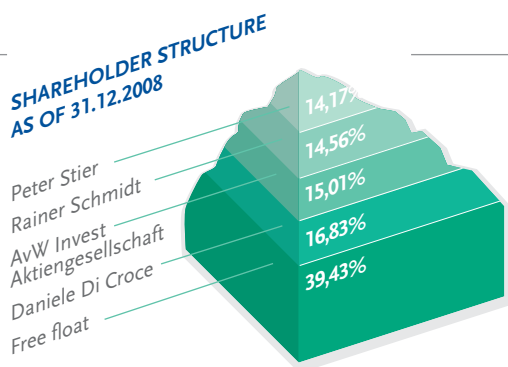
The company's shares therefore began 2008 at an adjusted rate of EUR 6.40. From April onwards, a constant upward trend led to a price level of EUR 8.66, which was achieved on May 29, 2008 right on

time for the shareholder meeting. The share price had thus risen by 35 percent compared to the beginning of the year. As a result of paying out dividends, the share price fell back to EUR 7.55 and ended the second quarter of 2008 at a level of EUR 6.99.

Following the publication of the provisional figures for the second quarter, REALTECH's share price leapt to EUR 7.45 EUR and continued to rise to EUR 8.08. As of the third quarter, the stock market was affected by the crisis in financial markets. Although REALTECH shares were largely spared the impact, they were not completely immune to these economic developments. Consequently, the share price temporarily fell to EUR 4.96. After Deutsche Börse had adjusted the price to EUR 6.00 following the capital repayment on December 8, 2008, a downward movement was recorded for technical reasons, with a share price of EUR 5.22 being recorded on the last trading date of 2008.

The REALTECH share price rose continually for four years before slipping back in 2008, with the 18 percent decrease recorded being its first year-on-year decrease since 2004. Nonetheless, the share price remained above relevant comparative indices such as the TecDax and Prime Software performance index. On December 31, 2008, the company's market capitalization stood at EUR 28 million, corresponding to 94 percent of book equity.





Shareholder structure and trading volume

The shareholder structure of REALTECH AG saw a significant change in fiscal year 2008, as in February the proportion of voting rights held by French-based Nobel S.A. Compagnie Financière fell below the five-percent limit for compulsory disclosure in accordance with Section 21, Paragraph 1 of the German Securities Trading Law (WpHG) and the company subsequently sold all its REALTECH shares. REALTECH AG's free float consequently increased to 39.43 percent on December 31, 2008 (December 31, 2007: 34.23 percent).

The company's trading volume also increased compared to the year before, with the average number of the Group's shares being bought and sold each day up 17 percent from 8,854 shares in 2007 to 10,383 shares in the year under review. As in previous years, the majority of REALTECH shares were bought and sold via the electronic trading platform Xetra. Specifically, this platform accounted for 71 percent (2007: 73 percent), while other stock markets accounted for 29 percent (2007: 27 percent).

Shareholder meeting

At REALTECH AG's ninth regular General Meeting in Wiesloch, all decisions were approved by a large majority of the 200 or so shareholders and guests present. Amongst other things, this was the case for the presentation of the annual accounts, the proposal to use the net profit to pay a dividend of EUR 0.50 per participating share, and approving the actions of the members of the Executive and Supervisory Boards. In addition, those present agreed to increase capital from company funds followed by an ordinary capital reduction and authorization was granted to purchase the company's own shares.

Ten years of REALTECH shares

REALTECH shares are celebrating a minor milestone in 2009. Founded in 1994, the company has been listed on the stock exchange for ten years now; its first trading day was April 26, 1999. The shares are listed in the Prime Standard segment, in which stock corporations have to comply with international transparency requirements that go beyond the requirements of the regulated market.

Extensive and transparent communication

REALTECH AG's investor relations activities in 2008 were characterized by extensive and transparent communication with both investors and the general public. After all, exemplary communication with existing and potential shareholders is of great importance for the company and plays a key role in achieving the shared goal of "flying high". For this reason, REALTECH has for many years also been an active member of the German investor relations association (DIRK), which lays down the standards for professional communication between listed companies and the capital market. What's more, in 2008 the company was again present at the largest European investor fair, the German Equity Forum in Frankfurt.

Despite the developments on international stock markets since the fall of 2008, the Executive and Supervisory Boards continue to consider REALTECH shares to be an attractive investment for both private and institutional investors. This opinion is supported by the company's performance, as REALTECH has a successful business model with the profitable segments of consulting and software, not to mention a clearly defined service portfolio. On top of this, REALTECH has established a leading position in a market with excellent future prospects. The Group's growth expectations lay a sound foundation for the REALTECH share price to increase again in the future.



Basics

Market Segment
Prime Standard
Date of issue
26. April 1999
ISIN
700 890
Exchange ID
RTC
Issue price
54,00 EUR

Shares and stock options of the issuer and members of executive bodies as of 31.12.2008

Issuer
REALTECH AG: - treasury shares

Executive Board
Nicola Glowinski:
88.000 stock options, 37.000 shares
Dr. Rudolf Caspary:
49.000 stock options, 29.000 shares

Supervisory Board
Daniele Di Croce: 885.500 shares
Rainer Schmidt: 765.500 shares
Peter Stier: 745.500 shares

Key figures

	2008	2007
	EUR	EUR
Earnings per share	1,08	0,87
Cash flow per share	0,63	0,77
Shareholders' equity per share	5,56	8,99
Highest share price	8,66	12,87
Lowest share price	4,96	8,95
Share price at year end	5,22	12,00
Market capitalization at year end	28 Mio.	63 Mio.
Number of shares at year end	5.260.452	5.248.452

Report of the Supervisory Board

THE CONTROL.

3

MOUNT MCKINLEY

Mount McKinley is located in Alaska, only around 160 kilometers south of the Arctic Circle. In the language of the locals it is referred to as Denali, which quite simply means “the big one”. Due to its exposed location – on some days, the area around the summit at 6,100 meters is even exposed to the jet stream – this mountain, the coldest mountain on Earth, requires special equipment and insider knowledge. The key prerequisites for an expedition here are team spirit and maximum dedication, as participants have to carry their entire expedition gear and food themselves or pull it along on sledges.



North America



Name	Mount McKinley
Elevation	6.194m
Location	Alaska (USA)
Range	Alaska Range
Coordinates	63° 5' 10" N, 151° 1' 46" W
First ascent	1913, Hudson Stuck





Report of the Supervisory Board



The REALTECH Supervisory Board
(from left to right):
Rainer Schmidt, Daniele Di Croce (Chairman)
and Peter Stier

DEAR SHAREHOLDERS,

Intensive and cooperative communication between the Supervisory Board and Executive Board lays the foundations for efficiently structuring the board's activities. In the year under review, the Supervisory Board has met its obligations arising both from legal requirements and from the Articles of Association. Moreover, it has regularly advised the management of REALTECH AG and monitored its management activities.

Collaboration between the Supervisory Board and the Executive Board

The Executive and Supervisory Boards agreed upon the company's strategic orientation and discussed the status of the company's development at regular intervals. The Supervisory Board was directly involved in all decisions of substantial significance for the company.

The Executive Board regularly and extensively informed the Supervisory Board in its meetings about the situation of the Group, in particular about business and financial development, the personnel situation and intended investments. Outside of the meetings, the Executive Board informed the Supervisory Board by means of monthly reports about key financial figures, and submitted issues requiring approval to the Supervisory Board in good time in order for a decision to be reached. Approvals were granted following examination of extensive documents, queries to the Executive Board and intensive discussion with members of the Executive Board. In addition, the Chief Executive Officer held regular individual meetings with the Chairman of the Supervisory Board to report on all important developments and any decisions needing to be reached.

In the year under review, the Supervisory Board also performed an efficiency check, establishing that, thanks to the Executive Board's prompt and direct communication policy and due to established decision-making processes, the Supervisory Board performs its assigned tasks in an appropriate and efficient manner.

■ **Corporate Governance**

The Supervisory Board regularly investigated application of the company's Corporate Governance principles. The Supervisory Board established that REALTECH AG complied in the past fiscal year with the recommendations of the German Corporate Governance Code as specified in its compliance declaration. Further information on this topic and also the current compliance declaration can be found in the Corporate Governance section of this annual report.

■ **Meetings of the Supervisory Board**

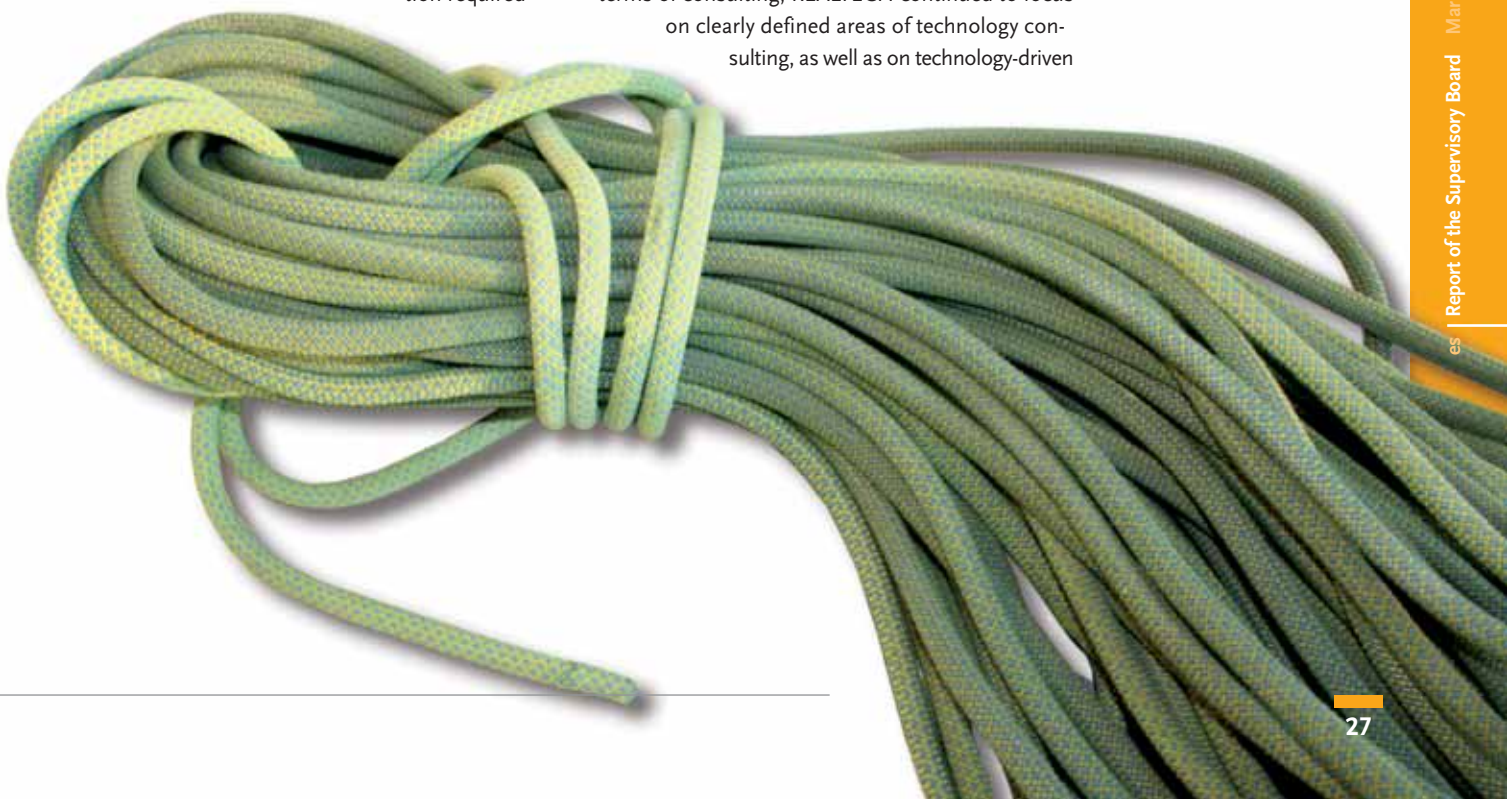
The Supervisory and Executive Boards came together on six occasions in fiscal year 2008 to discuss the business situation of the Group, the strategic further development of the Group and its fields of business, as well as a range of other individual topics. Representatives of the auditing company elected at the meeting of shareholders were present at two meetings for part of the time.

Based on the information supplied by the Executive Board, the Supervisory Board analyzed the company's current and future company development. Where the law or Articles of Association required

decisions from the Supervisory Board concerning individual business transactions and measures of the Executive Board, the Supervisory Board discussed these issues and reached the necessary decisions.

According to Paragraph 5.3.1 of the German Corporate Governance Code, the Supervisory Board should form appropriately qualified committees in line with the specific circumstances of the company and its number of members. Since fiscal year 2006, in contrast to previous years, the Supervisory Board has had neither a specific accounting audit committee nor a personnel committee. Due to the fact that the number of Supervisory Board members had been reduced in fiscal year 2005 from six to three, it was no longer possible to form appropriate committees. As a result, all members of the Supervisory Board have a say on all issues to be resolved. At the same time, the Supervisory Board has thus complied with the recommendations in the German Corporate Governance Code.

The Supervisory Board meetings held in fiscal year 2008 concentrated in particular on the successful continuation of corporate strategy in the company's two business fields of consulting and software. In terms of consulting, REALTECH continued to focus on clearly defined areas of technology consulting, as well as on technology-driven





The Supervisory Board was directly involved in all decisions of substantial significance .

tasks relating to SAP NetWeaver and service-oriented architectures (SOA). In the software segment the focus was on investments in new markets and the further development of product portfolios. In addition to this, topics discussed also included the Group's regional orientation, the options with regard to inorganic growth, issues regarding capital resources and questions of corporate governance.

At the meeting in February 2008, the Supervisory Board considered in particular aspects such as the provisional figures for the fourth quarter of 2007 and fiscal year 2007, the final budget planning for 2008, future orientation in the consulting and software segments, and the situation in the company's international subsidiaries. The Supervisory Board also discussed the status quo with regard to potential company acquisitions and strategic cooperations.

The meeting in March focused on the report submitted by the auditors, the approval and adoption of the consolidated financial statements for 2007 and annual financial statements for 2007, the outlook for the first quarter of 2008, and the approval of the agenda for the shareholder meeting in 2008.

At the two-day meeting in April, attention was focused on the Group's existing and future strategic direction.

The focus of consultations in July was on the company's business development over the first five months of fiscal year 2008, prospects in the software and consulting segments, and prospects at the various international subsidiaries. The Supervisory Board also discussed the current status of possible acquisition activities.

The Supervisory Board meeting in September discussed the business figures up to August 2008. Further topics were possible acquisition activities and issues relating to country and product strategies.

The sixth meeting at the end of November concentrated on the future product strategy. In addition, the Supervisory Board discussed the outlook for fiscal year 2008 and defined the planning figures for 2009. Other points included approval of the seventh declaration of compliance with the German Corporate Governance Code and agreement on the dates for Supervisory Board meetings in 2009. The Supervisory Board, together with the auditing company, defined the areas on which to concentrate during the audit of consolidated and annual financial statements.

Members of the Executive and Supervisory Boards

There were no changes in the members of the Executive and Supervisory Boards in 2008. The term of office of all Executive Board members ends on March 22, 2010.

The term of office of the Supervisory Board members ends with the conclusion of the shareholder meeting at which formal approval is given for the directors' actions during the fiscal year ending on December 31, 2011. In accordance with the provisions of Section 96, paragraphs 1 and 4 of the German Stock Corporation Act, as well as Section 9.1 of the Articles of Association, the Supervisory Board is made up of three members to be elected at the General Meeting.



■ **Annual and consolidated financial statements**

REALTECH AG's annual financial statements for 2008 and the management report, including accounting, were audited and issued with an unqualified audit opinion by the external auditing company Grant Thornton GmbH, Heidelberg, which was appointed at the General Meeting on May 29, 2008 and engaged as auditor by the Supervisory Board.

The same applies for the IFRS/IAS consolidated financial statements, to which a group management report has been added. These consolidated financial statements have been prepared in accordance with IFRS rules. According to Section 315a of the German Commercial Code (Handelsgesetzbuch, HGB), these statements exempt the company from the obligation to present consolidated financial statements in line with German law.

All annual accounting documents, the Executive Board's proposal for the appropriation of net profits, and the auditors' reports were presented to the Supervisory Board in good time. They were intensively viewed and examined, and discussed in the presence of the auditors. The Supervisory Board has approved the result of the audit by the auditors and, in the context of an audit of its own, established that no objections need to be raised.

On March 25, 2009, the Supervisory Board approved the consolidated financial statements for 2008, the combined management report for 2008, and REALTECH AG's annual financial statements for 2008, and agreed to the Executive Board's proposal for the appropriation of net profits.

The Supervisory Board wishes to take this opportunity to thank all members of the Executive Board, as well as all of the company's employees, for the successful part they have played and the high degree of personal commitment shown to REALTECH AG and all associated companies.

Walldorf, March 2009
 The Supervisory Board
 Daniele Di Croce
 Chairman





Corporate Governance

■ GERMAN CORPORATE GOVERNANCE CODE

The term “corporate governance” stands for responsible company management and control aimed at creating value in the long term. Essential aspects of effective corporate governance include efficient cooperation between the Executive and Supervisory Boards, consideration of shareholder interests, and open and transparent corporate communication.

The aim of the German Corporate Governance Code, initially published in 2002 and repeatedly updated since then, is to increase people's trust in the management of German companies. The Code is a code of best practice and not a law. It acquires legal standing in the form of a declaration of voluntary commitment, and is based on the law currently applicable in Germany. In the descriptions of individual points, the focus is on easy comprehensibility. At the same time, the Code makes no claim to portray the applicable laws comprehensively or to include all relevant aspects. Due to this, the Code should be treated as a supplement to the existing rules.

For those involved in capital markets, the Code is a yardstick defined by business and industry representatives on the Corporate Governance Commission as a standard for good, responsible corporate management.

■ In practice

Not just the company alone is responsible for implementing the Code. Co-determination by shareholders is also necessary, and they are involved in fundamental decisions of REALTECH AG at the General Meeting. This includes the election of the Supervisory Board, the task of which is to advise the Executive Board on the management of the company and to monitor its activities.

In the context of the company's financial statements, the Supervisory Board reports to shareholders. This body is free to organize committees to focus on specific issues. Based on a resolution passed by the General Meeting on May 24, 2005, the Supervisory Board was reduced from six to three members. No further committees were formed after this because the Supervisory Board has the minimum number of three members stipulated by the German Stock Corporation Act.

Since fiscal year 2005, the REALTECH Group has based its accounting on the International Financial Reporting Standards (IFRS). The accounts were previously based on the United States Generally Accepted Accounting Principles (US-GAAP). As for its annual financial statements, REALTECH AG follows the rules of the German Commercial Code (HGB).

An independent auditing company verifies both financial statements. The auditor is selected at the General Meeting in accordance with the German Stock Corporation Act. The Supervisory Board issues the audit assignment, defines the points on which the audit is to focus and determines the audit fee.

More detailed information concerning essential accounting standards can be found in the Management Report and the Consolidated Financial Statements in this Annual Report.

The Code is a standard for good, responsible corporate management.



■ **Transparency**

In view of the fact that clear communication is a key factor in complying with the Code, REALTECH provides shareholders, financial analysts, the financial press, shareholder associations and any interested members of the public with regular reports on the latest events concerning the company. When distributing information, REALTECH applies the principle of equality, informing everyone of any news at the same time – be they financial analysts, institutional investors, or shareholders. Thus, publication dates for the company's annual report and quarterly reports, as well as details on the General Meeting can be found at www.realtech.com/investors, and are available to everyone. Whenever there is any news that could have a substantial effect on the REALTECH share price, this is published in an ad-hoc report.

■ **Risk management**

The risk management system is part of the company's overall planning, control and reporting process. It defines principles, guidelines, processes and responsibilities, with a view to identifying risks at an early stage. Risk management revolves around reliable information on the company's financial situation, for internal and external use. Only in this way can we ensure that the company management recognizes potential risks at an early stage and is able to implement appropriate countermeasures.

To this end, the Chairman of the Supervisory Board maintains regular contact and exchange with the Executive Board in order to discuss not only strategy and business development, but also questions relating to risk management.

The REALTECH Group has a risk management system that accommodates the company's global orientation. Details of this are provided in the "Risk management" section of the Management Report.

■ **BASIC STRUCTURE OF EXECUTIVE BOARD AND SUPERVISORY BOARD REMUNERATION (REMUNERATION REPORT)**

■ **Remuneration of the Executive Board**

The structure of Executive Board remuneration is determined by REALTECH AG's Supervisory Board. The amount of remuneration received by the REALTECH Executive Board is based on the company's size and global orientation, as well as its economic and financial situation.

The total remuneration of the Executive Board is performance-oriented. It consists of three components: remuneration not linked to targets (fixed salary), success-based remuneration (bonuses) and a component intended to provide a long-term incentive (share-based remuneration).

The various components of Executive Board remuneration are subject to the following criteria: The remuneration not linked to targets is paid out as a monthly salary. The amount of success-based remuneration for fiscal year 2008 is dependent on the extent to which the overall company goal for Group EBIT is met (prior to acquisition costs). This was determined at the Supervisory Board meeting on March 16, 2009 following verification of target achievement.

Share-based remuneration was provided by granting convertible bonds, with the agreement of the Supervisory Board, in line with the provisions of the convertible bond decision reached by the REALTECH General Meeting on May 16, 2002. This decision was effective up to May 15, 2007.



Convertible bonds were granted to the Executive Board for the last time in fiscal year 2006. The holders of the convertible bonds are entitled to convert each bond against payment into REALTECH AG shares (conversion right). The par value of a convertible bond is EUR 1. The validity period is 5 years. Bond holders are entitled within this validity period to convert each convertible bond against payment into 100 no-par value REALTECH AG shares, in accordance with the following conditions:

Following issue of convertible bonds, the conversion right can only be exercised after a vesting period. The vesting period ends after a period of 2 years following issue of the convertible bonds for 40 percent of the rights simultaneously granted to holder, after a period of 3 years following issue of the convertible bonds for a further 30 percent, and after a period of 4 years following issue of the convertible bonds for the remaining 30 percent. Convertible bonds may only be exercised within certain, previously defined exercise windows.

Remuneration received by the Executive Board in fiscal year 2007 totaled EUR 900 thousand (compared to EUR 1,502 thousand in the previous year). The part not linked to targets (including non-monetary benefits from company cars and social security allowances) was EUR 446 thousand (previous year: EUR 462 thousand), while the success-based part totaled EUR 454 thousand (previous year: EUR 933 thousand) and share-based remuneration was EUR 0 thousand (previous year: EUR 107 thousand). In accordance with the decision of the General Meeting on May 16, 2006, this remuneration is not specified separately for the various individuals (Section 286, paragraph 5 of the German Commercial Code).

■ Remuneration of the Supervisory Board

Until this rule is revoked by a future General Meeting decision, each Supervisory Board member receives fixed annual remuneration of EUR 10 thousand, which is to be paid at the end of a fiscal year, proportionately for the number of months on the Board.

The Chairman receives twice this amount, while the Deputy Chairman receives one and a half times the amount.

The fixed amounts calculated in this way are supplemented by a variable component, which is paid if the company's share price over the past fiscal year outperforms the reference index. The reference index is Deutsche Börse AG's "Technology All Share Index". Outperformance is established based on the starting and end prices of company shares and the reference index. The starting price is the average company share price at the close of trading on XETRA (or a similar successor system) on the Frankfurt Stock Exchange or the average closing value of the reference index over the first five trading days in the previous fiscal year. The end price is the average company share price at the close of trading on XETRA (or a similar successor system) on the Frankfurt Stock Exchange or the average closing value of the reference index over the last five trading days in the previous fiscal year.

If the company's share price outperforms the reference index by up to 10 percentage points based on this calculation, the amount paid as fixed remuneration is paid again as variable remuneration. If the company's share price outperforms the reference index by more than 10 percentage points, variable remuneration of one and a half times the fixed remuneration is additionally paid. The variable remuneration is to be paid on the day following the General Meeting, at which the annual accounts for the previous fiscal year are presented.

In addition, alongside reimbursement for any proven expenses, each Supervisory Board member receives EUR 1,500 for each Supervisory Board meeting. These amounts do not include any statutory VAT.

Remuneration received by the Supervisory Board in fiscal year 2008 totaled EUR 81 thousand (previous year: EUR 124 thousand). The fixed portion was EUR

45 thousand (previous year: EUR 45 thousand), while variable remuneration (including attendance fees and travel expenses) amounted to EUR 36 thousand (previous year: EUR 79 thousand).

These remuneration rules applied for the first time for fiscal year 2006.

■ **Compulsory disclosure of directors' dealings**

Following the enactment of the Fourth Financial Markets Promotion Act (Finanzmarktförderungsgesetz) on July 1, 2002, supplemented by the German Investor Protection Improvement Act (Anlegerschutzverbesserungsgesetz) dated October 30, 2004, individuals who perform management tasks within the company have been obligated, in accordance with Section 15a of the German Securities Trading Law (Wertpapierhandelsgesetz, WpHG), to report their own dealings in REALTECH AG shares to the German Federal Financial Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht, BaFin) within five working days. In addition, appropriate securities transactions by others, particularly spouses, registered civil partners and children entitled to maintenance, must also be disclosed.

Section 6.6 of the German Corporate Governance Code requires the immediate notification and publication of dealings in the company's shares by members of the Executive and Supervisory Boards. In the year under review, no transactions at REALTECH AG that required reporting occurred.



REALTECH complies with the recommendations of the Government Commission on the German Corporate Governance Code.

In addition, the possession of company shares by members of the Executive and Supervisory Boards must be specified in the Corporate Governance Report if, either directly or indirectly, more than one percent of the shares issued by the company are held. If the total holding of all members of the Executive and Supervisory Boards exceeds one percent of the shares issued by the company, the total holding must be specified separately for the Executive Board and Supervisory Board.

Executive Board	Number of shares as of 31.12.2008	In % of all issued shares
Nicola Glowinski	37.000	0,70
Dr. Rudolf Caspary	29.000	0,55
Total	66.000	1,25

Supervisory Board	Number of shares as of 31.12.2008	In % of all issued shares
Daniele Di Croce	885.500	16,83
Rainer Schmidt	765.500	14,56
Peter Stier	745.500	14,17
Total	2.396.500	45,56

Compliance declaration for the German Corporate Governance Code

The German Corporate Governance Code includes rules with various degrees of obligation. In addition to describing the valid stock corporation law, it also contains recommendations that companies are not compelled to follow. However, they are then obligated to disclose this each year. This is defined by Section 161 of the German Stock Corporation Act, which compels the Executive and Supervisory Boards of a corporation listed on the stock market to declare each year where they have deviated from the recommendations. Moreover, the Code contains conditions that companies can refrain from following without having to disclose this.

As in previous years, REALTECH does not intend to create a corporate governance code of its own, as there are no industry-specific or company-related requirements that make this necessary. The Executive and Supervisory Boards submitted the seventh, and so far last, compliance declaration on November 27, 2008, based on the recommendations of the Government Commission on the German Corporate Governance Code in accordance with Section 161 of the German Stock Corporation Act with the following wording:

“REALTECH AG complies with the recommendations of the Government Commission on the German Corporate Governance Code (dated June 6, 2008), with the following exceptions:

- No suitable deductible is in place at this point in time for the D&O insurance taken out on behalf of the Executive Board and Supervisory Board (Section 3.8, Paragraph 2 of the Code).

Reason: No deductible has yet been agreed for the existing D&O insurance for the Executive and Supervisory Boards. We believe that agreeing upon a deductible would not improve the motivation and sense of responsibility with which the members of the Executive and Supervisory Boards of REALTECH AG perform the tasks and functions assigned to them. In addition, the primary aim of this insurance is to cover the company’s essential own risks, not to provide financial protection for board members. Moreover, it is a group insurance policy that also extends to leading REALTECH employees. We do not consider it appropriate to distinguish between board members and company employees.

- The Supervisory Board currently includes more than two former members of the Executive Board (Section 5.4.2, Paragraph 3 of the Code).

Reason: We believe that a rule of this kind would inappropriately restrict the rights of shareholders to vote for members of the Supervisory Board.

- At present, remuneration of members of the Supervisory Board is not disclosed individually in the Corporate Governance Report, broken down into components.
(Section 5.4.6, Paragraph 3 of the Code)

Reason: In our opinion, specifying the individual remuneration of each individual member of the Supervisory Board does not provide a suitable foundation for judging the appropriateness of the remuneration for the Supervisory Board's task, as an overall body, to monitor the Executive Board's management."

■ Insider regulations

Trading in REALTECH shares is subject to the rules of the Federal Financial Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht, BaFin). One of BaFin's key tasks is the supervision of securities trading. This aims to ensure that the German markets for securities and derivatives function in line with the German Securities Trading Act (Wertpapierhandelsgesetz). This forbids the use of insider knowledge or unauthorized dissemination of insider information, as doing so would undermine the trust of market participants in securities trade with equal chances for everyone.

REALTECH employees are subject to the prohibition on insider trading. An appropriate memorandum is included in every employment contract worldwide.

In addition, in accordance with Section 15b of the German Securities Trading Act, REALTECH AG keeps lists of individuals who work for the company and who have access to insider information in accordance with the regulations. REALTECH promptly updates these lists and submits them to BaFin upon request. The individuals named in the lists have been notified by REALTECH AG of the legal obligations resulting from access to insider information, as well as of the legal consequences of infringement.



Market and Employees

THE EQUIPMENT.

4

MOUNT VINSON

Mount Vinson, or the Vinson Massif, is the highest point of the Ellsworth Mountains located in the west of the Antarctic, around 1200 kilometers away from the South Pole. Although this mountain isn't all that difficult to climb from an Alpine viewpoint (as the technical difficulties are approximately on a par with those of Mont Blanc), a real challenge is posed by climatic conditions such as temperatures and gale-force winds. Due to the almost complete lack of infrastructure in this region, mountaineers have to transport all their expedition gear themselves, making it absolutely essential for them to be in excellent physical condition.



Antarctica

Name	Mount Vinson (Vinson Massif)
Elevation	4.892m
Location	Antarctica
Range	Sentinel Range
Coordinates	78° 34' 59" S, 85° 24' 59" W
First ascent	1966, N. Clinch





Market and Employees

THE MARKET

REALTECH AG is a company with international operations, which focuses primarily on Europe with its main markets in Germany, Spain and Italy. In order for a business to be a success, it relies on both extensive knowledge of its target markets and continuous observation of international and regional economic development. If both companies and expeditions to climb mountains are going to achieve ambitious goals, the basic prerequisites are comprehensive planning and organization. Whereas those who go on expeditions pay particular attention to the weather forecast and regularly check the physical fitness of each member of the group, the management of REALTECH always keeps a close eye on the economic forecasts.

The crisis in the financial markets reaches the real economy

The first signs of a worldwide economic and financial crisis became apparent in mid-2008 and a few months later the crisis in the financial markets finally spilled over into the real economy. In October, after years of steady growth, the worldwide economy began its downward trend. The start of 2009 saw important economies such as the USA, Japan, Great Britain and some countries in the eurozone in recession. As a result, the prospects for the economy in 2009 look decidedly gloomy at the moment. This is because the risks in financial markets have still not been resolved – in spite of the initial signs that the situation had stabilized. At the same time, the central banks and government are making strenuous efforts to counter the downward trend. For example, in mid February US President Barack Obama forced through an economic stimulus package worth USD 790 billion. In Germany the Federal Government made available around EUR 80 billion in two packages of measures to revive the economy. All other European nations, too, have supported the economy with similar schemes. The goal that all countries share is that they wish to avert a deep economic downturn, which will drag the world economy into a massive recession that will last for years and at the same time will have a serious negative impact on the quality of people's lives.

Against the backdrop of these developments, the experts at the International Monetary Fund (IMF) are expecting economic growth worldwide to be just 0.5 percent in 2009, compared to 3.4 percent in 2008. However, they think the world economy will see growth of 3.0 percent again as early as 2010. Developing and emerging economies will continue to be the motors that drive the economy, although their growth will slip to 3.3 percent in 2009 from 6.3 percent in 2008.

According to the IMF economists, the economic performance of the eurozone will shrink by 2.0 percent in 2009, compared to growth of 1.0 percent in 2008. The experts expect Germany to see a reduction in its Gross Domestic Product of 2.5 percent after growth of 1.3 percent in 2008. This estimate shows a deterioration in the forecast issued by the German Federal Government in January 2009, which assumed that the economy would contract by 2.3 percent.

The IT industry

In view of the prospects for the economy overall, the outlook for the IT sector in 2009 remains relatively stable. There is no doubt that it will be a difficult year, because companies worldwide must reduce their costs. However, this increasing financial pressure also has a positive side. In the view of Frank Gens, Senior Vice President and Chief Analyst at the market research organization IDC, it will speed up processes of change which have been underway for a

Before climbing Mount Vinson: from here onwards, mountaineers have to carry everything through the polar wastes themselves.



The experts at EITO are predicting that expenditure on IT will grow in 2009 by 2.0%.



number of years: “If the world economy is only growing slowly, it acts like a pressure cooker in the IT market, because it speeds up the pace of developments and new technologies and business models will gain acceptance more quickly in the market.” An example of this is that companies are increasingly integrating their commercial IT with production systems. This allows the entire value chain to be integrated – from planning and purchasing to delivery, invoicing and service.

Analysts at the prestigious market research and consulting company Gartner are assuming that the IT market will scarcely see any growth in 2009. They say that the best-case scenario is that IT budgets worldwide will grow by 2.3 percent but the worst-case scenario predicts that they will shrink by 2.5 percent. However, the most likely outcome is that the IT market will stagnate. The experts at EITO (European Information Technology Observatory) are more optimistic, as they think the IT market is capable of growing by 2.7 percent in 2009 to EUR 983 billion.

According to IDC, IT expenditure in Europe, the Middle East and Africa (EMEA) will rise by 3.0 percent in 2009, compared to 6.0 percent in 2008. Experts were recently predicting growth of 6.0 percent for 2009 but the effects of the financial crisis have caused them to lower their forecast. In this context, IT investment in Western Europe is expected to grow by 1.2 percent, whereas the growth areas of Central and Eastern Europe, the Middle East and Africa are growing at between 8.5 percent and 9.4 percent.

Gartner is expecting the IT market in Europe to grow by 2.8 percent at best, although a contraction of up to 0.8 percent is more realistic. The experts at EITO are noticeably more positive about the IT market in Western Europe, predicting that expenditure on computers, software and IT services will grow in 2009 by 2.0 percent to EUR 315 billion. They say that the countries that will drive growth in Europe are Poland, the Czech Republic and Rumania, with China, India and Russia delivering growth in the emerging economies, where there is still a need to develop their IT infrastructure to catch up with other countries.

In Germany a forecast from BITKOM, the national association for the industry, expects to see growth of around 1.5 percent to EUR 67 billion in 2009. BITKOM President Prof. August-Wilhelm Scheer is forecasting: “IT expenditure will probably continue to grow slightly, in spite of the turbulent economic conditions. Expenditure by business on IT will continue to grow, even during an economic downturn. Information technology is of strategic importance for companies in an economic crisis because it allows them to make their operations more efficient and cost effective.” Also, increasing demand for IT can be expected from public bodies, because their investments are not likely to be dependent on the economic climate. Customers in the public sector account for a fifth of IT expenditure.

■ Software and IT services drive the IT market

Experts assume that rising expenditure for software and IT services is the main driver in the IT market. According to EITO the revenue achieved by suppliers of software and IT services in 2009 will increase by 3.4 percent to EUR 677 billion worldwide. They went on to state that suppliers in Western Europe can increase their revenue in 2009 to EUR 228 billion, a rise of 3.2 percent. Here these companies will probably increase their sales in Germany by 3.1 percent to EUR 49 billion.



In the market for IT consultancy REALTECH is firmly established as a well-known partner for companies of all sizes and in all sectors.

IDC is expecting that expenditure on software in Germany will rise by an average of 5.0 percent over the next few years. They go on to say that the German market for IT services will be somewhat more subdued on account of the depressed economic situation but it will continue to grow. Matthias Kraus, an analyst at IDC, is expecting IT services in Germany to grow by 3.3 percent in 2009.

Overall, the different estimates by the market analysts also reflect the uncertainty that currently prevails in the market. Hardly anyone can assess how the worldwide economic crisis will impact on individual markets and industries in detail.

■ Solutions in demand for business processes

Even over the last few years it has become apparent that companies are increasingly linking their business processes to information technology. Organizations are increasingly implementing appropriate business process management solutions to plan, control, monitor and optimize their business processes. These applications are generally based on service-oriented architecture (SOA), which helps companies to network existing software systems and their business processes as efficiently as possible.

This market is one of the IT segments with the strongest growth. According to a study by the market research company AMR Research, companies invested around USD 28 billion in SOA projects in 2008 alone. It is expected that SOA products and services will generate revenues, which will rise to USD 52 billion by 2012. In view of the complexity of the projects, organizations are often dependent on support from outside organizations. The Scientific Society for Management and Consulting (WGMB) has calculated that, in Germany alone, companies invested just under EUR 1 billion in SOA consulting services. This sum will increase in future, because the companies wish to extend their consultancy budgets in this area.

■ THE BUSINESS MODEL

Nowadays mountaineers can conquer even the highest mountains in the world with the help of the latest technology. For sometime now an ascent of Mount Everest without a notebook computer, satellite telephone and a GPS system would be inconceivable. The same can be said of business. Over the past few years, IT has developed to become a crucial competitive factor, because it allows processes to be streamlined whilst, at the same time, adjusting a company's own services quickly and flexibly to the customer's requests. There are hardly any business processes in a company that can manage without IT. This applies to all areas and departments, whether it is Purchasing, Warehouse Management, Production, Sales or Human Resources.

In the past, the cost of information technology been seen as a burden but nowadays it makes a crucial contribution to the success of the business. IT systems allow companies to differentiate themselves from the competition by offering better services. Nowadays nobody would attempt to provide first-class customer service without the use of IT. IT solutions that deliver optimum performance and are coordinated provide the companies with invaluable advantages in the market place. A company that has once mapped its business processes in its IT systems can always optimize those processes more quickly than competitors, when required to do so in the future.

In other words, the better the IT support for individual employees in their day-to-day work, the more efficient is the operation of the company. For example, decision-makers always need reliable figures to manage their company. Here, too, innovative IT solutions help to provide managers with fast and accurate information about the current status of the business on the basis of performance indicators. This allows the managers responsible to make strategically important decisions on a solid basis and to continue to improve the company's competitive performance. Active management of business

processes also ensures that companies can adapt their internal processes to market requirements and statutory regulations efficiently – and without any technical obstacles.

IT solutions are helpful when it comes to designing more transparent company processes, providing information on which to base decisions, networking processes across different sites and improving cooperation with external partners and suppliers. However, increasing reliance on technical systems also increases the responsibility of the IT department. Employees are now not only responsible for the technology but increasingly they are also responsible for smooth running of business processes that are critical for the company. Nowadays many processes are based on IT systems and the IT specialists are responsible for maximizing the availability of these systems. Parallel to this, the systems are becoming ever more extensive, the technologies more complicated and the application environments more complex. One way out of this dilemma is to provide solutions for managing the system. These important tools help those responsible for the IT to understand, manage and optimize the distributed and heterogeneous applications and IT systems more effectively.

REALTECH has the experience and knowledge to deal with the current demands of the market. Highly specialized consultants and developers know what is required in the company and computer centers and always design solutions tailored to meet the individual needs of customers.

■ Wide range of services

In the highly competitive market for IT consultancy REALTECH is now firmly established as a well-known partner for companies of all sizes and in all sectors. REALTECH, which was founded in 1994, has continued to develop from a pure technology consultancy firm for SAP systems into an expert consultancy for business processes and projects of strategic importance. Comments made by Peter Sondergaard, Global

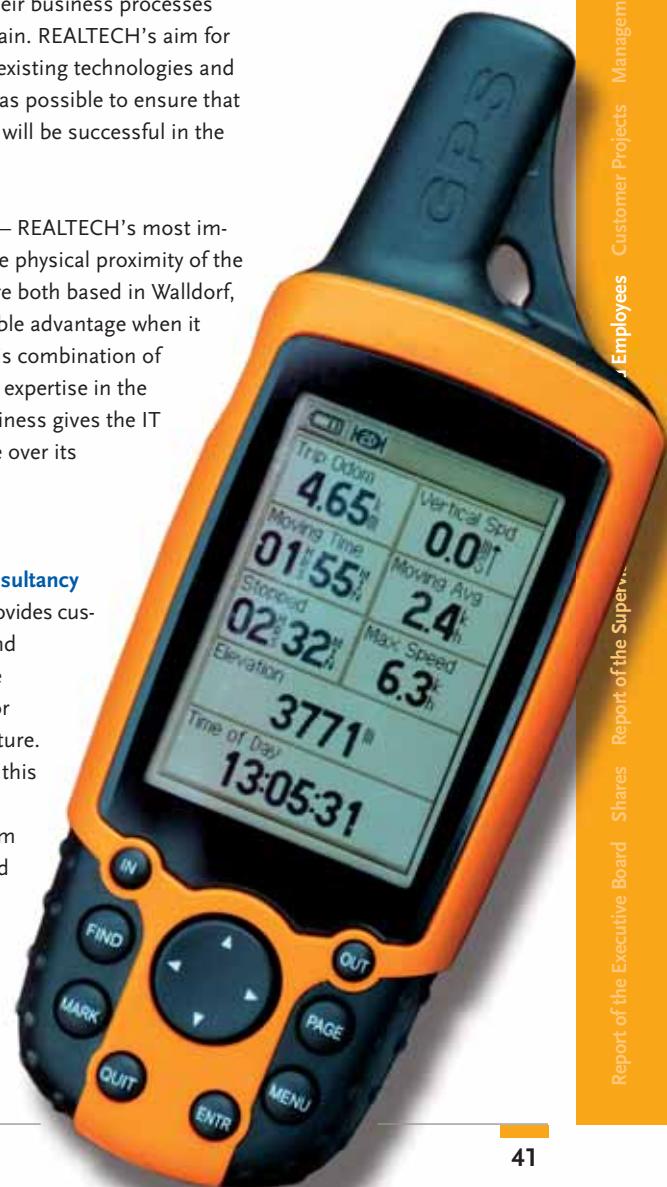
Head of Research at the market research organization Gartner, highlight why this development is so important: “The next big thing in IT is not technology. It is cost-cutting, risk management and compliance.” In REALTECH’s opinion it is also the efficient combination of current information technologies with a company’s individual business processes.

Today REALTECH offers a broad portfolio of services, ranging from consultancy on technology to strategic business processes. The consultants offer expertise, solutions and concepts, which provide their customers with the best possible support as they optimize IT aspects of their business processes along the entire value chain. REALTECH’s aim for all projects is to use the existing technologies and IT systems as effectively as possible to ensure that the customer’s business will be successful in the long-term.

SAP is – and will remain – REALTECH’s most important partner. The close physical proximity of the two companies, which are both based in Walldorf, gives REALTECH a valuable advantage when it comes to knowledge. This combination of technical knowledge and expertise in the process consultancy business gives the IT service provider the edge over its competitors.

■ Business process consultancy

Strategic IT consulting provides customers with an end-to-end approach that lays all the necessary foundations for operating SAP infrastructure. REALTECH has taken up this issue at an early stage, aiming to ensure long-term success both for itself and for its customers. When implementing SAP projects, companies place an emphasis on a





**REALTECH's theGuard!
software family controls
the pulse of the entire
IT environment.**

holistic view of business processes and the technologies used. REALTECH consultants analyze business processes, paying attention to the entire IT environment, and pinpoint ways in which companies can optimize these processes. This results in clear statements regarding the productivity, return on investment and total costs of an IT project within a defined period of time.

■ **SAP consultancy**

The company's consulting business also includes SAP technology consultancy and SAP strategy consultancy. REALTECH provides its customers with reliable support in this field, as they optimize, consolidate and operate their IT systems. Well-trained specialists support customers in rationalizing their IT processes and structures in order to achieve tangible, permanent savings in computer center operation. In terms of consolidation consulting, REALTECH ensures reliable and cost-effective operation of both new and existing IT infrastructure, and thus helps companies to set up simple, homogeneous system environments with consistent business processes. Key areas are the improvement in SAP systems and SAP environments, consultancy on optimum and cost-effective operation of SAP environments and end-to-end optimization of business intelligence systems, from the logic to the infrastructure.

■ **Software Solutions**

The second pillar in REALTECH's portfolio of services is its sales of software solutions developed in house, which are closely aligned to customers' requirements. The company's software business develops innovative products so that IT systems can be operated reliably. REALTECH's applications ensure that business-critical processes are not out of action and assist administrators to find possible faults, thus speeding up processes. Experts can operate the IT system more efficiently, the better the aids and tools used by the IT department. Instead of increasing the workload of highly qualified IT experts with routine work, these tasks can be performed by REALTECH's software tools. This allows the IT department to

concentrate on their core competencies and implement innovative projects, which again increase the efficiency of the company.

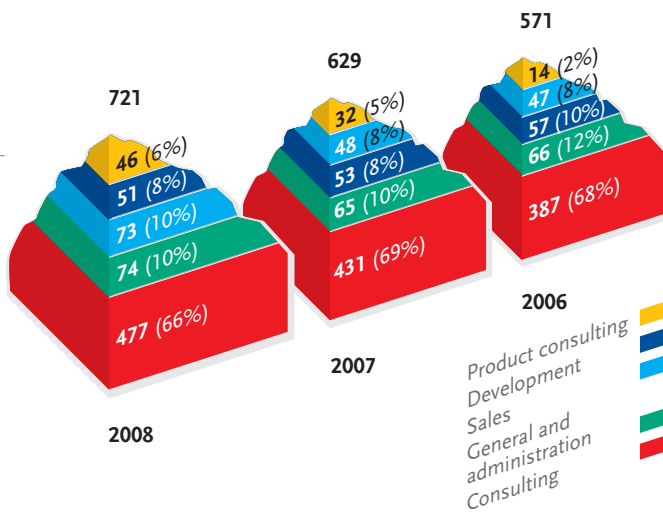
theGuard! software family developed by REALTECH allows organizations to automate their IT services more extensively. These products control the pulse of the entire IT environment – from the network through to databases, right through to applications. The various theGuard! products monitor IT systems largely automatically, identify possible sources of errors early on, and provide IT managers with suggestions as to how weak spots can be remedied quickly and efficiently. As a result, organizations can benefit from reliable IT systems with minimum downtime. For many years customers have valued theGuard! family of products as one of the best-performing system management solutions worldwide.

A further focus of REALTECH's product range entails software tools developed especially for SAP systems. To name a few examples, these applications create powerful automated interfaces to other systems while also increasing efficiency, quality and security for program and data modifications in SAP systems.

■ **Optimum support along the value chain**

It is REALTECH's aim to provide optimum support for the customers' business processes throughout the entire value chain. With its two pillars of consulting and software the company is built on solid foundations which will allow it continue to be a successful player in the market. Over the last few years this company, which used to specialize in technical SAP expertise, has become a strategic consulting partner in the field of business-critical IT projects, thus allowing it to become firmly established in this high-margin segment of the market. A clearly defined business model contributes to this success, as do competent employees who operate on the basis that the aims, requirements and interests of the customers are the most important aspects of their work.

EMPLOYEES BY SECTORS
(end of year)



EMPLOYEES

Despite the financial and economic crisis, there is still a substantial need in the IT sector for well trained specialists. At the end of 2008, the federal association for the industry, BITKOM, estimated there to be around 45,000 job vacancies for IT experts in the German economy – 2,000 more than at the end of the previous year. The great majority of these jobs are offered by the suppliers of software and IT services. Today's IT projects primarily consist of consulting services, individual programming and training seminars," states BITKOM President Prof. August-Wilhelm Scheer. "A great deal of manpower is required for this." Experts predict that software developers, programmers and SAP consultants will also be among the most sought-after IT specialists in 2009. REALTECH has adjusted early on to this foreseeable development on the job market in that the company constantly promotes education and further training for its employees. On top of this, REALTECH benefits from being one of the most attractive employers in the industry.

On December 31, 2008, the Walldorf-based IT specialist had 721 employees on its payroll – 92 more than a year previously. Out of these employees, 262 worked in Germany, compared to 239 employees on December 31, 2007. Around 64 percent of the company's employees work at the Group's international sites (previous year: 62 percent).

Basis for success

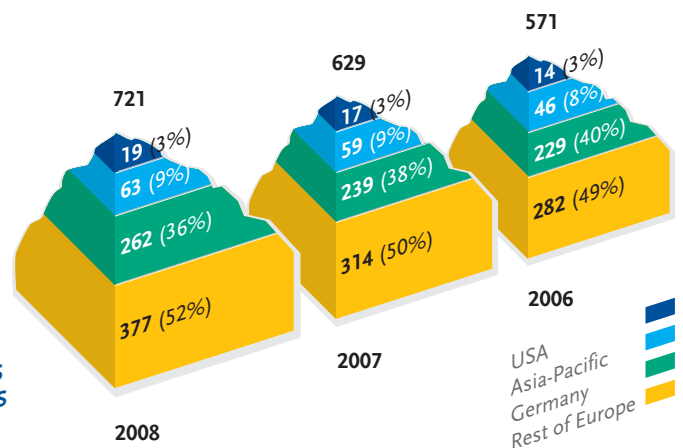
In the service and consulting sector in particular, business development is substantially dependent on the quality of employees. Employees are generally considered to be a company's most valuable asset, and this is truly the case at REALTECH, where employees constitute one of the most important pillars for business success. Thanks to their expertise, motivation, competence and team spirit, REALTECH is progressing one step at a time towards the top. Day in day out, they secure REALTECH's market position as a consulting specialist not only for SAP environments, but also for business processes and projects of strategic importance.

Customers and partners appreciate the high level of qualification of REALTECH's employees, their dedicated approach to their work and the reliability of the information they provide. This has the result that customer satisfaction is one of the most important aspects of our service and thus gives us a key competitive edge. Both in our core consulting business and in software development, the customer orientation and service focus of our experts lay the foundations for REALTECH's successful business activities.

SAP certifications

In developing the SAP NetWeaver technology platform, our most important partner, SAP, has succeeded in changing over to service-oriented architectures for company applications. REALTECH constantly focuses internal training for its specialists on such market developments and the latest technologies from SAP, as consulting services are needed not only for implementation, but also for ongoing operation of these applications. These investments are paying off. For example, around 75 percent of our consultants have already obtained a certificate for SAP NetWeaver. SAP rewarded this commitment by declaring REALTECH a "Special Expertise Partner for SAP NetWeaver", a type of seal of approval for SAP consultancy companies. In 2008, REALTECH also received certification for the 'Run SAP' method, i.e. was certified as a "Run SAP Implementation

EMPLOYEES BY REGIONS
(end of year)



At REALTECH, employees constitute one of the most important pillars for business success.

Partner". This is a joint training program with SAP for prospective consultants, who are subsequently qualified to provide support services for SAP customers around the globe.

■ Intensified personnel marketing activities

Active personnel marketing is an important tool for REALTECH to present itself on the market as an attractive employer. In 2008, the continuation of the intensive job advertisement campaign that the company launched the year before, greater activity in the field of personnel marketing, regular career days and participation in university trade fairs generated just under 1,000 applications. These applications included 35 inquiries in Germany alone from interested candidates to whom REALTECH employees had recommended their company as an excellent employer. Altogether, REALTECH hired 57 new employees in 2008, 35 of them in the consulting business area. For the first time, this also included three employees who are studying for a degree via a part-time course in business data processing at the Mannheim university of cooperative education.

The Group's personnel marketing also includes a large number of further education programs and qualification initiatives. STEP-IN, a seven-week internal education and further training program set up in 2007 for future SAP consultants, has born fruit and proven to be successful again in 2008, with 18 new colleagues receiving practical training in the year under review that has enabled them to work on future-oriented SAP consulting projects. This qualification program is geared towards not only those new to SAP consulting, but also consultants with SAP career experience. One of the company's main aims here is to specifically encourage teamwork, as this aspect is becoming increasingly important in SAP projects.

In addition, more and more IT projects are requiring the SAP consultants to take a holistic approach. It has long since ceased to be enough to have excellent technical skills. We therefore ensure that our SAP specialists also have sound business knowledge as

well as good communication and social skills. In its employee training courses, REALTECH always promotes both the specialist expertise and social competence of its consultants. At the same time, right from the start it has been part of the corporate strategy to align all seminars closely with everyday work.

■ Three career paths to choose from

In view of the further increasing demand for IT specialists, REALTECH endeavors to retain its well trained employees for as long as possible. One essential means of achieving this is to offer attractive career and qualification opportunities. A typical

career path for a consultant entails progressing from a junior consultant to a consultant and ultimately to a senior consultant. In parallel to this, REALTECH offers its consultants regular training seminars to enable them to constantly enhance their subject-based expertise, knowledge of methods and personal skills. In addition, further measures are taken to promote particularly talented employees. For example, up-and-coming specialists are given the opportunity to talk directly to the company's management in the context of discussion sessions.

When consultants reach the threshold to become a senior consultant, they need to choose an area on which they personally wish to focus. REALTECH offers its experts three options to choose from for their personal career goal: specialist, project manager or manager. Each of these career options is accompanied by corresponding qualification programs such as the High Potential Program, project manager training and manager training. Moreover, even those who have succeeded in obtaining a management position carry on developing their skills and expertise by attending training seminars. In this way, REALTECH ensures that its management is always one step ahead of the dynamic development on the market and the resulting challenges. It is also a long-standing tradition in the Group for superiors to keep enhancing their skills with regard to managing employees.



Since the beginning of 2009, the focus of internal training and further education has shifted somewhat in view of the economic crisis. Whereas efforts in the years 2007 and 2008 primarily concentrated on training junior consultants through the STEP-IN program, further training will in the future concentrate more on making work even more attractive for consultants and senior consultants. This is being achieved, for instance, by creating transparent means of obtaining a promotion, including appropriate training measures, as well as by expanding work in thematic, self-organized specialist groups – something that simultaneously further encourages networking between consultants. On top of this, REALTECH is working together with the SRH University of Applied Sciences in Heidelberg to plan an executive master's course for experienced consultants with a focus on SAP.

■ Low level of fluctuation

The working atmosphere at REALTECH is characterized by team spirit and, above all, friendly colleagues who are always ready to help. Ties between employees are strengthened both by regular project team meetings and by events such as the REALTECH summer festival. In addition, special conferences give consultants the chance to expand their own network in the Group step by step. Thanks to this active teamwork, colleagues can support one another quickly and directly, and subsequently respond to customer requests promptly. Employees familiarize themselves with new topics in internal specialist groups, therefore ensuring that their knowledge is always up to date. This also plays a role in ensuring that new colleagues feel a part of REALTECH within a very short space of time and therefore also soon become able to make their own contribution to business success.

The high level of satisfaction experienced by our employees can also be attributed to the excellent work of our human resources department. Taking “feeling at home, being important and progressing” as its maxim, this department plays its part in keeping our qualified employees with the company in the long term. The successful work is clearly evidenced by the fact that the fluctuation rate – at 14,0 percent for the Group as a whole and 14.5 percent in Germany – has sunk to the lowest level in REALTECH's entire history. What's more, nine employees celebrated their 10th anniversary of working for the company in 2008, and the figure will rise to 18 employees in a year's time.

This all goes to show that the REALTECH team is excellently prepared, trained and equipped to reach new heights in its work together.



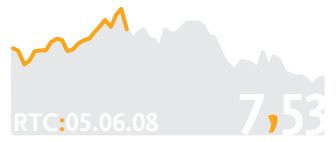
Customer Projects

THE ROAD.

5

ACONCAGUA

This mountain is considered by mountaineers to be “easy” to climb from the north side. The standard route from the “Plaza de Mulas” base camp can be mastered without using any climbing techniques. Nevertheless, the ascent involves substantial hazards due to the mountain’s extreme height. As the atmospheric pressure at the summit amounts to only around 40 percent of the pressure at sea level, a long acclimatization period is vital. Usually, three camps are set up above the base camp. Oxygen bottles are generally not used at these heights.



South America



Name	Cerro Aconcagua
Elevation	6.962m
Location	Mendoza, Argentina
Range	Andes
Coordinates	32° 39' 12" S, 70° 0' 42" W
First ascent	1897, M. Zurbriggen





Customer Projects

In both mountaineering and information technology, the requirements with regard to technical skills and team spirit are completely different for each new task, and the particular knowledge of all team members is of key importance. The examples below demonstrate how our consultants master the specific challenges of customer projects and provide them with support as they go about their business.



Enso



Enso Strom AG and Enso Erdgas GmbH merged to form the Enso corporate group, Dresden. However, the system platform for the existing IT infrastructure was no longer capable of meeting the growing requirements of the user departments. Enso therefore decided to migrate its previous SAP systems to a new Linux-based server platform.

REALTECH was commissioned to advise Enso and take care of the changeover. The Walldorf-based IT specialist was chosen based on the experience it had gained from around 350 SAP migration projects. A further advantage was that REALTECH was a co-founder of the SAP Linux Lab and has been continually involved in it ever since. REALTECH implemented the platform changeover in a professional manner over a period of eleven months, adhering to the schedule defined for the project. Following the migration, the customer's SAP systems all ran without a hitch. "Thanks to the new solution under the Linux operating system, combined with the consulting services provided by REALTECH, we were able to cut our IT costs while at the same time gaining a stable and optimized SAP system," is how Dirk Erler, head of the system administration team at ENSO, summarizes the advantages.

"The trust we placed in REALTECH has really paid off for us."

Sabine Gillmeier, Atlas Elektronik



Atlas Elektronik



Atlas Elektronik, Bremen, a joint venture of ThyssenKrupp and

EADS, produces maritime solutions for civil and military applications. The company has a leading position in all fields of maritime high technology, including products such as survey echosounders, heavyweight torpedoes, coast protection solutions, minehunting sonar solutions, as well as radio and communication systems for submarines, surface vessels and mine warfare systems.

Over the years, Atlas had established a system of project reporting based on Microsoft Excel, with the employees involved recording an average of over 70 large international projects manually per month. This form of reporting was based on very few standards, making further processing and analysis difficult.



Wanting to reduce the number of manual activities performed by its project teams and controllers, while at the same time making project controlling faster and more transparent, Atlas decided to implement the REALTECH Software Management Cockpit based on SAP NetWeaver Business Intelligence. The main reason for this decision to implement the project together with REALTECH was the partner's many years of SAP project experience. "The trust we placed in REALTECH has really paid off for us. The consulting

company provided expert advice combined with flexible project implementation services throughout the entire project duration," describes Sabine Gillmeier, Head of Controlling at Atlas.

After eight months, the company was able to go live with its new project reporting system. With the aid of the Management Cockpit for reporting, Atlas has not only achieved a great reduction in the time required to draw up project reports, but has at the same time also increased the informative value of these reports. The REALTECH solution enables the company to conduct cross-divisional reporting and project controlling on a standardized platform, based on clearly defined data sources. On top of this, Atlas has reduced the manual work involved in controlling by two to three working days a month per project controller.

Osram



Light from Osram shines in around 150 countries worldwide. Headquartered in

Munich, the company is one of the two largest light manufacturers in the world. The corporate group's IT systems are controlled and monitored by the administrators of the three regions of the USA, Asia and EMEA (Europe, Middle East and Africa).

Up to 2008, the company's IT systems were monitored using an outdated software solution, which had ceased to meet the higher demands at Osram. With a view to ensuring that its system environments worldwide continue to function reliably in the future, Osram decided to implement theGuard! Network-Manager from REALTECH. The main reasons for this choice included the wide range of functions provided by the software and the highly attractive price/performance ratio.



“Implementing theGuard! software products has been worth our while in many respects.”

Alois Ahlrichs, Storck



Rhein Chemie



Mannheim-based Rhein Chemie Rheinau GmbH is a global enterprise that supplies additives and

innovative service concepts for the rubber, lubricant and plastics sectors. In the highly competitive chemicals sector, two factors decide whether or not a company will be successful: the quality of the materials processed and adherence to deadlines in the delivery of raw materials. In order to achieve this at all times, a company such as Rhein Chemie requires close coordination with its suppliers. However, the software used to assess suppliers up to the end of 2007 had crucial disadvantages. The process of assessing suppliers was always extremely time-consuming, while the results were not very transparent. Consequently, the software simply did not allow the targeted development of supplier relationships.



Rhein Chemie thus decided to draw on the support of REALTECH to implement a vendor assessment system based on SAP NetWeaver Business Intelligence. REALTECH completed the project within the planned six months and within the allocated budget. “The vendor assessment solution developed together with REALTECH enables us to immediately assess a supplier right down to individual document level. We no longer have to spend a great deal of effort on collating information. Now we are in a position to further develop supplier relationships on a targeted basis, objectively assess suppliers, and quickly respond to any irregularities regarding on-time delivery or the quality of raw materials,” sums up Norbert Friesel, Head of the SAP Customer Competence Center at Rhein Chemie.

August Storck



Since being founded in the Westphalian city of Halle in 1903, August Storck KG has transformed itself into a significant brand product

company with international operations. The products it markets around the globe include Werther's Original, Dickmann's, nimm2, Toffifee, Knoppers, Campino and Merci.

A few years ago, the IT Organization at Storck decided to establish central system management complete with a central IT support solution. The hub of all activities was to be the central IT department in Halle. The company attached great importance to ensuring that the new application is future-oriented and meets all company-specific requirements. The solution chosen was REALTECH's theGuard! software family – an integrative solution made up of professional individual products that is easy to operate. In addition to this, Storck was impressed by the excellent value for money and comparably easy installation process.

Thanks to the rapid implementation of theGuard!, the company's business-critical applications, systems and networks have become significantly more reliable. Other advantages include increased availability as well as accelerated IT service and support processes. “Implementing theGuard! software products has been worth our while in many respects,” praises Alois Ahlrichs, IT Manager at Storck. “This is also the case for our employees, who are benefiting from a clear increase in the availability of our IT systems and greatly improved support.”



■ City of Wolfsburg supports parents



“SAP makes children happy” could be the motto of a project that REALTECH has carried out together with the City of Wolfsburg.

The aim of this project was to inform parents in this city in Lower Saxony of the care options available for their offspring. The particular challenge involved here was making it possible to obtain an up-to-date list of available child care places at all times on the Internet using the “Kinderbetreuungsbörse Online” (online childcare information) platform.



Together with the customer, REALTECH consultants have developed the new system, taking account of various requirements such as a barrier-free Internet site and the City of Wolfsburg’s design specifications. This portal enables parents to search for available places and obtain completely up-to-date information based on various criteria, including the child’s age, opening times, district and sponsoring organization. When it comes to enrolling their children, however, the parents should still contact the institution concerned directly. After all, despite all the technology used, the focus in every IT project remains on the people involved.

■ Baden-Württemberg Data Center



The Baden-Württemberg Data Center, Stuttgart, offers SAP-based solutions for

modern financial and personnel management in public administration. The customers of the Baden-Württemberg Data Center include local authorities, state departments and federal ministries. Supported by REALTECH, the Baden-Württemberg Data Center has modernized its “DZ Kommunalmaster” finance software in the space of just four weeks and adapted it to current customer needs. “In view of REALTECH’s technical expertise regarding SAP NetWeaver and the SAP Enterprise Portal, not to mention many years of positive experience of collaboration with the company, it was clear that REALTECH is the right partner for us,” states Helmut Bauer, Head of Product Development and Financial Management Consulting at the Data Center.

With the aid of REALTECH, the Baden-Württemberg Data Center has modernized its traditional SAP solution. Thanks to Internet support and browser-based user interfaces, project teams and the various departments in an administrative office can now share ideas and experience more quickly and efficiently. What’s more, the new solution lays excellent foundations for communication with customers and partners. Another advantage of the newly developed application is the overall reduction that a public authority can achieve in administrative costs.

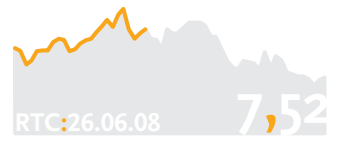


THE TEAM SPIRIT.

6

KIBO / Kilimanjaro

Kilimanjaro is a Swahili word meaning “mountain of the evil spirit”. There are numerous routes to the summit, which mostly differ in terms of the quality of infrastructure. This is the most straightforward of the Seven Summits and poses hardly any technical difficulties, as the main route up Kilimanjaro is a hiking trail – albeit up to a height of nearly 6,000 meters. Despite this, the extreme change of climate from tropical to arctic puts a strain on the circulatory system that shouldn’t be underestimated and has been the downfall of many a poorly prepared mountaineer.



Africa



Name	Kibo
Elevation	5.892m
Location	Tanzania, Eastern Africa
Range	Kilimanjaro-Massif
Coordinates	3° 3' 54" S, 37° 21' 33" W
First ascent	1889, L. Purtscheller, H.Meyer





Management Report

The management report for REALTECH AG is combined with the management report for the Group.

OVERALL AND INDUSTRY-SPECIFIC ECONOMIC DEVELOPMENT

REALTECH AG is an international enterprise with its core markets in Germany, Spain and Italy. A key factor for business success is the general economic situation, which since mid 2008 has been affected by the spreading financial crisis. These initial signs of a worldwide economic crisis were further intensified over the subsequent months. In view of the effects of the financial crisis on economic development, economists at the International Monetary Fund (IMF) anticipate a global economic growth rate of just 0.5 percent for 2009, compared to 3.4 percent in 2008.

Bearing in mind the overall economic prospects, the expectations for development in the IT sector in 2009 remain comparatively robust. According to the data of the renowned market research and consulting company Gartner, international IT expenditure in 2008 exceeded USD 3.4 trillion. However, analysts expect only very little growth in the IT market in 2009. They believe that worldwide IT budgets will at best increase by 2.3 percent and at worst decrease by 2.5 percent.

After being established in 1994, REALTECH succeeded in making a name for itself in the highly competitive IT consulting market as a partner for companies of all sizes, in all industries. Over the last few years, the Walldorf-based IT service provider has transformed itself from a specialist for technical SAP expertise into a strategic consulting partner for business processes and projects of strategic significance, and has successfully established itself in this high-margin market segment. In the area of SAP technology and strategy consulting, REALTECH remains a reliable partner for its customers in IT optimization, consolidation and operation.

Alongside the consulting segment, REALTECH also has a second core area: developing software products that are closely aligned with the challenges faced by customers. REALTECH's theGuard! software family enables organizations to automate their IT services.

REALTECH has in recent years clearly demonstrated that this portfolio puts it in a good position in its various markets. In addition, countless customer interviews show that the services, solutions and products supplied by the Walldorf-based IT specialist meet the requirements of both medium-sized companies and large corporations.



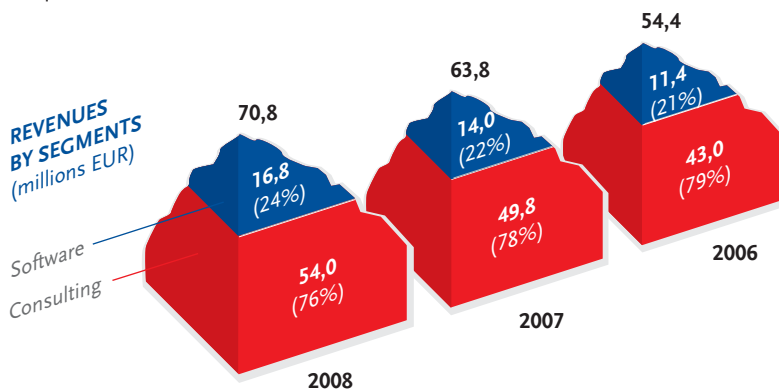
The REALTECH Group was recording the highest Increase of revenue in fiscal year since the company was founded.



FINANCIAL SITUATION

Group business development

The REALTECH Group increased its **revenues** by 11 percent in fiscal year 2008 (previous year: 17 percent) from EUR 63,752 thousand to EUR 70,823 thousand, therefore recording the highest figure since the company was founded. Both business areas played a role here: **Consulting revenue** increased 9 percent (previous year: 16 percent) from EUR 49,801 thousand to EUR 54,050 thousand, meaning that the consulting segment brought in 76 percent (previous year: 78 percent) of Group revenue. **Revenue from in-house software development**, in the form of licenses, maintenance and supplementary services, rose 20 percent (previous year: 22 percent) from EUR 13,951 thousand to EUR 16,773 thousand. With revenues of EUR 14,237 thousand (previous year EUR 13,573 thousand) in consulting and EUR 5,243 thousand (previous year: EUR 4,507 thousand) in the case of software, each of the two segments reported revenue at a record level in the fourth quarter of 2008.



The **costs of revenues** increased in the year under review by 14 percent from EUR 38,609 thousand to EUR 43,916 thousand. Based on revenue, the figure rose slightly from 61 percent to 62 percent.

This resulted in an increase in **gross profit** from EUR 25,143 thousand to EUR 26,907 thousand, or by 7 percent. Relative to revenue, the figure fell from 39 percent to 38 percent.

Selling and marketing expenses increased by 14 percent from EUR 8,013 thousand to EUR 9,160 thousand, thus representing 13 percent of revenue as in the previous year.

General and administrative expenses, at EUR 7,055 thousand, were 4 percent higher than in the previous year (EUR 6,763 thousand). At the same time, however, these expenses fell from 11 percent to 10 percent as a proportion of revenue.

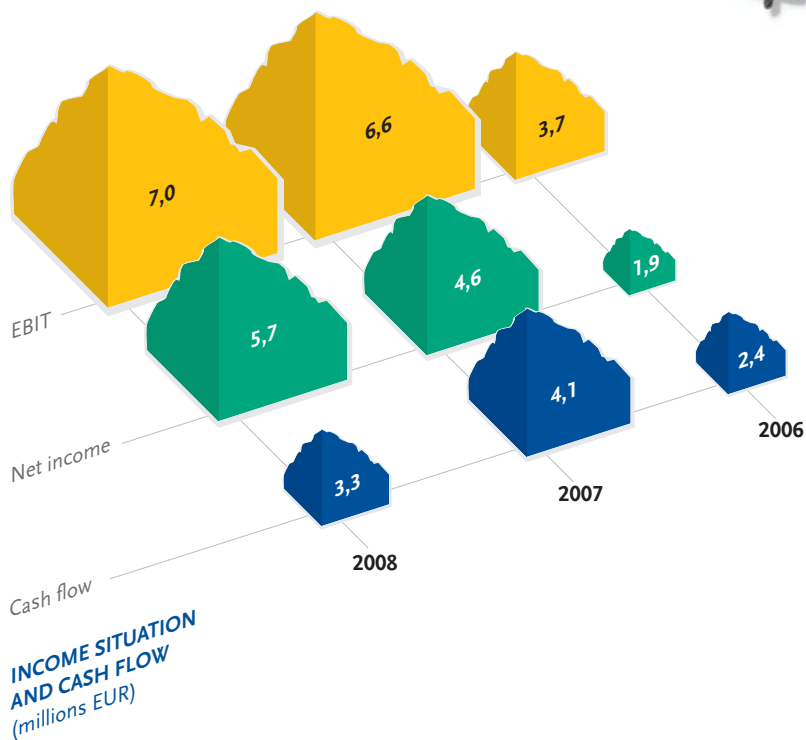
Research and development expenses, at EUR 4,622 thousand, remained on a par with the figure for the previous year (EUR 4,557 thousand). As a proportion of revenue, these expenses remained stable at 7 percent.

Operating income (EBIT) increased by 6 percent from EUR 6,610 thousand to EUR 7,026 thousand in 2008, while the EBIT margin remained at the previous year's level of 10 percent. **EBITDA** improved by 6 percent from EUR 7,600 thousand to EUR 8,039

thousand. This very pleasing development in important key figures can be attributed to the fact that both segments contributed towards earnings independently of one another. Consulting recorded an income from operations of EUR 3,195 thousand (previous year: EUR 3,298 thousand), while

the software segment, at EUR 2,875 thousand (previous year: EUR 2,511 thousand), recorded positive earnings from operations for the third time, following its first positive figure in 2006.

Net interest decreased – essentially as a result of the capital repayment of EUR 3.99 per share – from EUR 651 thousand to EUR 535 thousand. As a further result of this distribution of capital repayment,



income from financial investments and securities increased from EUR 51 thousand to EUR 976 thousand, as the Group liquidated investments to finance the capital repayment. Mainly as a result of the rise in the Japanese yen and the renewed firmness of the US dollar compared to the euro, the **foreign currency exchange loss**, at EUR 40 thousand, was lower than that in the previous year (EUR 99 thousand).

Income taxes amounted to EUR 2,688 thousand, up from EUR 2,567 thousand in 2007. This includes EUR 2,704 thousand (previous year: EUR 2,553 thousand) of actual tax expense and EUR 16 thousand deferred tax revenue (previous year: EUR 14 thousand deferred tax expense). The effective tax rate fell from 36 percent in the previous year to 32 percent.

Net income improved disproportionately, increasing by 25 percent from EUR 4,552 thousand to EUR 5,703 thousand in 2008. Based on the undiluted number of 5,260,452 shares on the end-year key date, this amounts to **earnings per share** of EUR 1.08 (previous year: EUR 0.87 at 5,248,452 shares).

Business development of REALTECH AG

In its function as parent company, REALTECH AG manages various interests in other companies. The company essentially constitutes a management holding. REALTECH AG has a direct interest of 100 percent in most of its subsidiaries. The only exception is REALTECH Japan Co. Ltd., in which the holding has a direct interest of 54.1 percent (please also refer to 7. Interests in associates in the Notes to the Consolidated Financial Statements). The carrying amount **investments in affiliated companies** on the balance sheet date amounted to EUR 27,570 thousand, as in the previous year, while **loans to affiliated companies** stood at EUR 5,015 thousand (previous year: EUR 4,515 thousand).

On December 31, 2008, REALTECH AG recorded **receivables due from related parties** of EUR 12,179 thousand (previous year: EUR 13,334 thousand) and **accounts payable to affiliated companies** of EUR 771 thousand (previous year: EUR 401 thousand). In the year under review, the holding recorded a **net income** of EUR 4,057 thousand (previous year: EUR

REALTECH AG's Executive and Supervisory Boards will propose the distribution of a dividend of EUR 0.50 per share for fiscal year 2008.

2,525 thousand). This increase in net income compared to the year before can be attributed to an increase in profit transfers as well as proceeds from securities transactions. On average, REALTECH AG employed 18 people (previous year: 17).

Business development in the various regions

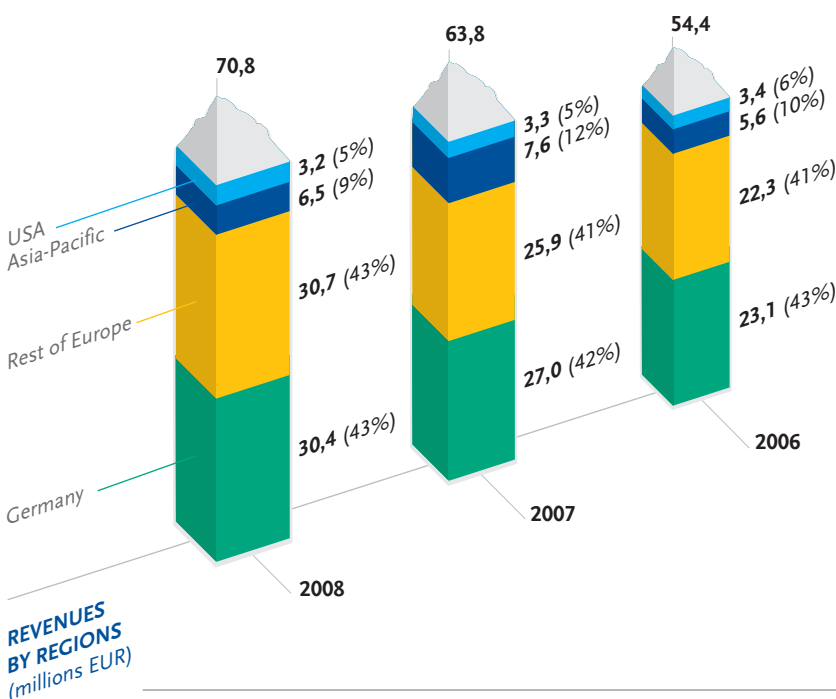
Two regions in which REALTECH operates recorded an increase in revenue in fiscal year 2008, whereas two other regions each recorded a slight drop in revenue. Revenues recorded in Germany increased 13 percent year on year (previous year: 17 percent) from EUR 27,038 thousand to EUR 30,413 thousand, increasing slightly to 43 percent as a proportion of Group revenue (previous year: 42 percent). Revenues recorded in other countries amounted to EUR 40,410 thousand, therefore representing 57 percent of total revenue compared to 58 percent the year before (EUR 36,714 thousand). The 10 percent increase (previous year: 17 percent) was achieved solely by the Region Rest of Europe.

The region Rest of Europe expanded its revenues by 19 percent (previous year: 16 percent) from EUR 25,916 thousand to EUR 30,769 thousand, a development that is in particular due to the 30 percent increase in revenue in Spain.

Revenues were up 13 percent in Italy, whereas a 12 percent decrease in revenue compared to the previous year was recorded in Portugal. The proportion of Group revenue recorded in region Rest of Europe increased from 41 percent to 43 percent.

The USA region recorded revenue of EUR 3,130 thousand, which corresponds to a 3 percent decline compared to the previous year (EUR 3,232 thousand). This region's contribution towards Group revenue therefore fell from 5 percent to 4 percent. An even greater decrease was reported in the Asia-Pacific region, where revenues of EUR 6,511 thousand were recorded – 14 percent less than a year previously (EUR 7,566). The proportion of Group revenue recorded decreased from 14 percent to 9 percent.

Income growth was positive both in Germany and in the region Rest of Europe. In Germany, gross profit was up 12 percent. This included a 4 percent increase in the gross profit margin in the consulting segment and a 17 percent increase in the software segment. In the area of research and development, expenses were up 2 percent compared to the year before, while expenses in sales and distribution rose





A customer survey has shown that 97 percent of customers are “satisfied”, if not “highly satisfied”, with our performance.

to the year before, while expenses in sales and distribution rose by 10 percent. Administrative expenses decreased by 2 percent year on year. As a result of the situation described, the German REALTECH companies recorded a 39 percent increase in EBIT to EUR 4,514.

The region Rest of Europe excluding Germany succeeded in increasing its profitability in terms of EBIT by 6 percent to EUR 2,295 thousand. Two of the three REALTECH subsidiaries in this region, namely Italy and Spain, contributed towards this. Income from operations in the USA region decreased from EUR 221 thousand to minus EUR 301 thousand. The Asia-Pacific region recorded an EBIT figure of EUR 518 thousand, which constitutes a reduction of 47 percent (previous year: EUR 979 thousand). Japan recorded a slight improvement in income from operations, whereas EBIT was lower for both New Zealand and Singapore.

■ Appropriation of net profits

REALTECH AG’s financial statements form the basis for a resolution to be passed during the General Meeting on the appropriation of earnings. The net profit recorded by REALTECH AG in the year under review amounted to EUR 4,516 thousand, following on from EUR 3,089 thousand in 2007. At the General Meeting, REALTECH AG’s Executive and Supervisory Boards will propose the distribution of a dividend of EUR 0.50 per share for fiscal year 2008 from the company’s net profit. The two committees passed these resolutions on February 16, 2009. The General Meeting is scheduled to be held in Wiesloch on May 19, 2009.

■ Investment and financing

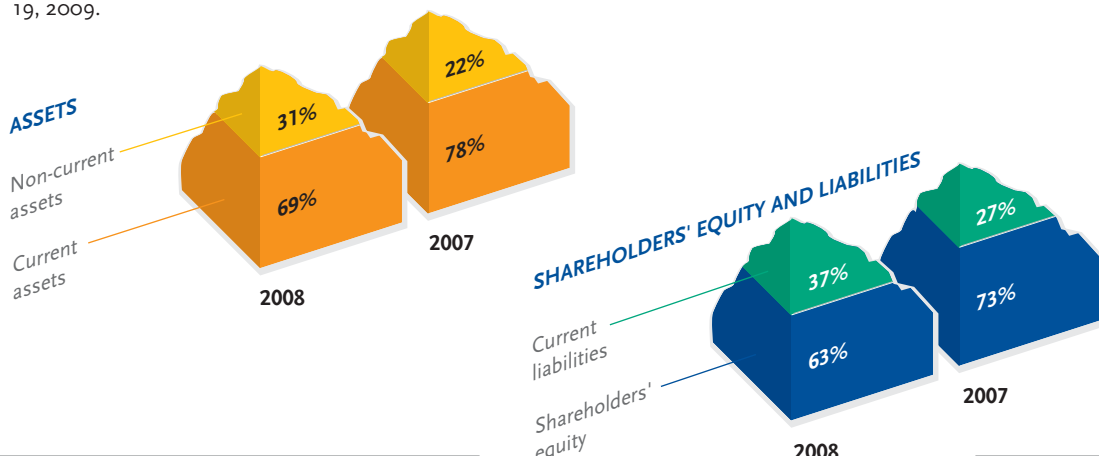
The REALTECH Group reported **cash flow from operating activities** of EUR 3,314 thousand in the year under review, compared to EUR 4,047 thousand in 2007. This development can essentially be attributed to the reduction in the level of other liabilities. The lower figure is related to the capital reduction amounting to EUR 1,411 thousand that was decided on at the General Meeting on May 22, 2007 and paid out to shareholders on February 14, 2008.

Cash flow from investing activities in 2008 amounted to EUR 15,668 thousand, having been minus EUR 4,903 thousand the year before. This increase can particularly be attributed to the cash distribution decided on by the General Meeting on May 29, 2008 and carried out on December 8, 2008.

Cash flow from financing activities decreased from minus EUR 2,231 thousand to minus EUR 23,551 thousand. This was also primarily caused by the capital increase from business funds, with a subsequent ordinary capital reduction, decided on at the General Meeting on May 29, 2008.

■ Principles and goals of financial management

The primary goal of financial management is to ensure the company’s liquidity. A key secondary goal is to minimize the company’s interest burdens. Financial management is the responsibility of the Group Treasury department.



■ Cash flow statement

The cash flow statement is as follows:

	2008 TEUR	2007 TEUR
Cash flow from operating activities	3.314	4.047
Cash flow from investing activities	15.668	(4.903)
Cash flow from financing activities	(23.551)	(2.231)
Change in cash and cash equivalents	(4.568)	(3.087)
Cash and cash equivalents at beginning of the period	9.885	12.973
Cash and cash equivalents at end of the period	5.317	9.886

■ Balance sheet structure

Compared to the same key date the previous year, **total assets** were down 28 percent from EUR 64,937 thousand to EUR 46,477 thousand. The main reason for this was the capital repayment on December 8, 2008 on the basis of an ordinary capital reduction. The **equity ratio** decreased from 72.7 percent to 62.9 percent. The equity capitalization continues to form a sound basis for achieving the company's planned growth targets.

On the balance sheet date, the REALTECH Group had **net cash and cash equivalents** of EUR 6,436 thousand (previous year: EUR 28,066 thousand). This decline was the result of the capital repayment of EUR 20,989 thousand in December 2008.

No matters of particular significance that have arisen since the end of the Group's financial year are known other than those disclosed here.

■ Non-financial performance indicators

One key factor in REALTECH's business success is competent employees, whose specialist knowledge and high motivation safeguard the company's leading market position. The company therefore continues to make every effort to retain its highly specialized employees in the long term. When it comes to competing for much sought-after specialists, REALTECH continues to be able to rely on its trump cards in personnel management: made-to-measure education and further training offerings, international prospects, individual development options and clear career models. The low level of fluctuation provides the best possible proof that REALTECH is considered by employees to be an attractive company to work for.

Another non-financial performance indicator worth mentioning is the high level of customer satisfaction. The customer survey that we carry out each year has shown that 97 percent of customers are "satisfied", if not "highly satisfied", with our performance.



Developers paid particular attention to the demands of major customers for ever greater information networking.

■ **DISCLOSURES AS PER SECTION 315, PARAGRAPH 4 OF THE GERMAN COMMERCIAL CODE**

REALTECH AG is required to provide disclosures in accordance with the catalog in Section 315, paragraph 4 of the German Commercial Code (Handelsgesetzbuch, HGB) for the past fiscal year (2008). To meet this requirement, the company is providing the following information:

Share capital is made up as follows: The company's share capital amounts to EUR 5,260,452.00 and is divided into 5,260,452 no-par value shares. The shares are in the name of the holder. There are no shares with special rights (Section 315, paragraph 4, point 4 of the German Commercial Code).

The proportions of capital held by Mr. Daniele Di Croce, Mr. Rainer Schmidt, Mr. Peter Stier and AvW Invest Aktiengesellschaft each exceed 10 percent of voting rights.

The members of the Executive Board are appointed and dismissed by the Supervisory Board in accordance with Section 84 of the German Stock Corporation Act (Aktiengesetz, AktG) and Section 5.2 of the Articles of Association. In accordance with Section 179, paragraph 1 of the German Stock Corporation Act, every change to the Articles of Association requires a decision to be made at the Annual General Meeting. The authority to make changes that only concern wording can be transferred by the Annual General Meeting to the Supervisory Board. This authority is granted to the Supervisory Board in Section 10.2 of the Articles of Association.

The powers of the Executive Board with regard to issuing or buying back shares are as follows (further details are defined in Section 4 of the Articles of Association): The Executive Board is authorized, with the approval of the Supervisory Board, to increase the company's share capital on one or more occasions up until May 1, 2009 by issuing new shares against cash or non-cash contributions by a total of up to EUR 3,233,707.02. The company's share capital has been conditionally increased by issuing up to 289,000 new shares.

Accordingly, the company's contingently issuable capital according to the commercial register extract on June 4, 2008 is EUR 289,000.00. This conditional capital increase will only be implemented to the extent to which the holders of bonds that the Executive and Supervisory Boards were authorized to issue up to May 15, 2007, based on a decision reached by the Annual General Meeting on May 16, 2002, make use of conversion rights/obligations or options.

Due to the expiry of conversion rights in fiscal year 2008, contingently issuable capital has decreased by EUR 9,400.00, which has not yet been entered in the commercial register. The company's contingently issuable capital on the balance sheet date amounted to EUR 279,600.00 (2,796 bonds each consisting of 100 shares).

As of the end of the day of the Annual General Meeting on May 29, 2008, in accordance with Section 71, paragraph 1, point 8 of the Stock Corporation Act, the company was authorized to purchase treasury shares amounting to up to 10 percent of share capital (EUR 5,248,452.00 at this point in time) up until November 28, 2009 for purposes other than trading in treasury shares. The shares purchased, together with other treasury shares held by the company or attributable to the company as per Section 71a ff. of the German Stock Corporation Act, must at no time amount to more than 10 percent of share capital.

The basic structure of remuneration and the extent of remuneration received by the Executive and Supervisory Boards are presented in the remuneration report. The remuneration report is part of the Management Report, and is included in the Corporate Governance chapter in accordance with the German Corporate Governance Code.

The company has no contracts as defined in Section 315, paragraph 4, point 8 of the German Commercial Code (Change of Control) and no compensation agreements as defined in Section 315, paragraph 4, point 9 of the German Commercial Code.



RESEARCH AND DEVELOPMENT

In the software business field, REALTECH is primarily concentrating on two areas. Firstly, the Group's internally developed theGuard! software family provides customers with an end-to-end solution for the automatic monitoring of their IT systems, the analysis of company applications and efficient, error-free service and support for complex IT environments. The second product family comprises solutions for making changes to major software installations in a reliable, traceable and efficient manner at all sites throughout a company. These solutions are aimed at both specialist departments and software developers. The portfolio is rounded off by SAP data integration products.

In 2008, REALTECH enhanced its software solutions with additional functions. Developers paid particular attention to the demands of major customers for ever greater information networking as well as adherence to important international standards such as ITIL (IT Infrastructure Library). In the area of software change management, REALTECH developed some entirely new products in 2008.

The feedback from customers and external testers regarding our solutions has been extremely positive. For example, the industry magazine "LANline" has tested various theGuard! solutions and written positive reports.

Investments

The company's research and development costs in fiscal year 2008 reached a value of EUR 4,622 thousand, which is slightly below the previous year's figure of EUR 4,557 thousand. These expenses remained steady at 7 percent of revenue. On December 31, 2008, the Group had 51 employees working in the research and development division at its Walldorf and Schweitenkirchen sites (previous year: 53 employees).

New products and versions

In 2008, REALTECH launched an extended and improved version of its theGuard! Service Management Center solution on the market. Amongst other things, this application supports additional standards and protocols, thus making it even easier to integrate and monitor all sorts of software applications. The new version has brought REALTECH numerous new customers, whose IT departments now work much more efficiently as they are able to control their service and support processes for SAP applications, as well as all other core applications and IT systems, entirely using theGuard! Service Management Center.

Our theGuard! ApplicationManager product – which is particularly suitable for monitoring SAP applications – has been added to Microsoft's list of recommended add-on programs for Microsoft's own monitoring solution. This honor, equivalent to a purchase recommendation, is enabling REALTECH to reach new buyer groups around the globe.

In the first half of 2009, REALTECH will be introducing its SyncAssist product, a special solution for SAP environments that facilitates the work of software developers. Via a connection to REALTECH TransportManager, the SyncAssist application automatically synchronizes various SAP systems and their versions. The advantage for customers is that they can avoid costly duplicate developments. Another new product is ChangePilot, which also allows changes to be managed for non-SAP applications.

Focus on new target groups

REALTECH expects the software business area to make an increased, positive contribution towards the company's net income again in 2009. The research and development division will continue to focus its efforts in 2009 on the latest technological developments. One example here is virtualization, which allows several operating systems to be used in parallel. In addition, REALTECH will be delivering new, market-oriented versions of its products and thus tapping further target groups.



REALTECH has an extensive risk management system, which allows the company to detect risks early on.

■ **RISK MANAGEMENT**

As a company with global operations, REALTECH AG is exposed to various risks in conjunction with its wide range of activities. The Group defines risks in the broadest possible sense as the danger of not reaching its financial, operational or strategic goals as planned. In order to ensure that the company is successful in the long term, it is thus essential to effectively identify and analyze risks, and to take appropriate control measures to remove or at least limit these risks.

REALTECH has an extensive risk management system, which allows the company to detect risks early on, analyze them and take appropriate measures. This system is implemented as an integral component of business processes throughout the company. It comprises a series of control mechanisms and is a core element of strategic decisions. Amongst other things, this includes the entry, monitoring and control of internal company processes and business risks, various management and control systems, a uniform, Group-wide planning process, as well as comprehensive and regular risk reporting. In order to ensure the effectiveness of risk management, transparency and the aggregation of risks in conjunction with reporting, REALTECH has established a uniform, Group-wide and integrated approach towards the management of company risks with direct reporting to the Executive Board. In this way, the Group can continually identify and assess the risks involved in all key business activities using a standardized, methodical approach. In addition, specialist departments are able to monitor implementation of the defined counteractive measures and regularly report on risks to management or the Executive Board.

■ **Uniform risk assessment throughout the corporate group**

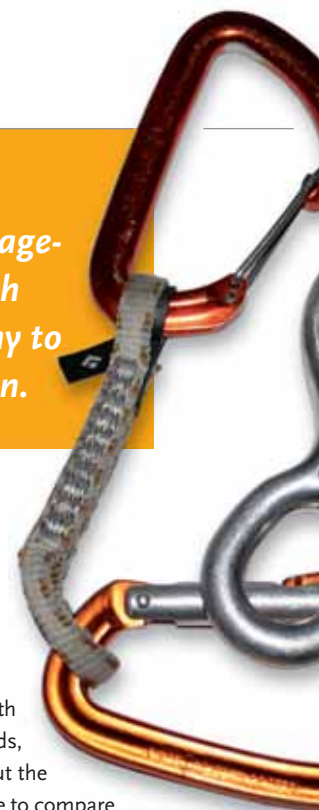
When assessing risks, REALTECH considers their probability of occurrence and the extent of damage that they would cause. In the process, the company uses both quantitative and qualitative methods, which are standardized throughout the company and thus make it possible to compare risk assessments across different business areas. The company then uses the result for the probability of occurrence and extent of damage, based on the uniform, Group-wide risk assessment matrix, to provide an assessment of the risk as a percentage.

In other areas that are less amenable to quantitative assessment, REALTECH uses the aforementioned standardized risk assessment matrix as a basis to perform qualitative risk assessments. In this process, the company estimates the probability of occurrence of individual risks and their consequences based on an assessment period of three years, and prioritizes risks accordingly. Risks are only controlled by taking out insurance when the Group considers this appropriate with a view to the associated economic benefits.

■ **Clearly defined risks**

With a view to creating transparency with regard to all risks that exist in the Group and also facilitating the tasks of risk management and reporting, REALTECH records all identified risks in a risk map as part of corporate reporting. In the context of quarterly risk reporting, the various specialist departments consolidate and aggregate risk management information and report on this to the Executive Board. If risks have an expected loss of more than EUR 4 million, REALTECH considers them to endanger the company's continued existence.

The company reviews its risk management guidelines and risk map on an annual basis and modifies them where necessary. Each year, the auditor investigates the basic suitability of the company's risk





management system for the early recognition of risks that endanger the company's continued existence as defined in Section 91, Paragraph 2 of the German Stock Corporation Act.

The significant company risks established and tracked using the risk management system are listed below under the risk category to which they belong based on the structure of the internal risk management reporting system.

■ **Economic risks**

The acquisition and implementation of REALTECH products and the implementation of REALTECH consulting projects can involve sizeable investments for customers, and are therefore subject to an investment decision-making process. Uncertainties, caused by changes in the political, legal and social situation, may have negative effects on the Group's net assets, financial position and earnings – as a result of both a reduction in the general willingness to invest and a time delay in the planning of such investments. The company's international orientation and the fact that REALTECH offers its products on all important world markets provide the company with the flexibility to compensate regional economic difficulties through better results on other markets. Earnings may be significantly affected by a decline in the general economic situation in particular if an international economic slump leads to declines in revenue across different countries and markets.

The economic declines resulting from events such as terrorist attacks, armed conflicts and natural catastrophes in recent years were generally only of a short-term nature and have had no lasting negative impact overall on business success.

REALTECH currently markets its products and services in more than 25 countries worldwide.

Business activities in these countries are associated with the usual risks involved in international activities.

As specified above, these risks include in particular the general economic or political situation of individual countries, interaction between different tax systems, and legal hurdles such as import and export restrictions, legal regulations governing the use of the Internet, and guidelines for the development or provision of software and services. For the majority of important target markets, in particular the markets in the EU, the Group considers these risks to be unlikely to take effect and believes their consequences to be minimal, thanks to the high level of convergence of legal regulations and tax code.

■ **Market risks**

In recent years, the entire IT sector has experienced a phase of consolidation resulting from company mergers. This also affected large companies such as SAP, IBM, Microsoft and Oracle. One possible consequence of a substantial increase in competition from new or stronger competitors is a decrease in revenues.

Concentrating on products from SAP makes REALTECH largely dependent on the market acceptance of this partner. REALTECH anticipates that the market for SAP solutions will continue to grow. In addition, SAP records a substantial proportion of its sales revenues from its large regular customer base. Should existing SAP customers decide against extending their maintenance contracts, or decide not to sign any new license contracts for further products, this could have a significant influence on the revenues and income of REALTECH. However, in view of the extremely sound growth recorded by SAP in business with existing customers in recent years, this seems unlikely. In addition, an increasing proportion of revenues recorded as a result of new customer business offers new sales opportunities and thus partial substitution options.

When it comes to developing its solutions, REALTECH pays great attention to customer requirements, hoping to maximize market acceptance. However, the company is not in a position to guarantee that this acceptance will also remain constant in the



The employee fluctuation rate of top performers is relatively low at REALTECH.

future. In particular, the fact that competitive pressure is constantly increasing – amongst other things due to takeovers and the associated market concentration – may have the result that REALTECH products do not obtain the desired market access.

■ Risks in strategic planning

A significant part of REALTECH's strategy entails further expanding its market share. The process of developing new products and launching them on the market is always associated with risks that may have a negative impact on the company's financial position and earnings. Over the past few years, the company has demonstrated its ability to successfully counteract the risks connected with new products and further expand its market share. In addition, REALTECH is confident that it can meet the requirements of its customers due to the fast benefits obtained from the application of products and implementation of consulting projects, combined with assessable risk and foreseeable costs. For this reason, the Group considers it unlikely that planned product innovations and services will have any significant negative impact on income growth.

■ Personnel risks

It is the company's highly qualified employees who enable REALTECH to provide and market its services, develop and market its products, and successfully manage its business processes. If a large number choose to leave REALTECH and the company is unable to find suitable replacement employees, this may have a detrimental effect on business. With the exception of selected executives, the employment contracts of most REALTECH employees currently contain no competition clause for the event that the employees terminate their working relationship. Therefore, in view of the fact that competition for highly qualified people in the IT sector has become stronger again, it is not possible to guarantee that REALTECH will be able to retain its top performers



in the long term. Nevertheless, the employee fluctuation rate is relatively low. The company therefore estimates the risk of suffering any real impairment to its business development as a result of losing managers and employees to be low at present.

■ Communication and information risks

In recent years, REALTECH has implemented a range of measures to counteract the risk of internal, confidential announcements and information regarding highly sensitive topics, for instance future strategies and products, being passed on to the general public incorrectly or too early. These measures include binding company-wide security standards and guidelines on internal and external communication, IT precautions to prevent confidential internal content from being forwarded via external communication networks, as well as the distribution of specially encrypted hardware to employees who regularly work with confidential information. Despite this, there is no guarantee that these protective mechanisms will be successful in every single case. However, in view of the far-reaching measures, which REALTECH regularly reviews, the company considers it unlikely that the aforementioned risk will take effect.

■ Financial risks

Since January 1, 1999, the euro has been REALTECH's balance sheet and Group currency. The company processes a comparatively small proportion of its transactions in other currencies, meaning that the periodic fluctuations of individual currencies may have an effect on REALTECH's sales revenues and earnings. Appreciation of the euro in respect to other currencies generally has a negative effect, while depreciation of the euro has a positive effect.

However, the company estimates these risks to be low and easy to calculate. REALTECH continually monitors potential currency fluctuation risks on the basis of balance sheet items and expected cash flows, and deals with these risks by means of targeted exchange rate management. Other financial risks are averted by a credit management system, as well as by stringent receivables management and checks on creditworthiness.

■ **Operative risks**

REALTECH needs to take a large number of potential risks into account with regard to its consulting and product business. Despite numerous precautions, the Group is unable to guarantee that it will succeed in detecting and neutralizing all risks at an early stage. Moreover, several of these risks lie outside REALTECH's sphere of influence.

Principally, the company is subject to the risk that the products and services it offers may not enjoy sufficient market acceptance. As a result of a rapid technology changeover or erroneous development activities, for instance, the company may not quite meet customer requirements. In addition, cyclical fluctuations may postpone expected revenues and income in the short or medium term.

All REALTECH solutions, as well as all new product versions, are subject to a comprehensive quality assurance procedure. Nevertheless, there is still a danger of issues occurring that have a negative effect on the company's image. Identified errors could cause a delay in new products being brought to market, with the result of additional costs and lost revenues.

Events that occur as a result of such risks may detract from the validity of original assumptions regarding future business developments as well as forecasts regarding revenue and income. At present, REALTECH assumes that general economic conditions

will have no significant negative impact on its business development. Nevertheless, unexpected changes in the economic situation could have a detrimental effect on the Group's revenue and income.

■ **Insurance risks**

The REALTECH Group is insured against claims for damages, including claims under liability law. In this way, the company is able to limit the possible consequences of remaining risks, if not eliminate them altogether. REALTECH regularly reviews the extent of its insurance cover and updates it as necessary.

■ **Other risks**

Risks also result from rules and laws relating to tax, competition, and patents. In order to counteract such risks, REALTECH bases decisions and the design of business processes on extensive legal consulting both by its own experts and by proven external experts. Although REALTECH essentially protects its rights, software, and intellectual property through copyright and trademarks, the company cannot entirely eliminate the possibility of unauthorized users copying its products or misusing existing rights.

New laws or changed jurisprudence may give rise to legal regulations that also affect past issues. REALTECH has formed the necessary balance-sheet provisions for such risks.



Sign at the Uhuru summit of the Kibo – the highest point of the African continent.



In order to expand its business, REALTECH has in the past purchased not only companies, but also products and technologies. Such acquisitions are also planned for the future, whereby REALTECH's main aim is to specifically extend its product portfolio. The risks typical of such transactions include the integration of an acquired company and the technologies or products concerned into existing technologies and products, a possible interruption to ongoing business activity, problems in obtaining important specialists and executives, the unwitting adoption of essential obligations of the acquired company, and possible negative effects on relationships with partner companies or customers.

REALTECH combats these risks with a wide range of measures, ranging from a comprehensive technical, financial, tax-related and legal due diligence verification of the acquisition object and end-to-end risk assessment to establish major transaction and integration risks, through to detailed integration planning and implementation by special integration teams. As REALTECH has acquired only a relatively small number of companies up to now, the risks described above appear controllable, and it is unlikely that they will trigger any significant negative influence on the company's expected earnings.

No developments can currently be observed that may endanger the company's continued existence or have a substantial detrimental effect on the company's net assets, financial position and earnings. An overall assessment of risks and the risk management system used have shown that only a few, limited risks exist and that the risk management system works efficiently.

■ OUTLOOK

Fiscal year 2008 was a successful, but also difficult year for REALTECH. On the one hand, the Group succeeded in increasing revenue by 11 percent and EBIT by 6 percent. On the other hand, it was very noticeable from the fall of 2008 onwards that the mood in the economy is becoming increasingly gloomy as a result of the global financial crisis. REALTECH customers have also been affected by this slowdown, with the result that individual IT projects have already been approached with increased restraint. Faced with such an overall economic environment, REALTECH cannot help but be affected by the development as well – even though the prospects for the IT sector remain comparatively robust.

In any case, although fiscal year 2009 poses a great challenge, REALTECH is well equipped for the future. After all, a smoothly running IT infrastructure is nowadays absolutely essential for the success of our customers. Together with customers, REALTECH is working on optimizing not only IT systems, but also the business processes based on them. With our two main pillars of consulting and software, we have a product and service portfolio that helps organizations to gain real advantages, and therefore also tangible profits, from investments in IT infrastructure. This becomes particularly important in times of crisis, as the only way for customers to achieve a clear reduction in costs is to make their processes more efficient.

■ Successful processes, projects and products

The primary factor that sets REALTECH apart from the competition is its combination of specialist SAP technology knowledge and expertise in the consulting business. Over the next few years, the company intends to progressively increase its focus on more sophisticated projects that require intensive consulting services, placing a particular emphasis on innovative and powerful SAP application environments. In particular, REALTECH will be further expanding the high-margin segment of optimizing business processes.

In any case, although fiscal year 2009 poses a great challenge, REALTECH is well equipped for the future.

In the software segment, REALTECH has established a position on the market with two tried and tested product lines: its theGuard! software family and applications that are designed especially for SAP operation. These solutions ensure that critical company processes do not come to a standstill, accelerate workflows and enable IT departments to return to concentrating on their actual competences. Over the next few years, REALTECH will be consistently enhancing its software portfolio on the basis of its existing products.

As always, attention will be paid to precisely analyzing customer expectations and aligning solutions even more closely with the requirements of computer center operators and the market. REALTECH needs to develop its solutions in such a way that they provide real, demonstrable added value for customers, as only in this way will the company continue to operate successfully on the market in the future. The company has demonstrated over the last few years that it is capable of doing so. REALTECH will continue to follow this customer-oriented strategy in the future.

■ The year 2009

From a geographical viewpoint, REALTECH will in 2009 once again be focusing on Europe. In its key markets of Germany, Italy and Spain, the Group has always set itself apart by offering a particularly broad range of services and, following the growth in 2008, these core markets also continue to have a great deal of potential. For example, REALTECH's subsidiary in Spain has been the market leader for SAP technology consulting in this southern European country for years. REALTECH has a strong market position in Germany, Italy and Spain, and will make the most of this position in order to further expand its consulting portfolio in a customer-oriented, demand-based manner.

In 2009, REALTECH intends to particularly concentrate on achieving profitable growth, obtaining a positive cash flow and recording a profit margin on a par with that in 2008. Our goal must be to operate on the market more effectively than the competition and focus on topic areas that bring great benefits for customers.

One goal of central importance will be to safeguard jobs in the Group. This is because well trained employees are and will remain a consulting and software enterprise's most important capital – especially in an economic environment characterized by sustained uncertainty.

With our eyes set on these goals, we are confident of being able to master the current economic crisis in the best possible way for both investors and employees.

The difficulties regarding further economic development are currently manifesting themselves in the fact that market research companies and economic research institutes do not agree on and are uncertain about their forecasts as to how the global economy and individual industries will develop. At the same time, even major German corporations are unable to precisely define their expectations for 2009 and provide concrete figures.

In the first quarter of 2009, as this report is being written, there is still a great deal of uncertainty concerning future economic trends not only throughout Germany, but even on a global scale. For this reason, the Executive Board of REALTECH AG will postpone announcing a specific revenue and profit forecast for the current fiscal year for the time being and wait until reliable economic data regarding overall economic development becomes available.

In spite of all the uncertainty, REALTECH is well aware of its strengths and will make the most of these strengths wherever possible in order to assert itself in a difficult market environment. With a clearly defined service portfolio, a pronounced customer orientation and competent employees, REALTECH has sound foundations for emerging from the general economic crisis with renewed strength.

Walldorf, February 27, 2009
REALTECH AG
The Executive Board

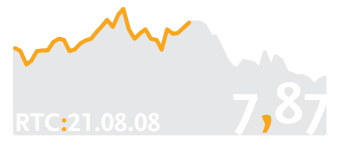
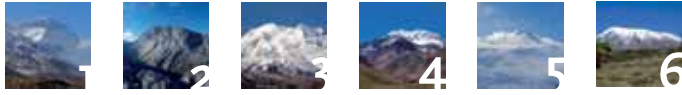
Consolidated Financial Statements

THE SUCCESS.



ELBRUS

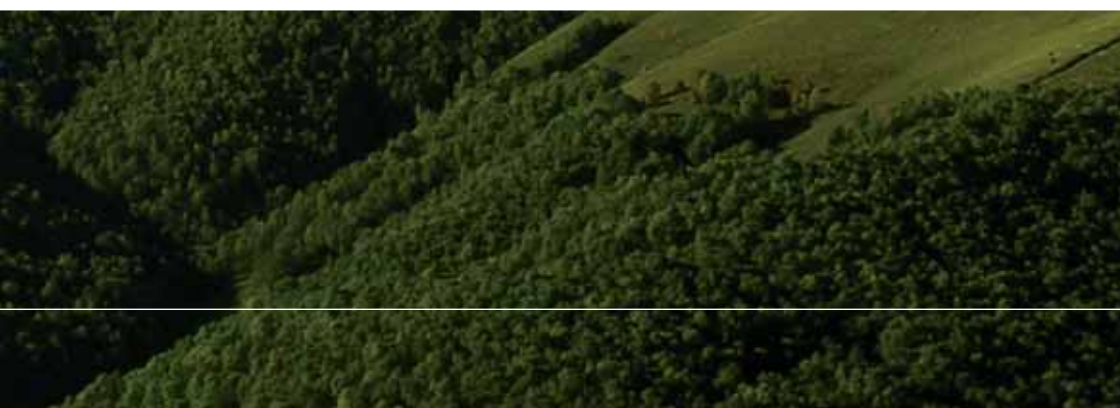
Mount Elbrus is located around twelve kilometers to the north of the main ridge of the Caucasus Mountains, meaning that it lies completely in European territory and is thus also the continent's highest peak. The ascent of this mountain doesn't pose any major technical difficulties, but should nevertheless not be underestimated. The majestic height of this prominent double peak and its proximity to the Black Sea give rise to extremely volatile weather. Sudden changes in weather are possible, especially in the area around the summit, with perfect sunshine changing to fog and icy temperatures in a matter of minutes.



Europe



Name	Elbrus
Elevation	5.642m
Location	Kabardino-Balkaria (Russia)
Range	Kaukasus
Coordinates	43° 21' 18" S, 42° 26' 21" W
First ascent	1874, F. Gardiner, F. Crauford Grove, H. Walker, P. Knubel



Consolidated Balance Sheets

ASSETS	Notes	31.12.2008 EUR	31.12.2007 EUR
Non-current assets			
Intangible assets	(6)		
Concessions, industrial rights and similar rights and assets		326.644	297.716
Goodwill		4.335.679	4.335.679
		4.662.323	4.633.395
Tangible assets	(6)		
Property, plant and equipment		7.433.708	7.772.756
Technical equipment and machines		68.412	44.911
Other equipment and office equipment		1.644.799	1.709.024
		9.146.919	9.526.691
Financial assets	(6)		
Other financial assets		137.334	85.071
Deferred tax assets	(14)	282.500	304.141
		14.229.076	14.549.298
Current assets			
Receivables and other assets			
Trade receivables	(8)	24.028.022	21.159.209
Income tax receivables	(14)	697.701	211.759
Other financial assets	(9)	371.774	490.513
Other assets	(10)	714.667	459.849
		25.812.164	22.321.330
Securities	(11)	1.118.737	18.180.309
Cash and cash equivalents		5.317.207	9.885.536
		32.248.108	50.387.176
Total assets		46.477.184	64.936.474

SHAREHOLDERS' EQUITY AND LIABILITIES

	Notes	31.12.2008 EUR	31.12.2007 EUR
Shareholders' equity	(12)		
Subscribed capital		5.260.452	5.248.452
(Authorized capital EUR 279.600,00; py: EUR 301.000,00)			
Additional paid-in capital		13.334.574	34.200.867
Surplus for market appraisal of securities		(479.130)	168.515
Cumulative translation differences		35.141	(135.964)
Retained earnings		10.349.782	7.276.847
		28.500.819	46.758.717
Minority interests	(13)	724.847	443.893
		29.225.666	47.202.610
Current liabilities			
Trade accounts payable	(16)	2.335.810	2.186.072
Income tax payable	(14)	1.067.659	1.415.082
Provisions	(15)	8.842.670	8.561.773
Other financial liabilities	(16)	126.398	25.374
Other liabilities	(16)	4.398.300	5.027.304
		16.770.837	17.215.605
Deferred tax liabilities (non-current)	(14)	480.681	518.259
Total shareholders' equity and liabilities		46.477.184	64.936.474

Consolidated Statements of Income

	Notes	2008 EUR	2007 EUR
Revenues	(17)	70.822.937	63.752.375
Costs of revenues		43.916.362	38.609.006
Gross profit		26.906.575	25.143.369
Selling and marketing expenses		9.160.417	8.013.345
General and administrative expenses		7.054.622	6.763.222
Research and development expenses		4.621.664	4.557.405
Other operating expenses	(19)	1.574.576	1.326.201
Other operating income	(20)	2.530.855	2.126.970
Operating income		7.026.152	6.610.166
Net interest	(21)	535.062	650.567
Income from financial assets and securities		975.862	51.225
Foreign currency exchange gain/(loss)		(39.798)	(98.684)
Income before taxes and minority interests		8.497.278	7.213.274
Income taxes		2.687.754	2.566.525
Income before minority interests		5.809.524	4.646.749
Minority interests		106.362	94.509
Net income		5.703.161	4.552.240
Accumulated profit carried forward		7.276.847	5.336.833
Dividend payment		2.630.226	2.612.226
Retained earnings		10.349.783	7.276.847
Average number of shares outstanding – basic		5.255.952	5.248.452
Average number of shares outstanding – diluted		5.535.552	5.549.452
Earnings per share – basic		1,08	0,87
Earnings per share – diluted		1,03	0,82

Consolidated Statements of Cash Flows

	2008 EUR	2007 EUR
Net income	5.703.161	4.552.240
Depreciation of fixed assets	1.012.858	990.220
Change in asset disposals	144.093	3.329
Change in convertible bonds (personnel expenses)	54.241	70.000
Other change in shareholders' equity and in minority interests	(183.587)	(1.084.554)
Change in income tax payable	1.220.455	1.398.900
Payment for income taxes	(1.567.878)	(903.217)
Change in provisions	280.897	295.655
Change in trade receivables	(2.868.813)	(3.828.561)
Change in other assets	(600.381)	1.775
Change in trade accounts payable and in other current liabilities	(415.820)	1.901.710
Proceeds from interests	550.505	654.736
Payment for interests	(15.443)	(5.554)
Cash flow from operating activities	3.314.288	4.046.679
Purchase of intangible assets	(145.573)	(239.517)
Purchase of tangible assets	(664.936)	(864.284)
Investment in financial assets	(47.859)	5.731
Change in current securities	16.526.510	(3.805.096)
Cash flow from investing activities	15.668.142	(4.903.166)
Change in dividends	(2.630.226)	(2.612.226)
Change in convertible bonds	68.670	381.280
Change in repayment of capital	(20.989.203)	0
Cash flow from financing activities	(23.550.759)	(2.230.946)
Change in cash and cash equivalents	(4.568.330)	(3.087.437)
Cash and cash equivalents at beginning of the period	9.885.536	12.972.973
Cash and cash equivalents at end of the period	5.317.207	9.885.536

Consolidated Statements of Changes in Shareholders' Equity

	Common stock Number	Subscribed capital EUR	Additional paid-in-capital EUR
December 31, 2005	5.092.452	6.467.414	33.228.257
Change in subscribed capital	81.000	102.870	
Net income			
Unrealized profit/loss from securities translations incl. effects from its realization			
Translation adjustments			
Dividend payment			
Execution of stock options and convertible bonds			521.330
Minority interests			
December 31, 2006	5.173.452	6.570.284	33.749.587
Change in subscribed capital	75.000	(1.321.832)	
Net income			
Unrealized profit/loss from securities translations incl. effects from its realization			
Translation adjustments			
Dividend payment			
Execution of stock options and convertible bonds			451.280
Minority interests			
December 31, 2007	5.248.452	5.248.452	34.200.867
Change in subscribed capital	12.000	12.000	
Net income			
Unrealized profit/loss from securities translations incl. effects from its realization			
Translation adjustments			
Dividend payment			
Capital increase from company's own resources		20.989.203	(20.989.203)
Ordinary capital reduction		(20.989.203)	
Execution of stock options and convertible bonds			122.911
Minority interests			
December 31, 2008	5.260.452	5.260.452	13.334.574

	Surplus for market appraisal of securities EUR	Cumulative translation differences EUR	Retained earnings EUR	REALTECH AG shareholders' interest of equity EUR	Minority interests EUR	Shareholders' equity EUR
	(179.046)	(23.239)	3.943.669	43.437.054	286.909	43.723.964
				102.870		102.870
			1.902.409	1.902.409		1.902.409
	205.015			205.015		205.015
		(134.060)		(134.060)		(134.060)
			(509.245)	(509.245)		(509.245)
				521.330		521.330
					83.587	83.587
	25.969	(157.299)	5.336.833	45.525.374	370.496	45.895.870
				(1.321.832)		(1.321.832)
			4.552.240	4.552.240		4.552.240
	142.546			142.546		142.546
		21.335		21.335		21.335
			(2.612.226)	(2.612.226)		(2.612.226)
				451.280		451.280
					73.397	73.397
	168.515	(135.964)	7.276.847	46.758.716	443.893	47.202.610
				12.000		12.000
			5.703.161	5.703.161		5.703.161
	(647.645)			(647.645)		(647.645)
		171.105		171.105	174.628	345.733
			(2.630.226)	(2.630.226)		(2.630.226)
				(20.989.203)		(20.989.203)
				122.911		122.911
					106.326	106.326
	(479.130)	35.141	10.349.782	28.500.819	724.847	29.225.666



Notes to the Consolidated Financial Statements

ACCOUNTING POLICIES

1. Basis of preparation of the consolidated financial statements

REALTECH AG has prepared its consolidated financial statements in accordance with the accounting standards of the International Accounting Standards Board (IASB) – i.e. the International Financial Reporting Standards (IFRS) as they must be applied in the EU – since fiscal year 2005. The IAS, IFRS and corresponding interpretations of the International Financial Reporting Interpretations Committee (IFRIC – formerly SIC) applicable on December 31, 2008 have been taken into account. The figures for the previous year were also determined based on the same standards.

According to Section 315a of the German Commercial Code (Handelsgesetzbuch, HGB), REALTECH AG is required to prepare consolidated financial statements in accordance with IFRS. The consolidated financial statements have been prepared in euros. Where there is no indication to the contrary, all amounts are specified in thousands of euros (TEUR). The consolidated financial statements give a fair presentation of the Group's net assets, financial position and earnings situation.

The income statement has been prepared in accordance with the “cost of sales” method.

REALTECH AG is a registered stock corporation under German law and is headquartered in Walldorf/Baden, Germany.

The company maintains a presence and offers its products and services in Germany, Italy, Spain, Portugal, the United States of America, New Zealand, Singapore and Japan. The company manages and supports its subsidiaries specializing in technology consulting, hosting SAP and e-business solutions, and software development for applications and systems management.

The Executive and Supervisory Boards decided at their meeting on February 16, 2009 to propose at the next General Meeting the distribution of a dividend of EUR 0.50 per share (EUR 2,630,226.00). This planned distribution must be taxed based on the individual situations of the shareholders. The compensation procedure in force since January 1, 2009 leads to a tax burden of 26.98% (25% withholding tax plus 5.5% solidarity surcharge). In addition, church tax must be paid where appropriate.



■ Mandatory standards and interpretations not yet applied

Up to the date of preparation of the consolidated financial statements as of December 31, 2008, the following new and changed standards and interpretations were passed. However, they take effect at a later point in time and have not been prematurely applied in these consolidated financial statements. The consequences for the company's consolidated financial statements have not yet been fully analyzed, meaning that the expected effects presented in the footnotes to the following table merely represent an initial estimate.

Standard/interpretation	FN	To be applied for fiscal year as of	Planned initial application as of
IFRS 2 Share-based payment	1,3	January 1, 2009	January 1, 2009
IFRS 3 Business Combinations/IAS 28/IAS 31	1,3	January 1, 2009	July 1, 2009
IFRS 8 Operative segments	2	January 1, 2009	January 1, 2009
IAS 1 Presentation of Financial Statements	1,3	January 1, 2009	January 1, 2009
IAS 23 Borrowing Costs (revised)	1,3	January 1, 2009	January 1, 2009
IAS 27 Consolidated and Separate Financial Statements as per IFRS	1	January 1, 2009	July 1, 2009
IAS 32 Financial Instruments: Presentation (revised)	1,3	January 1, 2009	January 1, 2009
IFRIC 12 Service Concession Rights	1,3	January 1, 2009	January 1, 2009
IFRIC 13 Customer Loyalty Programmes	1,2	July 1, 2008	January 1, 2009
IFRIC 15 Agreements for the Construction of Real Estate	1,3	January 1, 2009	January 1, 2009
IFRIC 16 Hedges of a Net Investment in a Foreign Operation	1,2	January 1, 2008	Q2 / 2009
Improvements to IFRS/IAS 16 Property, Plant and Equipment, IAS 19 Employee Benefits, IAS 20 Accounting for Government Grants and Disclosure of Government Assistance, IAS 8 Accounting Policies, IAS 10 Events after Reporting Period, IAS 18 Revenue, IAS 29 Financial Reporting in Hyperinflation Economics, IAS 34 Interim Financial Reports, IAS 39 Financial Instruments, IAS 40 Investment Property, IAS 41 Agriculture, IFRS Disclosure	1,2	January 1, 2009	January 1, 2009
IFRIC 17 Distributions of Non-cash Assets to Owners	1,2	January 1, 2009	January 1, 2009
IFRIC 18 Transfers of Assets from Customers	1,2	July 1, 2009	July 1, 2009
IFRS 1 and IAS 27 Cost of an investment in a subsidiary, jointly controlled entity or associate	1,2	January 1, 2009	January 1, 2009

- 1 No noteworthy consequences for the consolidated financial statements are expected.
- 2 Additional/modified notes to the consolidated financial statements are mainly expected.
- 3 The IASB/IFRIC pronouncement has not yet been adopted by the EU.
- 4 Subject to the outstanding EU endorsement.

The accounting policies applied correspond to the methods used the previous year. The consolidated financial statements are also based on the standards passed by the German Accounting Standards Board (GASB) and announced by the Federal Ministry of Justice in accordance with Section 342, paragraph 2 of the German Commercial Code.

■ New standards and interpretations applicable in the year under review

The new standards applicable in the year under review – IFRIC 11 “IFRS 2 – Group and Treasury Share Transactions”, IFRIC 14 “IAS 10 the Limit on a Defined Benefit Asset: Minimum Funding Requirements and their Interaction”, IFRIC 16 “Hedges of Net Investment in a Foreign Operation”, and IAS 39 and IFRS 7 “Reclassification of Financial Instruments” – did not have any effects on the company’s financial statements.

In fiscal year 2008, other assets and other liabilities were divided into financial and non-financial components. The figures for the previous year have been adapted accordingly to aid comparison. The financial assets of EUR 372 thousand (previous year: EUR 491 thousand) and financial liabilities of EUR 126 thousand (previous year: EUR 25 thousand) are presented separately. The presentation of earnings per share is not affected.

■ 2. Companies included in the consolidated financial statements

The group of consolidated companies of REALTECH AG, Walldorf, contains all subsidiaries in which the parent company holds a direct or indirect majority of voting rights:

- REALTECH System Consulting GmbH, Walldorf, Germany, 100%
- REALTECH Sales GmbH, Walldorf, Germany, 100%
- DB-Online GmbH, Walldorf, Germany, 100%
- LMC-LAN Management Consulting GmbH, Schweitenkirchen, Germany, 100%
- GloBE Technology GmbH, Walldorf, Germany, 100%
- REALTECH Italia S.p.A., Agrate Brianza, Italy, 100%
- REALTECH System Consulting S.L., Madrid, Spain, 100%
- REALTECH Portugal System Consulting Sociedade Unipessoal Lda, Lisbon, Portugal, 100%
- REALTECH Inc., Malvern, PA, USA, 100%
- REALTECH Ltd., Auckland, New Zealand, 100%
- REALTECH System Consulting Pte. Ltd., Singapore, 100%
- REALTECH Japan Co., Ltd., Tokyo, Japan, 54.1%

The group of consolidated companies has not changed since December 31, 2007.

Of the German subsidiaries with the legal form of a corporation, REALTECH System Consulting GmbH, Walldorf, LMC-LAN Management Consulting GmbH, Schweitenkirchen, and REALTECH Sales GmbH, Walldorf fulfilled the requirements stipulated in Section 264 (3) of the German Commercial Code (Handelsgesetzbuch) for utilizing the exemption regulation. The company thus refrains from disclosing the annual financial statements.

■ 3. Consolidation methods

The consolidated financial statements are based on annual financial statements that the companies included in the Group have prepared following the uniform IFRS rules. They have been checked by independent auditors. In accordance with the IFRS specifications, initial consolidation is carried out at the time of purchase, while deconsolidation is carried out at the time of sale. The balance sheet dates of the companies included in the consolidated financial statements correspond to the Group's balance sheet date (December 31).

For the subsidiaries included, capital consolidation is carried out using the purchase method. The cost of the interests acquired is offset against the proportionate equity of the subsidiary at the time of purchase. Where no substantial differences exist between the fair value and the recognized value of assets and liabilities, remaining differences are recognized as goodwill under intangible assets in accordance with IFRS 3. Negative goodwill must be recognized in the income statement. For all companies initially consolidated before January 1, 2004, the updated values from consolidation in conjunction with US-GAAP accounting have been retained in accordance with IFRS 1.

Intercompany revenues, income and expenses, and receivables and payables are offset and intercompany profits are eliminated. The necessary deferred taxes are applied to the consolidation transactions.

■ 4. Currency translation

The annual financial statements of the company's foreign subsidiaries are converted to euros in accordance with IAS 21 using the modified reporting date method and based on the concept of functional currency. As the subsidiaries conduct their operations autonomously from an organizational, financial and economic viewpoint, the national currency in each case is identical to the functional currency.

Income and expenses are converted at average annual exchange rates, while assets and liabilities are converted using the mean rate on the balance sheet date. The resulting difference is offset against equity with no effect on profit or loss and is shown separately there (reconciling item in currency translation).



■ 5. Summary of significant accounting policies

Intangible assets

Intangible assets are accounted for and measured in accordance with IAS 38, which stipulates that intangible assets acquired must be measured at cost less straight-line depreciation.

Intangible assets essentially comprise software and acquired goodwill. The regular useful life of software is three years.

In connection with the rules of IFRS 3, goodwill is accounted for based on the impairment only method and is subject to regular impairment tests.

The impairment tests are carried out for the defined cash generating units based on the rules of IAS 36 using the discounted cash flow method. A discounting rate of 12% is applied. The data from corporate planning, approved by management and the supervisory bodies, is used. This is based on a three-year period. Planning is based on the experience and results of past fiscal years, as well as on expectations regarding future market developments. As it is assumed that the acquired goodwill will be utilized in the long term, the last planning phase has been continued without a growth markup. It has been assumed that EBIT will remain constant in subsequent years. The two segments of consulting and software are defined as cash generating units. As in the previous year, the goodwill of EUR 4,335 thousand recognized on December 31, 2008 is made up of EUR 2,601 thousand from the consulting segment and EUR 1,734 thousand from the software segment.

Property, plant and equipment

Property, plant and equipment are recognized at cost less usage-based depreciation. A useful life of between 3 and 10 years is defined for movable property, plant and equipment. Buildings are subject to straight-line depreciation over 40 years.

Write-downs on property, plant and equipment are carried out in accordance with IAS 36, as long as the recoverable amount of the asset is higher than the carrying amount. The recoverable amount of an asset is defined as the higher of its net realizable value and its value in use. If the reasons for carrying out write-downs in previous years have ceased to apply, the asset is written up accordingly. Borrowing costs are shown as expense.



Leasing

Lessees are considered to be beneficial owners if all the risks and rewards incidental to ownership are substantially transferred by the terms of the finance lease (IAS 17). If beneficial ownership is attributable to the REALTECH Group, the assets are capitalized at the time the contract is signed – at fair value or at the lower present value of the minimum lease payments. Depreciation is carried out using the straight-line method in line with the economic life or over the shortened contract term.

The discounted payment obligations resulting from the leasing installments are treated as liabilities and presented under other liabilities.

Where operating leases exist in the REALTECH Group, leasing installments or rental payments are treated directly as an expense in the income statement.

Financial assets

The company has financial assets in the loans and receivables and available for sale categories.

Loans and receivables

Trade receivables are shown at the time the revenue is realized or consideration is rendered and are measured at amortized cost taking account of appropriate markdowns for all recognizable risks.

Receivables resulting from issuing software licenses are not accounted for until a signed contract with the customer exists, any rights of return that have been granted have expired, and the software has been provided in accordance with the contract. Other financial assets are measured at cost. They are written down to the respective market price.

Allowances

Allowances are shown on a separate allowances account. An asset's carrying amount is reduced, or an asset is derecognized, when the asset is considered to be definitively uncollectible.



Available for sale

Securities are recognized with their cost and market values on the measurement date. Measurement gains and losses are shown under equity, with no effect on income, as a reserve for the market assessment of securities. Market values are derived from share prices on the balance sheet date. Securities provide reserve liquidity and are therefore shown in the available for sale category.

Deferred taxes

Deferred taxes are recognized, in accordance with IAS 12, for all temporary differences between the carrying amounts in the consolidated balance sheet and the tax base of assets and liabilities, as well as for tax loss carryforwards.

Deferred tax assets for accounting and measurement differences as well as for tax loss carryforwards are only recognized if it is sufficiently probable that these differences will lead to the corresponding benefits in the future. Deferred tax assets and liabilities are set off against one another if the tax creditors are identical and the payment periods match.

Cash and cash equivalents

Cash and cash equivalents are defined as cash in hand, bank balances and fixed-term deposits with terms of up to 3 months. The securities item only includes highly liquid short-term financial investments which can be converted into certain cash amounts at any time and are only subject to insignificant value fluctuations.

The company classifies all current-asset securities as available for sale. These items are measured on the balance sheet date at market value, with value changes being offset against equity with no effect on profit or loss.

Liabilities

Liabilities are carried at amortized cost or redemption values. Liabilities resulting from finance leases are shown at the present value of the future leasing installments.

All financial liabilities have been measured at amortized cost.

Provisions

Provisions take account of all recognizable obligations to third parties in accordance with IAS 37. It must be possible to reliably estimate their extent and it must be more likely than unlikely that this will lead to an outflow of future resources. Provisions are only made for legal and constructive obligations to third parties.



No provisions are made for expenses because there is no external obligation in this case. The established provisions are assigned to current liabilities.

Use of estimates

A certain amount of estimates and assumptions are required in the consolidated financial statements. These affect the assets and liabilities carried on the balance sheet and the disclosure of income and expenses during the period under review. The actual amounts may differ from the estimates and assumptions.

The process of determining the recoverable amount for a cash-generating unit involves estimates by management. The methods used for determining the fair value less costs to sell include methods based on discounted cash flows and methods that revolve around listed market prices. The estimates, including the methods used, may have a significant effect on the determination of the fair value, and ultimately on the level of amortization of goodwill.

The measurement of property, plant and equipment and intangible assets involves estimating the expected useful lives of the assets. The fair values of assets are determined based on assessments by management.

In conjunction with determining the impairment of property, plant and equipment and intangible assets, estimates are made based on aspects such as the cause, point in time and level of the impairment. Impairment may be necessary due to a large number of factors. The main factors involved are changes in the current competition conditions, expectations regarding growth in the IT sector, increases in cost of capital, a change in the future availability of funds, technological obsolescence, the discontinuation of services, current replacement costs, purchase prices paid in similar transactions and other changes affecting the business environment that point to a decrease in value. As a rule, the recoverable amount and fair values are determined using the discounted cash flow method, which incorporates appropriate assumptions by market participants. The identification of factors indicating an impairment, the estimation of future cash flows and the determination of the fair values of assets involve significant estimates that management has to make with regard to the identification and verification of signs of impairment, expected cash flows, appropriate discount rates, respective useful lives and net book values. If the demand for products and services does not develop as expected, this will reduce revenues and cash flows, and may possibly lead to impairment losses in connection with the depreciation of these investments to their fair values. This could have a negative effect on the future earnings situation.



The company's management forms allowances for doubtful receivables in order to account for the expected losses resulting from customer inability to pay. The factors used by management as a basis for assessing the appropriateness of allowances for doubtful receivables are the due date structure of receivable balances, experience relating to the derecognition of receivables in the past, the creditworthiness of customers and changes to payment terms. If the financial situation of customers worsens, the level of actual derecognition may exceed the expected derecognition level.

Income taxes must be estimated for every tax jurisdiction in which the Group operates. The expected actual income tax must be calculated for each subject of taxation, and the temporary differences resulting from the differences between the IFRS consolidated financial statements and tax-based accounting with regard to the treatment of certain balance sheet items must be assessed. Where temporary differences exist, they give rise to the recognition of deferred tax assets and liabilities in the consolidated financial statements. The company's management must make estimates when calculating actual and deferred taxes. Deferred tax assets are recognized to the extent that it is probable that they can be utilized. The utilization of deferred tax assets depends on the possibility of obtaining a sufficient level of taxable income in conjunction with the respective tax type and tax jurisdiction, taking account of any legal restrictions regarding the maximum loss carryforward period. When assessing the probability of the future usability of deferred tax assets, various factors such as past earnings, operational planning, loss carryforward periods and tax planning strategies must be taken into account. If the actual results deviate from these estimates, or if these estimates need to be adjusted in future periods, this could have detrimental effects on the company's net assets, financial position and earnings. If the recoverability assessment for deferred tax assets is changed, the level of deferred tax assets recognized must be decreased in the income statement.

Revenues

The revenues of REALTECH AG essentially involve revenues from service contracts, from granting software licenses (usually for a limited period of time) and from the services closely related to this, as well as from maintenance revenues.

Service contracts for which customers are billed on the basis of the hours worked are accounted for depending on the services rendered by the REALTECH companies.



Revenues and expenses resulting from service contracts for which a fixed price has been agreed are accounted for based on the progress of the service (percentage of completion method, "PoC") in accordance with IAS 11 and IAS 18 – if the extent of the revenues can be measured reliably, it is sufficiently probable that the economic benefits associated with the transaction will flow to REALTECH AG, and the costs incurred for the transaction and the costs to complete the transaction can be determined reliably.

Revenues resulting from issuing licenses with no time restriction are not accounted for until a signed contract with the customer exists, any rights of return that have been granted have expired, the software has been provided in accordance with the contract, a price has been agreed or can be determined, and payment is sufficiently probable.

Revenues resulting from the maintenance business are accounted for proportionately over the period during which the service is rendered.

Revenues are presented less discounts, price reductions and customer bonuses.

Costs of revenues

The costs of revenues comprises full production-related costs on the basis of normal capacity utilization. Specifically, the costs of revenues includes individual costs that can be directly attributed to orders – essentially costs for personnel – as well as fixed and variable overheads, for instance depreciation.

Research and development expenses

Research and development expenses are treated as an expense in the income statement when they are incurred. During the process of creating and further developing software, the research and development phases are closely connected. This makes it impossible to precisely distinguish between the expenses involved in the two phases. The criteria for capitalizing separate development expenses in accordance with IAS 38.57 in conjunction with IAS 38.53 are therefore not met. These expenses remain immaterial with regard to their amount.



■ Notes on the consolidated balance sheet and consolidated income statement

■ 6. Fixed assets

Fixed assets changed as follows:

	Acquisition and manufacturing costs					
	01.01.2008 TEUR	Additions TEUR	Disposals TEUR	Currency translation adjustments TEUR	31.12.2008 TEUR	
Concessions, industrial rights and similar rights and assets	2.144	146	0	0	2.290	
Goodwill	7.075	0	0	0	7.075	
Intangible assets	9.219	146	0	0	9.365	
Property, plant and equipment	10.131	41	33	1	10.140	
Technical equipment and machines	185	49	29	17	222	
Other equipment and office equipment	8.559	674	208	(118)	8.907	
Tangible assets	18.875	764	270	(100)	19.269	
Other financial assets	80	42	0	6	128	
Financial assets	80	42	0	6	128	
	28.174	952	270	(94)	28.762	

	Accumulated depreciation					Net book values	
	01.01.2008 TEUR	Additions TEUR	Disposals TEUR	Currency translation adjustments TEUR	31.12.2008 TEUR	31.12.2008 TEUR	31.12.2007 TEUR
	1.847	115	(2)	0	1.964	326	297
	2.739	0	0	0	2.739	4.336	4.336
	4.586	115	(2)	0	4.703	4.662	4.633
	2.358	350	3	1	2.706	7.434	7.773
	140	33	31	12	154	68	45
	6.850	634	94	(128)	7.262	1.645	1.709
	9.348	1.017	128	(115)	10.122	9.147	9.527
	(5)	1	0	(5)	(9)	137	85
	(5)	1	0	(5)	(9)	137	85
	13.929	1.133	126	(120)	14.816	13.946	14.245

7. Interests in associates

On December 31, 2008, REALTECH AG directly held interests of at least 20% in the following companies:

Company name and location	Share of capital %	Equity on 31.12.2008 TEUR	Net income 2008 TEUR
REALTECH System Consulting GmbH, Walldorf, Germany	100,0	26	1)
REALTECH Sales GmbH, Walldorf, Germany	100,0	24	1)
DB-Online GmbH, Walldorf, Germany	100,0	163	1
LMC-LAN Management Consulting GmbH, Schweitenkirchen, Germany	100,0	40	1)
GloBE Technology GmbH, Walldorf, Germany	100,0	240	3
REALTECH Italia S.p.A., Agrate Brianza, Italy	100,0	2.535	352
REALTECH System Consulting, S.L., Madrid, Spain	100,0	1.924	659
REALTECH Portugal System Consulting Sociedade Unipessoal Lda, Lissabon, Portugal	100,0	285	81
REALTECH Inc., Malvern, PA, USA	100,0	(126)	(250)
Realtech Ltd., Auckland, New Zealand	100,0	794	(22)
REALTECH System Consulting Pte. Ltd., Singapore	100,0	276	74
REALTECH Japan Co., Ltd., Tokyo, Japan	54,1	853	125

1) A profit and loss transfer agreement exists. Delivery and service relationships exist between the associates.

8. Trade receivables

	31.12.2008 TEUR	31.12.2007 TEUR
Trade receivables	24.523	21.799
Allowances	495	640
	24.028	21.159

The trade receivables are due in the short term. This also includes those from production orders. The allowances have been calculated based on past experience of payment defaults. For years, REALTECH customers have been characterized by a high level of creditworthiness, evidenced by a low bad debt rate.

9. Other financial assets (current)

	31.12.2008 TEUR	31.12.2007 TEUR
Advance payments and deposits	219	252
Deferred revenue	153	212
Interest receivable	-	27
	372	491

10. Other assets

	31.12.2008 TEUR	31.12.2007 TEUR
Advance wage and travel cost payments	123	137
Prepaid expenses	393	323
Other	199	-
	715	460

As in the previous year, there were no contingent assets on the balance sheet date.

11. Securities

Excess funds are invested in part in interest-bearing securities, quoted in euros, with short-term or medium-term residual terms or in mutual funds that invest in such assets. The Group classifies these securities as available for sale. There are no trading securities. The securities item is broken down as follows:

	Market value 31.12.2008 TEUR	Unrealized gain 2008 TEUR	Unrealized loss 2008 TEUR
Interest-bearing securities	1.119	-	479

The Group's financial assets primarily comprise bank balances, trade receivables and securities. The credit risk is limited in the case of liquid funds as these have been assigned a high credit rating by international rating agencies. The Group does not have a significant concentration of credit risks as the risks are spread among a large number of contract parties and customers.

■ 12. Equity

Subscribed capital

The company's subscribed capital has been paid in full. The REALTECH AG General Meeting passed a resolution on May 29, 2008 to increase the company's subscribed capital by EUR 20,989,203.48 from EUR 5,260,452.00 to EUR 26,249,655.48 – in the form of a capital increase from business funds by converting part of the additional paid-in capital without issuing new shares – and reduce the thus increased subscribed capital by EUR 20,989,203.48 from EUR 26,249,655.48 to EUR 5,260,452.00 in accordance with the regulations concerning ordinary capital reduction (Section 222 ff of the German Stock Corporation Act) for the purpose of paying it back to shareholders. The reduction was carried out by reducing the arithmetical proportion of subscribed capital allotted to each share. The implementation of the capital increase provisionally increased the proportion of subscribed capital attributable to each individual share from EUR 1.00 to EUR 4.99 per share. However, this amount then decreased by EUR 3.99 to EUR 1.00 per share as a result of the capital reduction.

The decision regarding the capital increase and subsequent decrease was entered in commercial register no. HRB 351488 of the local Mannheim court on June 4, 2008. The capital-related actions and changes to the Articles of Association have thus taken effect. The announcement by the local Mannheim court was made on June 6, 2008.

The capital repayment of EUR 3.99 per share was implemented through Clearstream Banking AG, Frankfurt am Main on December 8, 2008, taking account of Section 225 of the German Stock Corporation Act (vesting period). The company's shares were traded "ex capital repayment" on the Frankfurt stock exchange the following day.

The number of no-par value shares issued as per December 31, 2008 amounted to 5,260,452. As a result of the exercising of conversion rights granted as part of the company's various share-based remuneration programs, the number of shares increased in fiscal year 2008 by 12,000. The nominal value of subscribed capital increased accordingly by EUR 12,000.

The company's subscribed capital on the balance sheet date amounted to EUR 5,260,452.

Authorized capital

The General Meeting of May 18, 2004 authorized the Executive Board to increase the share capital against cash and/or non-cash contributions by a total of up to EUR 3,233,707.02 before May 1, 2009 by issuing 3,233,707 no-par value shares (authorized capital). The Executive Board and Supervisory Board are authorized to exclude shareholders' subscription rights.



Contingently issuable capital

For the purpose of granting shares to the holders of convertible and/or warrant-linked bonds, the General Meeting on May 16, 2002 decided to implement a conditional capital increase of up to EUR 2,598,707.02 by issuing up to 2,046,226 new shares by November 18, 2007.

The company's contingently issuable capital according to the commercial register extract on June 4, 2008 is EUR 289,000.00. The reduction of contingently issuable capital by EUR 9,400.00 due to the expiry of conversion rights in fiscal year 2008 has not yet been entered in the commercial register. The company's contingently issuable capital on the balance sheet date amounted to EUR 279,600.00 (2,796 bonds each consisting of 100 shares).

Please also refer to the section on the Convertible Bond Program.

Purchase of treasury shares

Based on a resolution passed by the General Meeting on May 29, 2008, the authorization of the Executive Board to purchase treasury shares was extended until November 28, 2009. According to Section 71, paragraph 1 of the German Stock Corporation Act, the company is authorized to purchase treasury shares up to a total of 10% of the share capital of EUR 5,248,452.00. This authorization was not utilized in fiscal year 2008.

Share-based payment

REALTECH AG has set up various stock option and convertible bond programs for Executive Board members, senior executives and other employees in the Group. The expense recorded for services during fiscal year 2008 is EUR 0 thousand (previous year: EUR 70 thousand). This concerns expenses resulting from share-based remuneration transactions with compensation through equity instruments in accordance with IFRS 2.

The assessment is based on an expected volatility of 25.90%. It is assumed that future trends can be derived from historical volatility values, whereby the actual volatility may differ from the assumptions made here. The calculation is based on the Black Scholes formula, applying a risk-free interest rate of 3.93%. The anticipated term of these options is five years. The exercise price is EUR 5.87.

Convertible Bond Program

The conditional capital increase resolved by the General Meeting on May 16, 2002 to issue convertible and/or warrant-linked bonds also entails bonds being issued to company employees and managers – apart from the group of four founding shareholders – as well as to employees and members of the executive boards of companies associated with the company in accordance with Section 15 of the German Stock Corporation Act (Aktiengesetz, AktG).

As in the previous year, no convertible bonds were issued in fiscal year 2008.



In fiscal years 2004 to 2006, convertible bonds were issued with the following conditions:

	2004	2005	2006
Issue date	31.07.2004	18.07.2005	31.07.2006
Face value	1,00 EUR	1,00 EUR	1,00 EUR
Total face value of the convertible bond	1.000 EUR	450 EUR	3.000 EUR
Term	30.07.2009	17.07.2010	30.07.2011
Interest p.a.	5,0 %	5,0 %	5,0 %
Original conversion price	7,00 EUR	6,97 EUR	8,80 EUR
Average closing price	4,95 EUR	5,81 EUR	7,34 EUR
Adjusted conversion price	3,96 EUR	4,65 EUR	5,87 EUR
Issued options	100.000	45.000	300.000
Earliest time of conversion	31.07.2006	18.07.2007	31.07.2008
Latest time of conversion	30.07.2009	17.07.2010	30.07.2011

As described in the “Subscribed capital” section above, the decision was reached at the REALTECH AG General Meeting to increase and subsequently reduce capital for the purpose of repaying an amount of EUR 3.99 per share to shareholders.

As this distribution decreased the company’s total assets, the conversion price has been adjusted accordingly (see above table). The lower limit of the adjustment had fallen as a result of the minimum issue price determined by the decision of the General Meeting on May 16, 2002. Here, the General Meeting had decided that the price must not fall more than 20% below the average closing price for REALTECH AG shares in the XETRA electronic trading system on the 10 trading days before the decision to issue convertible bonds was reached.

Issued options

The following table summarizes information about the company's convertible bonds as of December 31, 2008.

Year of issue	Exercise price EUR	Number of exercisable options	Number of outstanding options
2004	3,96	33.000	33.000
2005	4,65	4.500	9.000
2006	5,87	93.600	237.600
		131.100	279.600

Development during the fiscal year

The following table indicates the number, weighted average exercise prices (WAEP) and development of the stock options and convertible bonds over the course of the fiscal year:

	2008		2007	
	Number	WAEP EUR	Number	WAEP EUR
Outstanding at the beginning of the reporting period	301.000	8,47	459.000	8,05
Issued in the reporting period	-	-	-	-
Exercised in the reporting period	12.000	6,72	75.000	6,27
Expired in the reporting period	9.400	5,87	83.000	8,14
Outstanding at the end of the reporting period	279.600	5,61	301.000	8,47
Exercisable at the end of the reporting period	131.100	5,35	15.000	6,78

13. Minority interests

The minority interests refer to 45.9% held by third-party shareholders in REALTECH Japan Co., Ltd., Tokyo, Japan, which was founded in collaboration with Nihon Unisys and Microsoft Japan in 2002 and has been fully consolidated since January 1, 2005.



14. Income taxes

The income taxes item shown in the income statement concerns the following:

	2008 TEUR	2007 TEUR
Current tax expense	2.704	2.553
Deferred tax expense/(revenue) (net)	(16)	14
Tax expense	2.688	2.567

The Group's income taxes are reconciled in the following table. The corporation tax rate to be applied amounts to 15% plus the solidarity surcharge of 5.5%. The Group must also make trade tax payments in the amount of 9.8%. This amounts to an expected income tax liability of 25%.

	2008 TEUR	2007 TEUR
Expected tax expense	2.240	2.878
Italian IRAP (corporation tax)	765	524
Measurement difference (domestic)	(206)	(320)
Bewertungsunterschiede Wertpapiere	(116)	-
Tax rate difference/measurement differences (abroad)	5	(515)
Income taxes	2.688	2.567

In fiscal year 2008, an external tax audit was carried out based on REALTECH AG and its German subsidiaries for the years 2002 to 2006. This external audit has been completed. The audit results have been completely incorporated into the annual financial statements as of December 31, 2008, with the exception of an audit result relating to the non-recognition of loan depreciation amounting to EUR 1,812 thousand. Should this give rise to tax receivables, the company reserves the right to take legal action.

Deferred tax assets and liabilities are offset if they concern the same taxation authority. The tax rate used is 25%. This is made up as follows: 15% corporation tax, 5.5% solidarity surcharge and 9.8% trade tax.

Accordingly, they are shown in the balance sheet as follows:

	31.12.2008 TEUR	31.12.2007 TEUR
Deferred tax assets (non-current)	283	304
Deferred tax liabilities (non-current)	481	518

The deferred taxes must be assigned to the various balance sheet items as follows:

	31.12.2008 TEUR	31.12.2007 TEUR
Tax loss carryforwards	36	-
Goodwill	49	119
Other provisions	187	141
Others	11	44
Deferred tax assets (non-current)	283	304

	31.12.2008 TEUR	31.12.2007 TEUR
Fixed assets	325	317
Securities	-	192
Production orders	40	9
Others	116	-
Deferred tax liabilities (non-current)	481	518

Deferred tax liabilities are essentially based on differences in the measurement of property, plant, and equipment, especially in the case of buildings.



15. Provisions

Provisions changed as follows in the year under review:

	01.01.2008 TEUR	Usage/ write-back TEUR	Allocation TEUR	31.12.2008 TEUR
Provisions for employees	2.263	988	983	2.258
Vacation provisions	1.814	1.195	837	1.456
Bonuses and revenue participation	3.545	3.545	4.043	4.043
Legal and consulting charges	218	218	273	273
Outstanding incoming invoices	242	196	197	243
Salaries and severance payments	184	184	171	171
Others	296	224	327	399
	8.562	6.550	6.831	8.843

In accordance with legal regulations, a provision for EUR 1,395 thousand has been established in the provisions for employees (previous year: EUR 1,456 thousand). The provision is measured in the amount of one month's wages per year of employment.

16. Liabilities

The residual terms and collateralization of liabilities can be seen in the following overview:

	Residual term		Total 31.12.2008 TEUR	Type of collateralization TEUR	Up to 1 year 31.12.2007 TEUR
	Up to 1 year 31.12.2008 TEUR	More than 1 year 31.12.2008 TEUR			
Trade payables	2.336	-	2.336	Usual retention of title	2.186
Other financial liabilities	126	-	126	-	25
Other liabilities	4.398	-	4.398	-	5.027
in the context of social security	190	-	190	-	142
	6.860	-	6.860	-	7.238

Other liabilities include value added tax, withholding tax and payroll tax liabilities amounting to EUR 1,703 thousand (previous year: EUR 1,373 thousand).

As in the previous year, there were no contingent assets on the balance sheet date.

17. Revenues

The sales revenues item shows the fees charged to customers for deliveries and services minus sales deductions and discounts. The breakdown of sales revenues by business areas is determined from segment reporting.

18. Segment reporting

Segment reporting at the REALTECH Group is carried out in accordance with IAS 14. IFRS 8 Segment Reporting is applicable as of January 1, 2009. Segmentation is based on internal Group control and reporting, in accordance with the products and services it offers. These financial statements define the consulting and software business segments as the primary report format for segment reporting. The unallocated income and expenses particularly concern expenses for rent and leasing as well as rental income. The item of unallocated corporate assets primarily includes cash and cash equivalents, while the deferred tax liabilities are presented as unallocated liabilities.

	Consulting		Software	
	31.12.2008 EUR	31.12.2007 EUR	31.12.2008 EUR	31.12.2007 EUR
External revenue	54.049.493	49.801.131	16.773.444	13.951.243
Costs of revenues	40.040.622	36.225.667	3.875.740	2.383.338
Selling and marketing expenses	5.216.903	4.729.186	3.943.514	3.284.159
General and administrative expenses	5.597.251	5.547.962	1.457.371	1.215.260
Research and development expenses			4.621.663	4.557.405
Segment income	3.194.717	3.298.316	2.875.156	2.511.081
Unallocated expenses and income				
Operating income				
Interest expense				
Interest income				
Income from financial investments and securities				
Foreign Currency exchange gains/(losses)				
Income before taxes and minority interests				
Income taxes	1.414.628	1.457.158	1.273.126	1.109.367
Minority interests				
Net income				
Segment assets	24.437.602	22.259.668	10.621.536	9.384.254
Unallocated corporate assets				
Consolidated assets				
Segment liabilities	12.710.862	13.428.173	4.013.956	3.787.433
Unallocated corporate liabilities				
Consolidated liabilities				
Investments	615.987	862.067	194.522	243.147
Depreciation	769.772	772.372	243.086	217.848
Non- cash expenses other than depreciation	1.141.027	1.321.752	360.324	372.802

The figures in the following overviews have been taken from internal reporting, used by the company's essential decision-makers for management purposes. This is based on the International Financial Reporting Standards, as applied for the REALTECH Group. Revenue is allocated to segments and regions on the basis of the unit generating the revenue.

	Total		Group	
	31.12.2008 EUR	31.12.2007 EUR	31.12.2008 EUR	31.12.2007 EUR
	70.822.937	63.752.375	70.822.937	63.752.375
	43.916.362	38.609.005	43.916.362	38.609.005
	9.160.417	8.013.345	9.160.417	8.013.345
	7.054.622	6.763.222	7.054.622	6.763.222
	4.621.663	4.557.405	4.621.663	4.557.405
	6.069.873	5.809.397	6.069.873	5.809.397
			956.279	800.769
			7.026.152	6.610.166
			15.443	5.554
			550.505	656.122
			975.862	51.225
			(39.798)	(98.684)
			8.497.278	7.213.274
	2.687.754	2.566.525	2.687.754	2.566.525
			106.362	94.509
			5.703.161	4.552.240
	35.059.137	31.643.921	35.059.137	31.643.921
			10.887.809	32.713.493
			45.946.946	64.357.414
	16.724.818	17.215.606	16.724.818	17.215.606
			817.173	518.259
			17.541.991	17.733.865
	810.509	1.105.214	810.509	1.105.214
	1.012.858	990.220	1.012.858	990.220
	1.501.352	1.694.554	1.501.352	1.694.554



	External revenue		Net book value segment assets		Investments in intangible assets and intangible assets	
	2008 TEUR	2007 TEUR	31.12.2008 TEUR	31.12.2007 TEUR	2008 TEUR	2007 TEUR
Germany	30.412.763	27.037.983	21.994.701	42.418.943	422.585	789.952
Rest of Europe	30.769.287	25.915.976	19.046.285	16.801.785	316.888	289.319
USA	3.130.154	3.231.767	917.551	1.223.654	21.059	19.935
Asia-Pacific	6.510.734	7.566.649	3.988.409	3.913.032	49.977	6.008
	70.822.937	63.752.375	45.946.946	64.357.414	810.509	1.105.214
	of which non-current		13.530.872	13.875.711		
	of which Germany		10.636.019	11.128.261		
	of which other countries		2.894.853	2.747.450		

19. Other operating expenses

This item essentially contains expenses for rent and leasing.

20. Other operating income

The other operating income particularly involves rental income.

21. Net interest

Net interest essentially consists of interest income for fixed-term deposits and interest-bearing securities. Interest income amounted to EUR 551 thousand (previous year: EUR 656 thousand). Interest expense was EUR 15 thousand (previous year: EUR 6 thousand).

In addition, the net income includes price increases resulting from selling securities.

■ OTHER INFORMATION

■ 22. Consolidated statements of cash flows

The consolidated statements of cash flows is prepared in accordance with IAS 7 and, separated into cash inflows and outflows, shows the development of cash flows generated from operating, investing and financing activities. The cash flow is determined, using the indirect method, from the consolidated financial statements of REALTECH AG.

The cash involved in the cash flow statement comprises all cash and cash equivalents presented in the balance sheet, i.e. cash in hand, checks and bank balances (provided they are available within three months). The cash is not subject to any restrictions.

■ 23. Earnings per share

According to IAS 33, earnings per share are determined from the consolidated earnings after tax and the average number of outstanding shares during the year. Convertible bond programs in 2002 to 2006 gave rise to the following dilution effects:

	2008	2007
Income before minority interests	5.809.524 EUR	4.646.749 EUR
Minority interests	106.362 EUR	94.509 EUR
Net income	5.703.161 EUR	4.552.240 EUR
Average number of shares outstanding – basic	5.255.952 Stück	5.248.452 Stück
Average number of shares outstanding – diluted	5.535.552 Stück	5.549.452 Stück
Earnings per share – basic	1,08 EUR	0,87 EUR
Earnings per share – diluted	1,03 EUR	0,82 EUR

The dilution effect results from the conversion rights for bonds.

■ 24. Personnel expenses

Personnel expenses in fiscal year 2008 amounted to EUR 42,705 thousand, compared to EUR 37,662 thousand the previous year. This 13% increase can be essentially attributed to the 15% rise in the number of employees between the two balance sheet dates.



25. Other financial obligations

Other financial obligations from rent and leasing agreements amount to EUR 12,886 thousand (previous year: EUR 13,478 thousand). These are presented in the following overview:

	TEUR
2009	3.175
2010	2.320
2011	1.886
2012	1.470
2013	1.731
2014 and following years	2.304
	12.886

Rental and leasing expenses were EUR 1,891 thousand in the year under review (previous year: EUR 1,771 thousand). Please refer to point 27, Special-purpose entity.

26. Financial instruments and notes on capital management

Assets by class

Financial assets consist of the following classes:

	31.12.2008			31.12.2007		
	Current TEUR	Non-current TEUR	Total TEUR	Current TEUR	Non-current TEUR	Total TEUR
Assets available for sale	1.119	-	1.119	18.180	-	18.180
thereof outside capital	1.119	-	1.119	18.180	-	18.180
Other financial assets (at amortized cost)	29.717	137	29.854	31.536	85	31.621
	30.836	137	30.973	49.716	85	49.801

Financial assets are defined as being current if they have a residual term of up to one year.

Carrying amounts and fair values

The following table presents the carrying amounts and fair values of the Group's financial instruments. The fair value of a financial instrument is the price at which a party would take on the rights and/or obligations involved in the financial instrument from an independent second party. In view of varying influencing factors, the fair values presented should only be viewed as an indication of the values that could actually be realized on the market.

	31.12.2008		31.12.2007	
	Net book value TEUR	Current market value TEUR	Net book value TEUR	Current market value TEUR
Other financial assets (non-current)	137	137	85	85
Trade receivables	24.028	24.028	21.159	21.159
Other financial assets (current)	372	372	491	491
Securities	1.119	1.119	18.180	18.180
Cash and cash equivalents	5.317	5.317	9.886	9.886
	30.973	30.973	49.801	49.801

	31.12.2008		31.12.2007	
	Net book value TEUR	Current market value TEUR	Net book value TEUR	Current market value TEUR
Trade accounts payable	2.336	2.336	2.186	2.186
Other financial liabilities (current)	126	126	25	25
	2.462	2.462	2.211	2.211

No restructuring took place in fiscal year 2008. No securities were surrendered from the above assets. The fair value was determined using balance notifications from banks. The transmitted data represents the value that can be realized on the balance sheet date.

Specification of financial instruments by IAS 39 measurement categories

	31.12.2008 TEUR	31.12.2007 TEUR
Financial instruments measured at amortized cost		
Other financial assets (non-current)	137	85
Trade receivables	24.028	21.159
Other financial assets (current)	372	491
Cash and cash equivalents	5.317	9.886
	29.854	31.621

	31.12.2008 TEUR	31.12.2007 TEUR
Assets available for sale		
Securities	1.119	18.180

Excess funds are invested in part in interest-bearing securities, quoted in euros, with short-term or medium-term residual terms or in mutual funds that invest in such assets. The Group classifies these securities as available for sale. These items are measured on the balance sheet date at market value, with value changes being offset against equity with no effect on profit or loss. In the year under review, these amounted to minus EUR 648 thousand (previous year: EUR 142 thousand). There are no trading securities.

	31.12.2008 TEUR	31.12.2007 TEUR
Financial liabilities measured at cost		
Trade accounts payable	2.336	2.186
Other financial liabilities	126	25
	2.462	2.211

Net profits or losses

The following table presents the net profits and losses arising from financial instruments included in the income statement:

2008	Interest income	Interest expense	Depreciation	Others
Financial instruments measured at amortized cost	551	15	145	-
Assets available for sale	-	-	-	976
Financial liabilities measured at cost	-	-	-	-

The EUR 976 thousand entail price increases resulting from securities. EUR 169 thousand was recycled in fiscal year 2008.

2007	Interest income	Interest expense	Depreciation	Others
Financial instruments measured at amortized cost	655	6	193	-
Assets available for sale	-	-	-	-
Financial liabilities measured at cost	-	-	-	-

Financial risks

The Group's main risks involve credit risks based on possible bad debts, liquidity risks and market risks, which essentially consist of currency and interest-rate risks.



Currency and interest-rate risks

Since January 1, 1999, the euro has been REALTECH's balance sheet and Group currency. The company processes a comparatively small proportion of its transactions in other currencies, meaning that the periodic fluctuations of individual currencies may have an effect on REALTECH's sales revenues and earnings. Appreciation of the euro in respect to other currencies generally has a negative effect, while depreciation of the euro has a positive effect. However, the company estimates these risks to be low and easy to calculate. REALTECH continually monitors potential currency fluctuation risks on the basis of balance sheet items and expected cash flows, and deals with these risks by means of targeted exchange rate management. Other financial risks are averted by a credit management system, as well as by stringent receivables management and checks on creditworthiness.

As a proportion of revenue, 86% of the Group's business activities are in the euro region (previous year: 83%). Changes in exchange rates for the other Group currencies (USD, NZD, SGD and JPY) would therefore only have a minor effect on the Group's financial situation.

As during the previous year, the REALTECH Group did not have any net financial liabilities during fiscal year 2008. For this reason, we have refrained from presenting potential interest risks using a sensitivity analysis in accordance with IFRS 7.

Credit risks

Trade receivables have the following age structure:

	31.12.2008 TEUR	31.12.2007 TEUR
Total	24.028	21.159
not yet due	14.132	13.098
0 to 29 days	5.482	4.080
30 to 59 days	1.696	1.680
60 to 89 days	966	808
90 to 120 days	1.024	640
more than 120 days	728	853
Specific allowance for bad debts	419	533

The value of the specific allowance for bad debts is established based on the assessment of the individual risk for each individual receivable. Due to the fact that no REALTECH customer accounts for more than 6% of revenue, the liability and credit risks for the Group are negligible.

Liquidity risks

Presentation based on the due date (liquidity date) of the individual financial liability items:

	Residual term			
	31.12.2008		31.12.2007	
	Up to 1 Year TEUR	More than 1 Year TEUR	Up to 1 Year TEUR	More than 1 Year TEUR
Trade accounts payable	2.336	-	2.186	-
Other financial liabilities	126	-	25	-
	2.462	-	2.211	-

The Group monitors ability to pay based on daily calculations of liquidity status, supplemented by daily updating of liquidity planning.

Derivative financial instruments

The company does not have any derivative financial instruments.

Notes on capital management

The primary goal of the Group's capital management is to ensure that its ability to pay debts and its financial substance are retained in the future.

One key indicator in capital management is gearing, which puts net financial liabilities in proportion to equity according to the consolidated balance sheet. REALTECH uses net financial liabilities as a key indicator for investors and analysts. As this indicator is not covered by the IFRS accounting rules, the way in which it is defined and calculated may differ from the practice at other companies. On December 31, 2008, the company's gearing amounted to minus 0.53 (previous year: minus 0.70):

	31.12.2008 TEUR	31.12.2007 TEUR
Trade accounts payable	2.336	2.186
Income tax payable	1.068	1.415
Provisions	8.843	8.562
Other financial liabilities (current)	126	25
Other liabilities	4.398	5.027
Gross financial liabilities	16.771	17.215
Trade receivables	24.028	21.159
Income tax receivables	698	212
Other financial assets (current)	372	491
Other assets	715	460
Securities	1.119	18.180
Cash and cash equivalents	5.317	9.886
Net financial liabilities	(15.478)	(33.173)
Equity according to consolidated balance sheet	29.226	47.203

A capital repayment of EUR 20,989 thousand was made in the fiscal year 2008.

■ 27. Special-purpose entity

The second part of REALTECH's administrative building in Walldorf, the property in Industriestrasse 41, was constructed by PUDU Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Walldorf KG, Düsseldorf. As part of a property leasing agreement, REALTECH has rented the building for a period of 15 years. The rental period began on June 1, 2002. The company has a right to acquire the building. PUDU Grundstücks-Vermietungsgesellschaft is a special-purpose entity as defined by SIC 12.

As a result of applying the interpretation to this company, the REALTECH Group is not considered to be the company's primary beneficiary. The Group's obligations in connection with the leasing agreement are part of the minimum rent payments from leasing agreements listed under "Other financial obligations". As at December 31, 2008 these amounted to EUR 5,662 thousand up to the end of the term of the agreement. No other obligations or risks of loss resulted from the leasing agreement with PUDU Grundstücks-Vermietungsgesellschaft.

■ 28. Bodies of the company

Supervisory Board

Daniele Di Croce (Chairman)

Management consultant

Peter Stier (Deputy Chairman)

Entrepreneur

Rainer Schmidt

Entrepreneur

Executive Board

Nicola Glowinski (Chairman)

Dr. Rudolf Caspary (Technology)



■ **29. Remuneration of the Executive and Supervisory Boards**

Remuneration received by the Executive Board in fiscal year 2008 totaled EUR 900 thousand (compared to EUR 1,502 thousand in the previous year). The fixed portion (including non-monetary benefits from company cars and social security allowances) was EUR 446 thousand (previous year: EUR 462 thousand), while variable remuneration totaled EUR 454 thousand (previous year: EUR 933 thousand). There was no share-based remuneration in 2008 (previous year: EUR 107 thousand). As in 2007, no options were granted in fiscal year 2008. In accordance with the decision of the General Meeting on May 16, 2006, this remuneration is not specified separately for the various individuals (Section 286, paragraph 5 of the German Commercial Code).

Remuneration received by the Supervisory Board in fiscal year 2008 totaled EUR 81 thousand (previous year: EUR 124 thousand). The fixed portion was EUR 45 thousand (previous year: EUR 45 thousand), while variable remuneration (including attendance fees and travel expenses) amounted to EUR 36 thousand (previous year: EUR 79 thousand).

■ **30. Directors' dealings**

Changes in numbers of REALTECH shares held by members of the Executive Board of REALTECH AG in fiscal year 2008 can be seen in the following table:

	Dr. Rudolf Caspary	Nicola Glowinski
On January 1, 2008	29.000	37.000
Additions	-	-
Disposals	-	-
On December 31, 2008	29.000	37.000

Changes in numbers of REALTECH convertible bonds held by members of the Executive Board of REALTECH AG in fiscal year 2008 can be seen in the following table:

	Dr. Rudolf Caspary	Nicola Glowinski
On January 1, 2008	49.000	88.000
Additions	-	-
Disposals	-	-
On December 31, 2008	49.000	88.000

Changes in numbers of REALTECH shares held by members of the Supervisory Board of REALTECH AG in fiscal year 2008 can be seen in the following table:

	Daniele Di Croce	Rainer Schmidt	Peter Stier
On January 1, 2008	885.500	765.500	745.500
Additions	-	-	-
Disposals	-	-	-
On December 31, 2008	885.500	765.500	745.500

As in the previous year, the members of the Supervisory Board did not hold any REALTECH convertible bonds in fiscal year 2008.

■ 31. Related party disclosures

According to IAS 24, individuals or companies which control the REALTECH Group or are controlled by the Group must be disclosed if they are not already included in REALTECH AG's consolidated financial statements as a consolidated company. Control is considered to exist if a shareholder holds more than half of voting rights in REALTECH AG or if, in accordance with provisions in the Articles of Association or contractual agreements, is able to steer the financial and business policies of REALTECH AG's management.

In addition, the disclosure obligation according to IAS 24 covers transactions with associates and with individuals who exercise a significant influence over the financial and operational decisions of the REALTECH Group, including close family members and intermediary companies.

Here, a significant influence over the financial and business policies of the REALTECH Group may be based on an interest in REALTECH AG of 20% or more, a place on the Supervisory Board or Executive Board of REALTECH AG, or some other key management position.

In fiscal year 2008, no companies of the REALTECH Group performed transactions that require reporting with members of the Supervisory or Executive Boards (see 28.) of REALTECH AG or with other members of management in key positions or companies in which these individuals are represented on management or supervisory committees (with the exception of the transactions specified under 29. and 30.). This is also true of the close family of this group of individuals.



■ 32. Employees

The REALTECH Group counted a total of 721 employees on December 31, 2008, while the figure on December 31, 2007 was 629. As an annual average, the company employed 691 people in 2008, and 603 the previous year.

■ 33. Auditor fees in accordance with Section 314, paragraph 1, point 9 of the German Commercial Code (Handelsgesetzbuch, HGB)

The remuneration received by Grant Thornton GmbH and RWS GmbH (a network company) in fiscal year 2008 was EUR 62 thousand for auditing (previous year: EUR 64 thousand) as well as EUR 21 thousand for tax consulting services (previous year: EUR 10 thousand). This has been presented as expense. The company did not draw on any further consulting services or other services as defined in Section 314, paragraph 1, points 9b) and 9d) of the German Commercial Code.

■ 34. Data in accordance with Section 160, paragraph 1, point 8 of the Stock Corporation Act (Aktengesetz, AktG)

As in the previous year, no reports on the existence of interests were submitted to REALTECH AG in fiscal year 2008.

■ 35. Declaration with respect to the German Corporate Governance Code in accordance with Section 161 of the Stock Corporation Act

On November 27, 2008 the Executive and Supervisory Boards submitted their seventh compliance declaration in accordance with Section 161 of the Stock Corporation Act and made it permanently available to shareholders on the company's Web site.

Balance sheet oath

Responsibility statement by the Executive Board:

To the best of our knowledge, and in accordance with the applicable reporting principles, the consolidated financial statements give a true and fair view of the net assets, financial position and earnings of the Group, and the Group management report 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.

Walldorf, February 27, 2009

REALTECH AG

The Executive Board

■ Unqualified Auditors` Opinion on Statutory Audits of Consolidated Financial Statements Prepared Pursuant to Section 315a HGB (German Commercial Code) that Comply with Full IFRS

We have audited the consolidated financial statements prepared by the REALTECH AG, comprising the balance sheet, the income statement, statement of changes in equity, cash flow statement and the notes to the consolidated financial statements, together with the group management report for the business year from January 1, 2008 to December 31, 2008. The preparation of the consolidated financial statements and the group management report in accordance with IFRSs as adopted by the EU, and the additional requirements of German commercial law pursuant to Section 315a, Paragraph 1 HGB are the responsibility of the parent company's management. Our responsibility is to express an opinion on the consolidated financial statements and on the group management report based on our audit. In addition we have been instructed to express an opinion as to whether the consolidated financial statements comply with full IFRS.

We conducted our audit of the consolidated financial statements in accordance with Section 317 HGB and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (IDW). Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the consolidated financial statements in accordance with the applicable financial reporting framework and in the group management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Group and expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the consolidated financial statements and the group management report are examined primarily on a test basis within the framework of the audit. The audit includes assessing the annual financial statements of those entities included in consolidation, the determination of entities to be included in consolidation, the accounting and consolidation principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements and the group management report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion, based on the findings of our audit, the consolidated financial statements comply with IFRSs as adopted by the EU, the additional requirements of German commercial law pursuant to Section 315a, Paragraph 1 HGB (and supplementary provisions of the shareholder agreement/articles of incorporation) and full IFRS and give the Group in accordance with these requirements. The group management report is consistent with the consolidated financial statements and as a whole provides a suitable view of the Group's position and suitably presents the opportunities and risks of future development.

Heidelberg, February 27, 2009

Grant Thornton GmbH
Wirtschaftsprüfungsgesellschaft

Wettig
Wirtschaftsprüfer

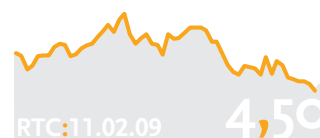
Gerstlauer
Wirtschaftsprüfer

REALTECH AG

Balance Sheets

	31.12.2008 EUR	31.12.2007 EUR
ASSETS		
Fixed assets		
Intangible assets		
Concessions, industrial rights and similar rights and assets		
Tangible assets	238.565,00	202.105,00
Other equipment and office equipment		
Financial assets	8.234,00	10.118,00
Investments in affiliated companies		
Loans to affiliated companies	27.570.041,72	27.570.041,72
Current assets	5.015.000,00	4.515.000,00
Receivables and other assets		
Receivables due from related parties	12.178.739,29	13.333.522,82
Other assets	662.004,08	53.524,08
Securities	1.035.000,00	17.554.608,65
Cash and cash equivalents	1.320.930,97	4.889.287,09
Prepaid expenses	30.739,02	52.600,68
Total assets	48.059.254,08	68.180.808,04
SHAREHOLDERS' EQUITY AND LIABILITIES		
Shareholders' equity		
Subscribed capital (authorized capital EUR 301.000,00; py: EUR 2.495.837,02)	5.260.452,00	5.248.452,00
Additional paid-in-capital	35.427.044,21	56.347.577,69
Retained earnings	4.516.082,20	3.089.379,56
Provisions		
Income tax payable	512.658,86	451.673,13
Other provisions	839.304,60	690.223,00
Liabilities		
Convertible bonds	2.796,00	3.010,00
Trade accounts payable	24.224,74	11.689,67
Accounts payable to affiliated companies	770.755,80	400.687,54
Other liabilities	696.935,67	1.938.115,45
Total shareholders' equity and liabilities	48.059.254,08	68.180.808,04

REALTECH AG
Statements of Income



	2008 EUR	2007 EUR
Other operating income	1.039.193,94	144.850,28
Personnel expenses		
a) Wages and salaries	1.645.114,58	2.121.514,18
b) Social security and retirement costs	178.435,79	171.274,11
Depreciation of intangible and fixed assets	81.249,84	48.033,44
Other operating expenses	1.160.881,62	1.120.173,45
Income from investments	7.173.936,72	6.464.562,85
Expenses due to the transfer of losses	1.969,18	1.100,92
Interest income	620.170,00	740.777,59
Depreciation of financial assets and current securities	240.291,00	0,00
Interest expenses	18.624,08	9.253,88
Income from ordinary activities	5.506.734,57	3.878.840,74
Income taxes	1.450.241,93	1.353.894,24
Other taxes	(436,00)	478,19
Net income	4.056.928,64	2.524.468,31
Accumulated profit carried forward	459.153,56	564.911,25
Retained earnings	4.516.082,20	3.089.379,56

Group Addresses



GERMANY Headquarters

■ **REALTECH AG**
Industriestraße 39c
69190 Walldorf
Tel.: +49.6227.837.0
Fax: +49.6227.837.837

■ **REALTECH Consulting GmbH**
■ **REALTECH Software Products GmbH**
■ **REALTECH Services GmbH**
■ **REALTECH Verwaltungs GmbH**
■ **GloBE Technology GmbH**
Industriestraße 39c
69190 Walldorf
Tel.: +49.6227.837.0
Fax: +49.6227.837.837

South Office

■ **REALTECH Software Products GmbH**
Ohmstraße 3
85301 Schweitenkirchen
Tel.: +49.8444.92.86.0
Fax: +49.8444.92.86.25

REST OF EUROPE Italy

■ **REALTECH Italia S.p.A.**
Viale Colleoni 17
Palazzo Orione 3
20041 Agrate Brianza
Tel.: +39.039.634.634
Fax: +39.039.634.633

Rome Office

Via Paolo Di Dono, 73
00142 Roma
Tel.: +39.06.51.95.981
Fax: +39.06.51.96.36.74

Torino Office

Largo Cibrario 11
10143 Torino
Tel.: +39.011.47.31.796
Fax: +39.011.48.99.47

Avellino Office

Corso Europa 16/o
83100 Avellino
Tel.: +39.0825.309.11
Fax: +39.0825.78.45.00

Bari Office

c/o Nicotel Hotels & Resorts
Via delle Violette, 12
70026 Modugno (BA)
Tel.: +39.080.58.33.693

Padova Office

Via Milazzo, 10
35139 Padova
Tel.: +39.049.85.61.333
Fax: +39.049.85.61.333

Spain

■ **REALTECH System Consulting, S.L.**
Torrelaguna nº 77 - 3ª planta
28043 Madrid
Tel.: +34.91.556.00.13
Fax: +34.91.556.80.31

Barcelona Office

C/Balmes, 114, 7ª Pl.
08008 Barcelona
Tel.: +34.93.27.22.670
Fax: +34.93.21.53.776

Portugal

■ **REALTECH Portugal System Consulting, Sociedade Unipessoal, L.D.A.**
Avenida da Igreja, 42 - 7º. Esq
1700-036 Lisboa
Tel.: +351.21.799.71.30
Fax: +351.21.799.71.39



AMERICA
U.S.A.

- **REALTECH, Inc.**
301 Lindenwood Drive
Suite 205
Valleybrooke Corporate Center
Malvern, PA 19355
Tel.: +1.610. 356.4401
Fax: +1.610.356-5777

ASIA-PACIFIC
Japan

- **REALTECH Japan Co., Ltd.**
Aim Tokyo Kudan Building 3F
1-2-11 Kudan-Kita, Chiyoda-ku,
Tokyo 102-0073
Tel.: +81.3.3238.2066
Fax: +81.3.3238.2067

Competence center
(in Competence center of SAP Japan)
Tokyo Sankei Building 15F
1-7-2 Ohtemachi, Chiyoda-ku,
Tokyo 100-0004
Tel.: +81-3-3273-7699

Osaka Office
Higobashi Center Building 10F
1-9-1 Edobori Nishi-ku
Osaka 550-0002
Tel.: +81.6.6441.5128
Fax: +81.6.6441.5129

Singapore

- **REALTECH System Consulting Pte. Ltd.**
25, International Business Park
#04-70 German Centre,
Singapore 609916
Tel.: +65.656.29.990
Fax: +65.656.27.720

New Zealand

- **REALTECH Ltd.**
Level 3
57 Symonds Street
Auckland 1010
Tel.: +64.9.308.0900
Fax: +64.9.308.0909



Financial Calendar 2009

■ **May 7**

Quarterly Report 1/ 2009

■ **May 19**

General Meeting, Palatin, Wiesloch, 10.00 a.m.

■ **August 6**

Quarterly Report 2/ 2009

■ **November 5**

Quarterly Report 3/ 2009

■ **November 9 - 11**

Deutsches Eigenkapitalforum, Frankfurt



■ **LAYOUT AND REALIZATION**

//dassyndikat.com, Heidelberg

■ **EDITORSHIP**

Hiller, Wüst & Partner GmbH, Frankfurt

■ **PHOTOGRAPHY**

Volker Keipp, Ludwigshafen

We are grateful to the Backpacker Store, Heidelberg for providing the equipment.

■ **PRINT**

abcdruck GmbH, Heidelberg

■ **CONCEPTION AND OVERALL RESPONSIBILITY**

Volker Hensel

Copyright © 2009
REALTECH AG
Industriestraße 39c
69190 Walldorf
Deutschland

The annual report 2008 is also available in German.

You can view and download the annual reports and the quarterly reports in the internet:
<http://www.realtech.com/investors>

Do you have any question or require further information? We will be happy to be of your assistance:

REALTECH AG
Investor Relations
Volker Hensel
Tel.: +49.6227.837.500
Fax: +49.6227.837.9134
E-Mail: investors@realtech.com



■ REALTECH AG
Industriestrasse 39c
D - 69190 Walldorf
Germany

■ Tel.: +49.6227.837.500
Fax.: +49.6227.837.292

■ investors@realtech.com
www.realtech.com

