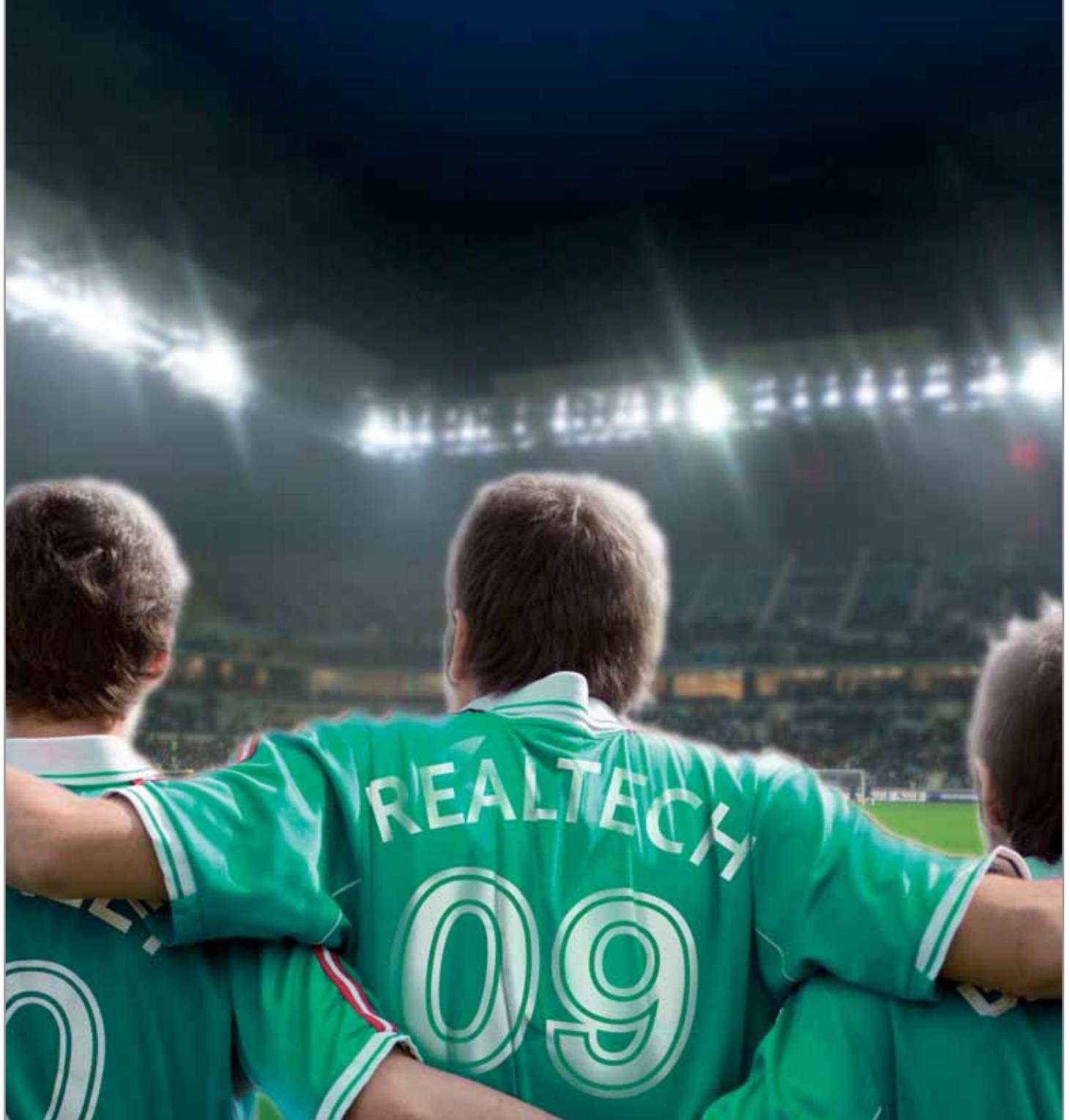


Annual Report | 2009



### Three Year Summary

	2009		2008		2007
	TEUR	Δ %	TEUR	Δ %	TEUR
<b>Revenues and income</b>					
Revenues	61.675	(13)	70.823	11	63.752
Revenues consulting	49.530	(8)	54.050	9	49.801
Revenues software	12.145	(28)	16.773	20	13.951
Revenues Germany	25.419	(16)	30.413	12	27.038
Revenues foreign countries	36.256	(10)	40.410	10	36.714
Earnings before interest, taxes, depreciation and amortization (EBITDA)	3.711	(54)	8.039	6	7.600
Earnings before interest and taxes (EBIT)	2.578	(63)	7.026	6	6.610
Earnings before taxes (EBT)	2.428	(71)	8.497	18	7.213
Net income	1.203	(79)	5.703	25	4.552
Earnings per share (in EUR)	0,23	(79)	1,08	24	0,87
<b>Investments and depreciation</b>					
Investments in intangible and tangible assets	1.680	107	811	(27)	1.105
Depreciation	1.133	12	1.013	2	990
<b>Assets, shareholders' equity and liabilities (end of year)</b>					
Total assets	41.355	(11)	46.477	(28)	64.936
Non-current assets	14.316	1	14.229	(2)	14.549
Current assets	27.038	(16)	32.248	(36)	50.387
Net cash and cash equivalents	7.304	13	6.436	(77)	28.066
Shareholders' equity	28.566	(2)	29.226	(38)	47.203
Equity ratio (in %)	69,1	10	62,9	(13)	72,7
Non-current liabilities	384	(20)	481	(7)	517
Current liabilities	12.405	(26)	16.771	(3)	17.216
<b>Key figures</b>					
Gross margin (in %)	33,8		38,0		39,4
EBITDA margin (in %)	6,0		11,4		11,9
EBIT margin (in %)	4,2		9,9		10,4
Cash flow from operating activities	5.109		3.314		4.047
Cash flow from investing activities	(622)		15.668		(4.903)
Cash flow from financing activities	(2.500)		(23.551)		(2.231)
Employees (end of year)	665	(8)	721	15	629

5,25



05 | 01 | 09

# realkick

**INVESTOR-  
SPORTS  
MAGAZINE**

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**The whole  
2009 Season  
at a Glance**

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# HIGHLIGHTS OF THE YEAR

## ● Calendar of Events for 2009



### ● Even more important to control business processes

REALTECH started 2009 with a study on business process management. Here companies will

find sound information on how they can achieve more efficient management of business processes, working together with REALTECH, their consultancy partner. The study has been carried out in conjunction with the highly regarded market researchers of Lünendonk GmbH.

### ● Excellent start

If it was all about efficient implementation of SAP solutions, REALTECH would have been playing in the Champions League for years. The regular certificates awarded by SAP are proof of this: at the start of 2009 REALTECH was awarded the "Run SAP" certificate, which is a seal of approval confirming to customers the high quality of advice provided by SAP partners.

### ● Software development simplified

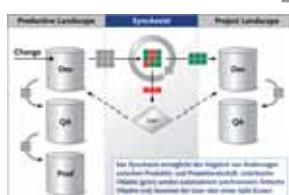
REALTECH gives SAP developers a head start with its SyncAssist software solution, which helps IT departments to install new applications throughout the company. This product allows the fully automated implementation of SAP applications – fault free at all of a company's sites.

### ● New team line-up

REALTECH is creating a new company structure. The consultancy and software businesses have each been transferred to independent operative units, whereas the public limited company is the holding company responsible for the strategic management of companies based in Germany and abroad. The clear organizational division makes it easier for business areas to define strategic goals and to pursue these, thus facilitating further growth.

L Ü N E N D O N K

**SAP® Certified**  
in Run SAP methodology



### ● Defense is better than attack



The German Federal Armed Forces have chosen theGuard! NetworkManager as the solution to manage their wide-area networks. REALTECH played a successful role in a major project implemented by EADS for the German Federal Armed Forces and contributed its innovative solution for controlling and managing permanently installed and mobile data networks.

### ● General Meeting



REALTECH AG's tenth General Meeting was a harmonious event. The decision to pay a dividend of 50 cents a share was good news for all shareholders.

### ● SEP – Valuable partnership



The abbreviation SEP stands for the Special Expertise Partner award. REALTECH has been awarded this very special and exclusive partner status by SAP in as many as five product categories. This highlights the high quality and service standards offered by REALTECH.

### ● Atos Origin optimizes operation of computer center



The international IT service provider Atos Origin uses REALTECH's software to improve the operation of company-critical SAP solutions. Atos Origin's customers therefore profit from improved services and SAP systems that are more stable to operate.

N E N D O N K

EADS  
DEFENCE  
& SECURITY

EADS  
DEFENCE  
& SECURITY

Atos  
Origin

Atos  
Origin

mtu



#### ● Powerful driver for IT systems at MTU



The good performance of IT solutions developed in-house is a crucial factor in the success of MTU, the prestigious engineering company based in Friedrichshafen. REALTECH's theGuard! products help MTU to automate processes in their own computer center and to monitor their IT systems efficiently.

#### ● New image for theGuard!



The key software solution – theGuard! – is gaining a new strategic direction. This means, for instance, that the different individual products are being grouped together to create a new integrated solution. The advantage for customers is that the carefully matched components complement each other perfectly and therefore offer clear added value when it comes to end-to-end IT management.

#### ● Partnership with Novell



A successful strategy for reducing IT operating costs is to change to the operating system Linux, which does not incur a license fee. REALTECH is opening a modern research facility in Walldorf with Novell, the IT supplier that specializes in Linux. Here both companies work with customers to produce individual procedures for operating SAP systems on Linux-based computers.

#### ● Share knowledge and create new relationships

REALTECH is informing interested companies about current themes relating to SAP at a series of events throughout Germany. One of the topics REALTECH covers at specialist conferences is how changes to business processes can be mapped quickly and easily using SAP solutions. These events are supplemented by webinars, where interested parties can also take part in presentations and video conferences via the Internet.

#### ● Industry meetings for SAP users

Every year SAP's customers meet at the annual congress of the German-speaking SAP user group (DSAG). The 2009 meeting was held in Bremen, where around 3,000 visitors discussed strategies and new features relating to SAP solutions. This forum provides REALTECH with crucial information on current trends, which the company can then convert into specific consultancy solutions and products.



#### ● SAP tuning for Texas

The administration of Tarrant County in the US State of Texas has chosen the expert services of REALTECH's American subsidiary to operate its SAP systems. This agreement covers services valued at a million dollars and the aim is to help the SAP systems to operate more efficiently and enhance performance.



#### ● Capgemini

Capgemini Outsourcing Services GmbH is using REALTECH's theGuard! ApplicationManager in its own computer center in order to optimize its IT services around the operation of SAP solutions. For Cap Gemini customers this means higher quality services and support and improved overall performance of their SAP systems.



# TRAINERS' BENCH





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## Report of the Executive Board



In 2009 REALTECH AG's team fought with passion. In spite of having to operate repeatedly on extremely difficult ground, the team achieved a respectable result. We talked to CEO Nicola Glowinski about the challenges of the year that has just ended and what the future holds in store.



## Report of the Executive Board

### Mr. Glowinski, how do you think REALTECH AG has done over the past year?

First of all, I would like to pay our team a huge compliment. In spite of a difficult economic environment, they demonstrated a genuine team spirit and gave a great performance. Because of the economic crisis, it was already clear at the end of 2008 that the next year would be a challenging one for us. Then, in 2009, we actually saw our revenue decline by 13 percent, because our customers delayed planned IT projects or cancelled them completely. However, we gave an impressive demonstration that we can also cope in stormy times. The outcome of this is that the most important key company figures are positive, numerous new customers have been gained, the headcount has remained stable and the share price has risen by 44 percent.

### So, can you tell us in detail how the business has performed?

The global financial and economic crisis has been the factor that has dominated our business in nearly all countries where REALTECH is active. For instance, Group revenue fell from EUR 70.8 million to EUR 61.8 million and this was reflected in the EBIT, which declined from EUR 7 million to EUR 2.58 million. The consulting business area generated EUR 49.5 million, which was 8 percent lower. Revenue from in-house software development was down by 28 percent to EUR 12.1 million. We have naturally worked intensively during the fiscal year to match activities at an operational level to the emerging trend as regards revenues. An appropriate program to reduce costs started as early as 2008 and the effects were soon clear to see. In spite of the tough economic environment, REALTECH managed to boost cash flow from operations, increasing it from EUR 3.3 million in 2008 to EUR 5.2 million. The net liquidity climbed from EUR 6.4 million to EUR 7.4 million.

### It is usual for a team to play particularly well at their home ground. How is business in Germany?

In Germany, too, the volume of orders fell because of the economic crisis, with the result that our revenues declined by 16 percent to EUR 25.4 million. When it came to our away games, revenues in Europe excluding Germany fell by a total of 11 percent. However, revenue in Portugal was up. The USA saw a downturn of 20



Nicola Glowinski (Chief Executive Officer)

Dr. Rudolf Caspary (Chief Technology Officer)

percent, whereas Asia Pacific remained largely stable. As was the case in previous years, the countries that generated the highest revenues were Germany, Spain and Italy.

 **How did you position yourself on the market in 2009? Have you tried to change tactics during the game?**

It is true that we have been flexible in the way we have adapted to the changed market conditions. For us it has meant that we have structured our offering so that it concentrates even more on customers. For instance, over the last year we have again concentrated more on our conventional consultancy business relating to the strategic deployment of SAP solutions, because there was less demand for IT projects of a highly technical nature. For our customers, too, it was particularly important to be able to put an accurate figure as possible on the economic benefit of an IT solution. Here we supplied concrete figures on the potential for optimizing IT systems and business processes. In addition to this, customers changed the planned duration of projects while implementation was taking place. Companies wanted to have their new IT system in operation even more quickly so that they could make use

of the operative advantages for their business at the earliest opportunity. All this placed high demands on our employees but together we coped successfully with these.

 **You have changed the organizational structure of the Group. What can you tell us about the background?**

We changed our team line-up in the first quarter of 2009 and this resulted in a new company structure. The consultancy and software businesses have each been transferred into independent operative units. The stock corporation, as the holding company, is now responsible for the strategic management of the international subsidiaries. With this structure it is easier for the business areas to define their individual objectives and set off on a path to growth.





● **The team's tactical attitude and fitness were excellent in 2009. How satisfied are you with the squad of players and what young players are coming on?**

REALTECH is a highly specialized software and consultancy company with excellent knowledge of SAP. This means that motivated and well-trained employees are our most important resource. They represent the crucial factor that will allow us to successfully expand our very good position in the market. In 2009, too, we placed great emphasis on systematic qualification for current technologies and trends. In addition to this, we organized special training schemes so, for example, we could involve university graduates and new employees in specific customer projects very quickly. The stable headcount in 2009 emphasizes that REALTECH is an attractive employer. In the future, too, it will be of crucial importance to REALTECH to protect the investment made in employees over a number of years and avoid making redundancies in the Group.

● **What is your view of the forecasts for the economy and the IT sector in 2010?**

Economic forecasts published by analysts and financial institutions are taken into account in our corporate planning. This is because, when the world economy is in the doldrums, our customers also tend to be cautious when it comes to investment in new IT solutions. Market researchers and the economic research institutes are expecting moderate economic growth for Germany and the eurozone in 2010. According to surveys in the industry, the IT sector is again slightly more optimistic when it comes to investments. At the start of 2010 we had many positive meetings with customers. We are therefore optimistic and expect that business at REALTECH AG will remain on a steady course in 2010.

● **Has the world economy come through the bad patch?**

REALTECH will also experience a challenging season in 2010. However, we are confident that we are well equipped with our existing and new solutions. It is also important to our customers that they have an IT infrastructure which works well in economically difficult times. IT systems provide a company with an important basis to operate successfully in the market. Our consultants specialize in working with customers to optimize IT infrastructures as well as the business processes on which they are based. This applies, in particular, to applications produced by SAP. We supply SAP solutions that can be used throughout the company, thus offering our customers high-quality consultancy services from well-trained personnel. This allows companies to optimize their business processes, reduce costs and beat the competition in the market place. Also, in the software segment we supply our theGuard! products, which are developed in house. With this software solution we analyze, monitor and optimize corporate networks and applications for companies, even covering complete business processes.

● **So, do the two business segments of consulting and software still focus on the SAP market?**

We have a portfolio of services and products for SAP solutions in both segments, which have been demonstrated to be successful in practice. However, our theGuard! software contains very many components, which also offer considerable benefits outside the SAP environment. For example, there are monitoring functions for worldwide corporate networks. Here theGuard! automatically outputs information on faults or signs of bottlenecks. Also, operators of computer centers can organize their service and support process much more efficiently by using theGuard!



#### ● What innovations can we expect from REALTECH in 2010?

We will extend our market position with targeted investments. For this, we will intensify our activities with partners, for example. We will use a broader sales channel and selective partnerships to give our range a higher profile internationally. We successfully struck up a partnership with SAP and we will together offer the "SAP for IT" software product. We consider this to be a great success and, once again, it demonstrates REALTECH's high level of expertise in the SAP market. Naturally, we are also continuing to develop theGuard! family of products. We are therefore expecting that our investment in research and development will increase slightly in 2010.

#### ● What sort of business performance are you expecting from REALTECH AG in 2010?

We are assuming that the market will stabilize. Our assessment of the situation is based on the cautiously optimistic forecasts of the economic institutes. However, we always keep a close eye on the underlying economic situation and will respond to changed market situations. The new software partnership with SAP shows that we will become more involved in the SAP market in 2010. All in all, we are proceeding on the basis that REALTECH AG will see moderate growth in 2010 and that the EBIT will increase by at least 20 percent.



# POSITIONING THE LEAGUE

1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30 31 32 33 34 35 36 37 38 39 40 41 42 43





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## Shares

# 44%

Share price up  
in 2009



● The capital markets in 2009

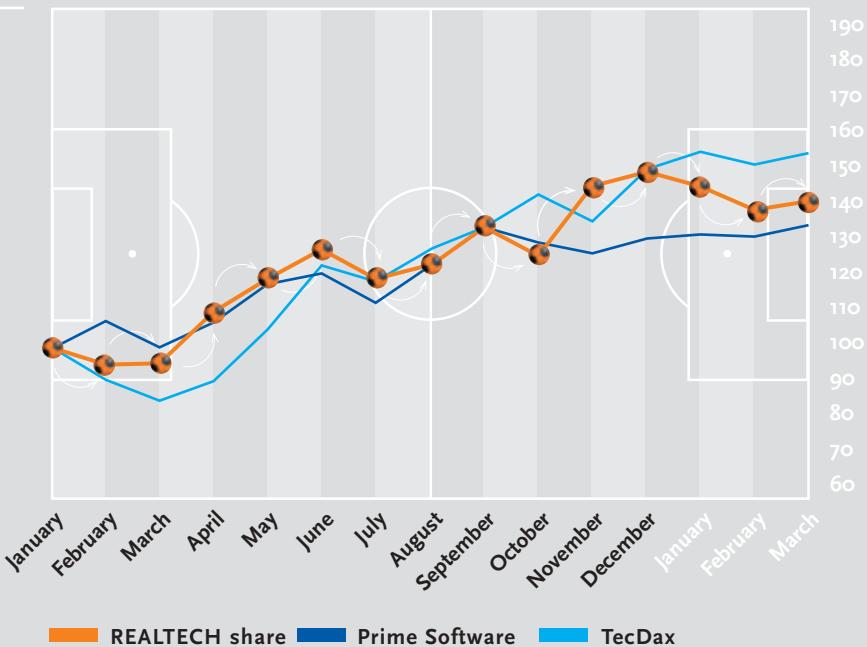
● Dax up 24 percent, REALTECH share price up 44 percent

At the end of 2009 the German Dax share index closed at 5,957 points, just missing the 6,000 point mark. The downward trend that had prevailed in the stock market since mid-2007 had therefore been halted. Overall, the DAX stock market barometer rose 65 percent in 2009. This puts the German central index in the middle of the field, compared with other markets in Europe. The indices in Spain and Sweden saw stronger growth, whereas a

## Shares



Share price index

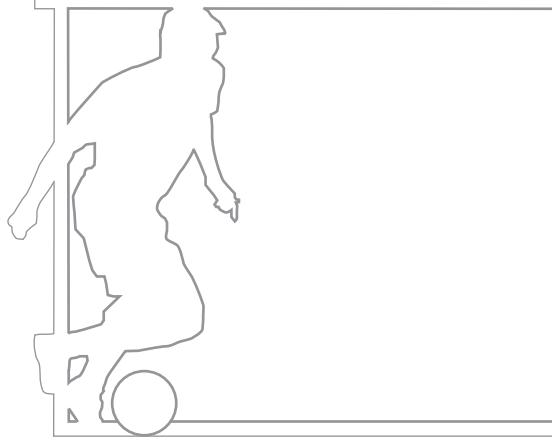


somewhat weaker performance was reported in Switzerland, Great Britain and France as well as for the DJ Euro Stoxx 50. The MDAX, the market barometer for German second-line shares, recorded a 34 percent increase over the course of the year, whereas the TecDAX rose around 55 percent and the Technology All Share Index rose around 50 percent.

At the end of 2009 one euro was worth 1.4321 US dollars, up just 0.3 percent on the rate at the beginning of 2009. On December 3 the price of gold reached an all-time high of USD 1,226 per fine ounce.

### Expectations for 2010

In meteorological terms, the world's stock markets experienced the equivalent to a depression in 2008 but the year that followed produced much more pleasant conditions. Although the equity strategists at the major banks and wealth managers are not expecting any substantial profits in 2010, the new year could still end with equities in positive territory. Some very optimistic market observers are even expecting the DAX to end the year at between 6,300 and 6,500 points. However, rises in interest rates could put the market under





4,51

23 | 02 | 09

pressure again. An illustration of how difficult it is to make reliable forecasts in such turbulent times is shown by the fact that the predictions made by equity experts for 2009 were around 1,000 points less than the DAX's actual performance.

### Share performance and market capitalization

At the start of 2009, the stance towards REALTECH AG's shares was cautious and, at EUR 4.06, it saw its lowest level for the year on February 16. The publication of the Group's figures for the previous year provided a new impetus, so by March 25 the price had already risen to EUR 6.00 per share.

REALTECH's share price was volatile after this but it also kept moving upwards. The highest price during the second quarter was achieved at the shareholder meeting in May, when the shares peaked at EUR 7.44. Because of the dividend repayment, the share price fell back to EUR 5.50 and it closed the quarter at EUR 6.30.

After publication of the provisional figures for the second quarter in July 2009, the share price rose steadily and its third-quarter price peaked at EUR 7.11 on September 11 against the background of a generally positive environment for equities. Following a further period of weakness, the share price reached EUR 9.14 on November 12, 2009, its high point for the year. REALTECH AG's shares closed 2009 at EUR 7.51, up 44 percent compared to the price at the end of 2008.

On December 31, 2009, the company's market capitalization stood at EUR 40 million, which corresponded to 141 percent of book equity.

Spieldelnahme ab 18 Jahren. Glücksspiel kann süchtig machen. Nähere Informationen unter [www.lotto.de](http://www.lotto.de).

**24 Thursday, December 31, 2009**

**REALTECH**

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**Basics**

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

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**Shares and stock options of the issuer and members of executive bodies as of 31.12.2009**

Issuer	REALTECH AG	- treasury shares
Executive Board	Dr. Rudolf Caspary	40.000 stock options, 29.000 shares
	Nicola Glowinski	79.000 stock options, 15.000 shares
Supervisory Board	Daniele Di Croce	885.500 shares
	Rainer Schmidt	765.500 shares
	Peter Stier	745.500 shares

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**Key figures**

	2009	2008
	EUR	EUR
Earnings per share	0,18	1,08
Cash flow per share	0,95	0,63
Shareholders' equity per share	5,37	5,56
Highest share price	9,14	8,66
Lowest share price	4,06	4,96
Share price at year end	7,51	5,22
Market capitalization at year end	40 Mio.	28 Mio.
Number of shares at year end	5.295.952	5.260.452

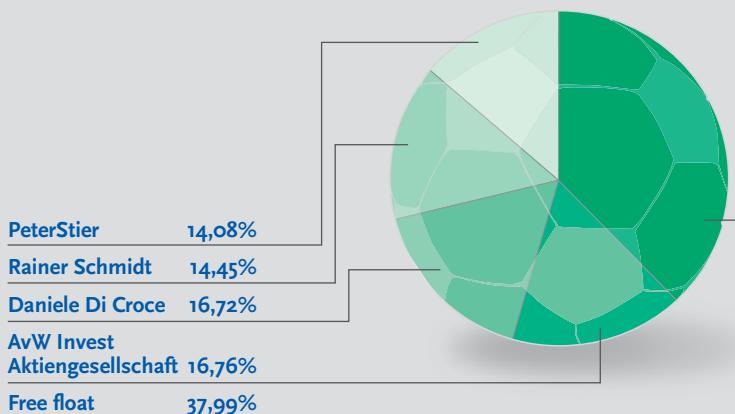


### Shareholder structure and trading volume

The shareholder structure of REALTECH AG remained largely constant throughout fiscal year 2009. The voting rights of founders and major shareholders did not change. The fourth major shareholder, AvW Invest Aktiengesellschaft, increased its holding slightly. REALTECH AG's free float on December 31, 2009 therefore amounted to 37.99 percent (December 31, 2008: 39.43 percent).

The company's trading volume was lower than in the previous year, with the average number of the Group's shares being bought and sold each day down 22 percent from 10,383 shares in 2008 to 8,088 shares in the year under review. By way of comparison, trading in securities on the German stock exchange actually halved. As in previous years, the majority of REALTECH shares were traded via the electronic trading platform Xetra. Specifically, this platform accounted for 81 percent (2008: 71 percent), while other stock markets accounted for 19 percent (2008: 29 percent).

#### Shareholder structure (as of 31.12.2009)



### General Meeting

Around 150 shareholders and guests traveled to Wiesloch to attend REALTECH AG's tenth General Meeting on May 19, 2009 to hear about the future prospects for the company. Those attending who were entitled to vote passed all the Board's resolutions, with only a few votes against and a small number of abstentions. These included the use of the net profit to pay a dividend of EUR 0.50 a share, formal approval of the actions of the Executive Board and the Supervisory Board, the appointment of Grant Thornton GmbH as auditors for the 2009 fiscal year and the approval of a control and profit transfer agreement with REALTECH Services GmbH.

### Open dialog with investors

REALTECH's shares are listed in the Prime Standard segment. Stock corporations registered in this segment have to comply with international transparency requirements that go beyond the requirements of the regulated market. Since the company went public in 1999, an open and transparent dialog with investors and the public has played an important role in REALTECH AG's investor relations activities. This is further underlined by the fact that REALTECH is an active member of the German investor relations association (DIRK), which defines the standards for professional communication between listed companies and the capital market. REALTECH also regularly attends various shareholder forums including the largest European investor fair, the German Equity Forum in Frankfurt.

4,90



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The events of 2009 underlined how well REALTECH's share performed. With an increase in its share price of 44 percent it performed far better than comparable indices such as the DAX and MDAX. It can be seen that, even in economically challenging times, investors can rely on the concept pursued by REALTECH AG. The clear business model, growth strategy and good future prospects make REALTECH's shares an attractive investment with future potential for private and institutional investors.



# REFEREES



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## Report of the Supervisory Board



### DEAR SHAREHOLDERS,

Collaboration between the Supervisory Board and the Executive Board takes the form of an intense and cooperative dialog. These discussions form the basis for the Supervisory Board to operate efficiently. In the year under review, the Supervisory Board has met its obligations set out in legislation and the Articles of Association. Moreover, it has regularly advised the management of REALTECH AG and monitored its management activities. The Executive and Supervisory Boards regularly discussed how the company is developing and agreed on the company's strategic orientation. The Supervisory Board was directly involved in all decisions of fundamental significance for the company.

The Executive Board gave the Supervisory Board extensive information on the company's position at its meetings, in particular about business and financial development, the intended investments

and the personnel situation. Outside of the meetings, the Executive Board kept the Supervisory Board informed 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 discussions with members of the Executive Board. Furthermore, 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.

Please see the "Declaration on the management of the company" section of the Group Management Report for information on how the Executive and Supervisory Boards operate.



## Report of the Supervisory Board

### Corporate Governance

The Supervisory Board regularly reviews the application of the company's Corporate Governance principles and established that, in the past fiscal year, REALTECH AG complied with the recommendations of the German Corporate Governance Code as specified in its compliance declaration.

### Meetings of the Supervisory Board

The Supervisory and Executive Boards came together on six occasions in fiscal year 2009 to discuss the business situation of the Group, the strategic further development of its fields of business, as well as a range of other individual topics. Representatives of the auditing company elected at the General Meeting were also present at two meetings for part of the time.

The Supervisory Board discussed the company's current and future development on the basis of the information provided by the Executive Board. Where the law or Articles of Association required decisions from the Supervisory Board concerning individual business transactions and actions of the Executive Board, the Supervisory Board discussed these issues and reached the necessary decisions. On account of the fact that the Supervisory Board only consists of three members, there is no need to form committees.

The Supervisory Board meetings held in the 2009 fiscal year concentrated in particular on the effects of the financial and economic crisis on the development of the REALTECH Group as well as measures to stabilize the company's performance in times of crisis.

At the Supervisory Board's meeting in January 2009 the situation of REALTECH's international subsidiaries and the company's liquidity position were discussed. In February 2009 the Supervisory Board considered the provisional figures for the fourth quarter of 2008 and fiscal year 2008, final budget planning for 2009 and the economic

development of the international subsidiaries during the economic crisis. The meeting in March focused on the report submitted by the auditors, the approval and adoption of the consolidated financial statements for 2008 and annual financial statements for 2008, the outlook for the first quarter of 2009, and the approval of the agenda for the General Meeting in 2009.

The deliberations in July concentrated on the analysis of the half-year results of the REALTECH companies and the effects of the measures implemented to safeguard income and liquidity following the financial and economic crisis. The Supervisory Board also discussed possible consequences arising from changes in legislation such as the accounting law modernization act (BilMoG), legislation on implementing the shareholder rights directive (ARUG), the act on the appropriateness of management board compensation (VorstAG) and the German Corporate Governance Code.

The main focus of the November meeting was the report from the international subsidiaries looking forward to the 2009 fiscal year. Further points covered the Board remuneration model and the new requirements of legislation on management board compensation (VorstAG), the future corporate strategy and the investment required for this as well as the agreement on a deductible to be paid by the Executive and Supervisory Boards in respect of D&O insurance, as stipulated by the change in legislation to take effect on July 1, 2010. The Supervisory Board, together with the auditing company, defined the areas on which to concentrate during the audit of consolidated and annual financial statements.

At the last Supervisory Board meeting of 2009, held in December, the points considered were the budget for 2010, corporate planning for 2010 to 2012, the goals set for this period, issues relating to country and product strategies and the approval of the eighth declaration of compliance with the German Corporate Governance Code. The



Rainer Schmidt

Daniele Di Croce (Chairman)

Peter Stier



Supervisory Board again made a thorough examination of the findings on the appropriateness and structure of Executive Board remuneration and agreed on the dates of Supervisory Board meetings in 2010.

#### **Members of the Executive and Supervisory Boards**

There were no changes in the members of the Executive and Supervisory Boards in 2009. The Supervisory Board passed a resolution to extend the term of office and employment contracts of Executive Board members from March 25, 2009 to March 22, 2013 in each case.

Please see the Notes to the Consolidated Financial Statements in respect of specific details about those persons who make up both Boards and the information in Section 285 No. 10 of the German Commercial Code (HGB).

#### **Annual and consolidated financial statements**

REALTECH AG's annual financial statements for 2009 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 in the General Meeting on May 19, 2009 and engaged as auditor by the Supervisory Board.

The same applies to the consolidated financial statement in accordance with IFRS/IAS. A Group management report was added to this. These

consolidated financial statements have been prepared in accordance with IFRS rules and the company is therefore exempt from the obligation to present consolidated financial statements in line with German law, as set out in Section 315a of the German Commercial Code (HGB).

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 and have been 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 19, 2010 the Supervisory Board approved the consolidated financial statements for 2009, the combined management report for 2009, and REALTECH AG's annual financial statements for 2009, 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 2010  
The Supervisory Board  
Daniele Di Croce  
Chairman



# S U C C E S S E S





6,00

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## Success Stories



Soccer is a team game and, if it is to be successful, every single member of the team needs to be united and work hard. Read the following examples and you will see how well our squad has performed throughout different places.



## Success Stories Consulting



APTAR GROUP INC.

- AptarGroup has chosen REALTECH for SAP Global Data Center project

AptarGroup decided to make the Chicago headquarters the centralized hub for software and hardware and the administration center for IT base services for the Group's entire SAP environment. This required the migration of multiple systems from different locations and platforms to a unified environment in the Chicago data center. These activities, which involved the French, Italian, German and American offices, have led to a single, service-oriented information center enabling a reduction in management and maintenance costs and an optimization of internal and external services. To maximize success and minimize risk, AptarGroup engaged REALTECH to work with its own skilled IT team. REALTECH developed a comprehensive project plan that included technology consulting services and the application of proprietary software solutions.



DATENZENTRALE  
BADEN-WÜRTTEMBERG

- Document management and collaboration rooms for customer and partners!

With its Kommunalmaster® products the Datenzentrale Baden-Württemberg (DZ BW), as a software development and consultancy enterprise for the public sector, offers SAP-based solutions for financial and personnel management in public administration. In order to enhance the benefits for customers, the company decided to add a portal link to its financial solution and awarded REALTECH the contract to develop a portal solution for the DZ-Kommunalmaster®.



BEHR GMBH & CO KG

- Plan the future with SAP BI

Behr GmbH & Co. KG, Stuttgart, is an important partner for the international automobile industry. With thirty company codes and a planning time frame of six years, Behr was finding it increasingly difficult to manage the planning of external sales using software developed in house. For this reason a decision was made to work with REALTECH to replace the legacy application and implement a new system with SAP NetWeaver Business Intelligence to create an integrated planning and reporting environment.



OSRAM GmbH

- REALTECH AG lights up the supplier market for OSRAM GmbH

As SAP consolidation throughout Europe got underway, OSRAM started to think about which hardware supplier the lighting manufacturer should rely on in the future. In the decision-making process, REALTECH AG provides strategic consulting to support the selection process for the new server infrastructure. What the company was looking for was a powerful overall system that would meet extremely high requirements regarding availability. After the hardware project, which was the subject of the bid, REALTECH sourced a qualified training provider, which trained OSRAM's employees throughout Europe on how to use the new SAP systems.



RHEIN CHEMIE  
RHEINAU GmbH

- REALTECH put in place a system to value 77,200 tonnes of raw materials a year!

Product quality and competitive prices are absolutely crucial for Rhein Chemie in the quest to be an optimum supplier to its customers. Raw material suppliers need to meet tough demands in terms of both quality and on-time delivery. In order to ensure this in the long term, Rhein Chemie decided to call on REALTECH's assistance to implement a vendor evaluation system based on SAP NetWeaver Business Intelligence 7.0.



WESTDEUTSCHE LOTTERIE  
GmbH & Co, OHG

- Upgrade to SAP ERP 6.0 as the basis of new logistics processes

Before outlets selling lottery tickets can change over their logistics processes they first have to create the technical basis to do this. This was why WestLotto decided to upgrade its SAP software from SAP 4.6C to ERP 6.0. In view of its previous positive experience with the consultancy REALTECH, WestLotto again wanted to put its trust in a reliable partner.



SITIA – YOMO S.p.A.

- Tailoring IT to changing markets: REALTECH helps YOMO streamline its systems

Faced with rising volumes of data and the euro changeover, leading Italian food group sitia-YOMO S.p.A. needed to streamline its IT environment. REALTECH Italia S.p.A. helped YOMO plan and implement a tailor-made solution to system management issues, including state-of-the-art data archiving. The IT specialist also delivered ongoing technical support, and monitored and optimized system performance.



# SUCCESSES

## Success Stories Software



ATOS ORIGIN GmbH



BSH BOSCH UND SIEMENS  
HAUSGERÄTE GmbH

### • A proven track record in systems monitoring

Leading international IT service provider Atos Origin hosts complex SAP environments at its state-of-the-art data centers. The outsourcing specialist operates a wide variety of R/3 systems and Oracle databases on all leading UNIX and Microsoft platforms. Since 1997, Atos Origin has been using REALTECH's theGuard! system management software to ensure the smooth running of heterogeneous landscapes of this kind. It enables proactive identification and elimination of bottlenecks, and helps maximize the availability and performance of applications. It is also possible to monitor and document compliance with service level agreements, providing customers with cost-effective service and verifiable quality.

### • Global SAP Monitoring

Every company, large and small, has to explore new ways to address increasing quality and security requirements in IT systems in order to meet the challenges of a globally networked future. Taking a "best-of-suite" approach, BSH Bosch and Siemens Hausgeräte GmbH has chosen REALTECH's theGuard! ApplicationManager to monitor its SAP systems.



CAPGEMINI OUTSOURCING  
SERVICES GmbH

### • Perfect customer service

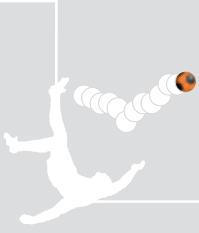


ENERGY CONSULTING

### • With Energy in the market for oil and gas

Energy Consulting is a large SAP-consulting company in Russia with a focus on the oil- and gas industry. There is an increasing demand for controlled processes for changing SAP applications and systems according to legal and other local requirements. After an intensive market analysis, Energy Consulting decided for theGuard! TransportManager as their standard solution for their customers. The partnership includes sales, implementation and all other local services.





**DEUTSCHE BÖRSE  
SYSTEMS AG**

#### ● Riding high with SAP monitoring

Ever-increasing customer demands and a stronger dependence on crucial business processes forced Deutsche Börse Systems AG to insource its IT systems. Consequently, this placed new requirements on the operation of its growing and heavily networked SAP system landscapes. For this reason Deutsche Börse Systems AG decided to introduce REALTECH's theGuard! ApplicationManager software for professional SAP monitoring as it was taking back over its IT operation.



**TRIUMPH  
INTERNATIONAL**

#### ● Fashion and so much more!

Triumph has always been committed to ensuring the high quality and transparency of its business processes. In order to continue to live up to its high standards in the face of rapidly growing data volumes, Triumph decided to implement REALTECH's InterfaceManager IM/3. A powerful solution for the standardization of interfaces and the secure exchange of data between SAP and third-party systems. A central objective of the project was to place error management in the hands of the individual departments thus taking the burden off of the IT department and reducing the costs involved with implementation efforts.



**MTU  
FRIEDRICHSHAFEN GmbH**

#### ● Round-the-Clock IT Services

Staying ahead of the competition in the fiercely competitive mechanical engineering industry requires more than technologically advanced products of superior quality. Optimized processes and high-performance IT systems are just as crucial when it comes to time-to-market and the efficient use of raw materials and human resources. In order to future-proof its own worldwide support processes in compliance with ITIL, MTU decided to implement an integrated and ITIL-compliant solution that consists of REALTECH's software products theGuard! ApplicationManager and theGuard! ServiceDesk.



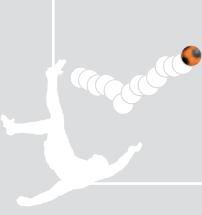
**UNIVERSITAT OBERTA DE  
CATALUNYA**

#### ● High-availability Education Network

Maintaining the high availability of a complex, heterogeneous, and distributed network infrastructure with several locations presents a formidable challenge, even to public education institutions. In order to implement professional network management, the Spanish distance university Universitat Oberta de Catalunya (UOC) opted for REALTECH's theGuard! Network-Manager. This allowed the university to successfully replace the partial solutions it had previously worked with and to futureproof its IT systems.



# ANALYSIS OF THE GAME



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## Management Report

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



### OVERALL AND INDUSTRY-SPECIFIC ECONOMIC DEVELOPMENT

The dominant aspect of 2009 was the global financial and economic crisis. The effects of the weak economic performance have been felt by all sectors of business. The crisis has not left the IT industry unscathed, because many companies have reduced their investment in IT projects or have postponed them. However, the implications have been less dramatic for IT service providers than, say, for producers of computers and other hardware.

Economists are of the opinion that the end of the economic decline is in sight. In January 2010 the International Monetary Fund (IMF) published its

latest economic forecast: according to this, the world economy should grow by 3.9 percent in 2010 and by 4.3 percent the following year. These figures mask considerable regional differences. Although the IMF expects China to grow by ten percent, the economy in the USA is only predicted to expand by 2.7 percent. Growth of one percent is expected for the eurozone and the German economy is expected to expand by 1.5 percent. The economic outlook published by the German government in January 2010 assumes that gross domestic product will rise by 1.4 percent.



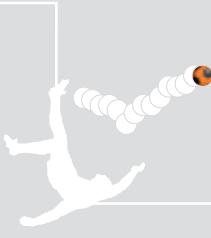
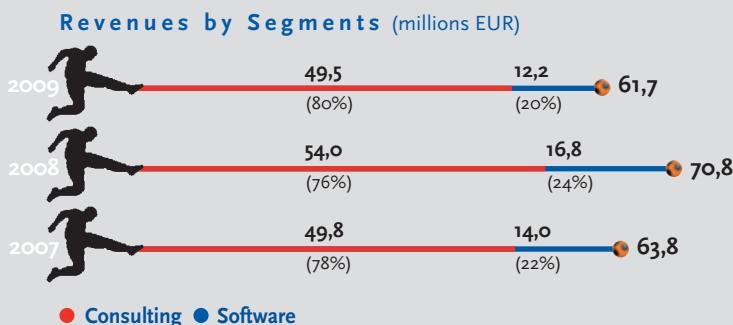
## ⚽ Management Report

The IT sector could benefit from this development. In January 2010 market researchers from Gartner have raised their forecasts for IT and telecommunications expenditure and during the current year are expecting growth of 4.6 percent to 3.4 billion US dollars. With regard to pure IT investment, according to an estimate made in February 2010, analysts from IDC are expecting a rise of 3.2 percent to 1.48 billion US dollars.

Positive signs are also being reported by BITKOM, the German association for the industry. According to a survey carried out in December 2009, 57 percent of market participants are expecting revenue to grow in 2010, whereas 17 percent of companies are expecting business to remain on a steady course.

In the past few years REALTECH has successfully positioned itself as an acknowledged SAP consultancy and has established itself in the high-margin IT strategy consultancy segment of the market. REALTECH provides its customers with reliable support, as they optimize, consolidate and operate their IT systems. Parallel to this, the software solutions developed by the company itself for enterprise-wide management of IT infrastructures and IT service process has been successfully accepted by the market. REALTECH's theGuard! software family enables organizations to automate their IT services and the operation of complex IT environments. International customers here are of all sizes and come from very different sectors of industry. REALTECH is represented worldwide in seven countries, with the core markets in Germany, Spain and Italy.

REALTECH has in recent years clearly demonstrated that this portfolio puts it in a very good position in its various markets. In addition, new customers recruited demonstrate that the services and products supplied meet the requirements of both medium-sized companies and large corporations. Worldwide over two thousand companies have already opted for solutions provided by REALTECH.



#### FINANCIAL SITUATION

#### Group business development

The global economic crisis has also affected the attitude of REALTECH's customers to investment. IT projects have been postponed or cancelled completely. This is why **Group revenue** fell by 13 percent to EUR 61,675 thousand in the 2009 fiscal year. In the previous year REALTECH achieved revenues of EUR 70,823 thousand, equivalent to an increase of 11 percent.

The **Consulting** business area brought in EUR 49,530 thousand (previous year: EUR 54,050 thousand) and was therefore down 8 percent (previous year: up 9 percent). This corresponds to 80 percent (previous year: 76 percent) of Group revenue. Revenue from in-house **software** development, in the form of licenses, maintenance and supplementary services, fell 28 percent (previous year: rise of 20 percent) from EUR 12,773 thousand to EUR 12,145 thousand. It must be noted here that, from the organizational point of view, revenues between the two segments amounting to EUR 2,651 thousand have been reclassified compared to the previous year. If classified in the same way, consulting was 13 percent down on 2008 and software fell by 14 percent.

In the year under review the **costs of revenues** fell by 7 percent from EUR 43,916 thousand to EUR 40,822 thousand. Based on revenue, the figure rose to 66 percent (previous year: 62 percent). The **gross profit** fell by 23 percent from EUR 26,907 thousand to EUR 20,853 thousand. Relative to revenue, the figure fell from 38 percent to 34 percent.

**Selling and marketing expenses** fell by 7 percent from EUR 9,160 thousand to EUR 8,482 thousand, representing 14 percent of revenue as opposed to 13 percent the previous year.

**General and administrative expenses**, at EUR 6,678 thousand, were 5 percent lower than in the previous year (EUR 7,055 thousand). At the same time, in percentage terms the share of total revenue rose from 10 percent to 11 percent.

In the 2009 year REALTECH invested EUR 3,845 thousand in **research and development expenses**. This corresponds to a fall of 17 percent compared to the previous year's figure of EUR 4,622 thousand. As a share of revenue, this expenditure decreased from 7 percent to 6 percent.

**Operating income (EBIT)** was down 63 percent from EUR 7,027 thousand to EUR 2,578 thousand. Consequently, the EBIT margin fell from 10 percent to 4 percent. **EBITDA** fell by 57 percent from EUR 8,039 thousand to EUR 3,711 thousand. This development can, in particular, be attributed to the global effects of the financial and economic crisis.

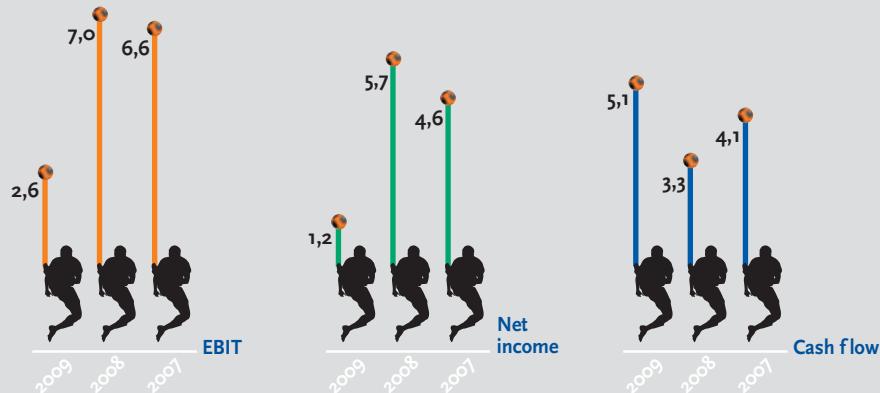
Income from operations in the consulting business area reached EUR 1,678 thousand (previous year: EUR 3,195 thousand), whereas the software segment returned an EBIT of EUR 1,919 thousand (previous year: EUR 2,875 thousand).

A capital repayment of EUR 3.99 per share was made in November 2008. This also influenced the **net interest** in 2009, which fell from EUR 535 thousand to EUR 45 thousand. Furthermore, **income from financial assets and securities** dropped from EUR 976 thousand to minus EUR 82 thousand as a result of this. Weakening of the US dollar and the Japanese Yen caused currency losses to increase from EUR 40 thousand to EUR 113 thousand.

**Income taxes** amounted to EUR 1,122 thousand (previous year: EUR 2,688 thousand). This value is composed of the actual tax expense of EUR 1,196 thousand (previous year: EUR 2,704 thousand) and the deferred tax income of EUR 74



## Income Situation and Cash flow (millions EUR)



thousand (previous year: EUR 16 thousand). The effective tax rate therefore rose from 32 percent to 46 percent.

**Net income** fell by 79 percent from EUR 5,703 thousand to EUR 1,203 thousand. Based on the undiluted number of 5,295,952 shares on the end-year key date, this amounts to **earnings per share** of EUR 0.23 (previous year: EUR 1.08 for 5,260,452 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. REALTECH Japan Co. Ltd., in which the holding has an interest of 54.1 percent is an exception (please also refer to "7. Interests in associates" in the Notes to the Consolidated Financial Statements). The **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 4,215 thousand (previous year: EUR 5,015 thousand).

On December 31, 2009 REALTECH AG recorded **receivables due from related parties** of EUR 17,812 thousand (previous year: EUR 12,179 thousand) and **trade accounts payable** to affiliated companies of EUR 7,673 thousand (previous year: EUR 771 thousand). In the year under review, the holding recorded a net income of EUR 1,144 thousand (previous year: EUR 4,057 thousand) and employed eight people on average (previous year: 18 people).

### ● Changed corporate structure in Germany

Taking effect from April 1, 2009 REALTECH established a new corporate structure under company law in Germany. With this REALTECH AG undertook the tasks of a holding company, under which

the various companies abroad and the German subsidiaries are grouped.

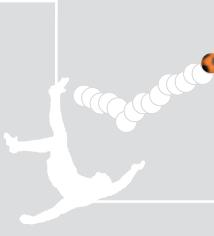
Up to now, the German business operations of REALTECH have been the responsibility of REALTECH system consulting GmbH. This company comprised both the consulting business area and the software segment. Two years ago, these divisions were separated in organizational terms into independent enterprise units under the umbrella of REALTECH system consulting GmbH. These units are being transformed into autonomous companies as of April 1, 2009.

Since this date REALTECH Consulting GmbH has been responsible for the SAP consulting business, while REALTECH Software Products GmbH has had the task of developing and marketing the company's own software products. These companies are supported by REALTECH Services GmbH, which provides central services such as financial accounting, human resources services, IT services and marketing. The employees were transferred to the new companies on April 1, 2009. As a result of the changed organization of REALTECH, we will be focusing each of the newly created companies entirely on its particular core business. The business areas have been transferred on the basis of company lease agreements.

### ● Business development in the various regions

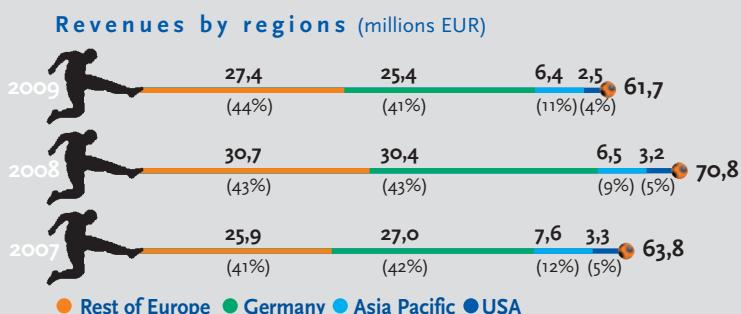
All four regions in which REALTECH operates have seen revenues fall in the 2009 fiscal year. Revenues recorded in **Germany** were down by 16 percent year on year (previous year an increase of 13 percent), falling from EUR 30,413 thousand to EUR 25,419 thousand. Contribution to Group revenue fell to 41 percent (previous year: 43 percent). The revenue REALTECH generated abroad amounted to EUR 36,256 thousand (previous year: EUR 40,410 thousand). The share of total revenue was 59 percent (previous year: 57 percent).





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The region **Rest of Europe** recorded an 11 percent reduction to EUR 27,352 thousand (previous year: EUR 30,762 thousand). This development was due, in particular, to the 19 percent drop in revenues in Italy. Revenues were down 6 percent in Spain, whereas Portugal saw a 51 percent increase in revenue compared to the previous year. The proportion of Group revenue generated in region Rest of Europe increased from 43 percent to 44 percent.

In region **USA** the company generated revenue of EUR 2,504 thousand after EUR 3,130 thousand in the previous year. The contribution towards Group revenue remained unchanged at 4 percent. The revenues recorded by the **Asia-Pacific** region were almost the same as in the previous year. Here revenues fell by 2 percent from EUR 6,511 thousand to EUR 6,400 thousand.

Accordingly, income growth in Germany and the region Rest of Europe was down. In **Germany** gross profit fell 28 percent and the gross margin was down 54 percent to 45 percent. The company managed to cut selling expenses by 8 percent and administrative costs were 15 percent lower. Investment in research and development was 18 percent less than the previous year's figure. Income from operations of the German REALTECH companies was down 74 percent at EUR 1,182 thousand (previous year: EUR 4,514 thousand).

Region **Rest of Europe** saw a fall in EBIT of 57 percent at EUR 989 thousand (previous year: EUR 2,295 thousand). In Italy income from operations was down 99 percent at EUR 7 thousand (previous year: EUR 1,167 thousand). In Spain the company saw a fall of 25 percent in its income from operations, generating EUR 749 thousand compared to EUR 1,003 thousand the previous year. The situation in Portugal was positive. Here EBIT rose by 87 percent to EUR 234 thousand (previous year: EUR 125 thousand) Income from operations generated in the USA improved by 17 percent

to minus EUR 249 thousand (previous year: minus EUR 301 thousand). The **Asia-Pacific** region saw a 26 percent rise in EBIT to EUR 655 thousand (previous year: EUR 518 thousand). Japan and New Zealand increased their income from operations but the EBIT returned by Singapore was lower.

#### ● Appropriation of retained earnings

REALTECH AG's annual financial statements form the basis for a resolution to be passed during the General Meeting on the appropriation of earnings. In the year under review the **retained earnings** recorded by REALTECH AG was EUR 3,016 thousand, compared with EUR 4,516 thousand in 2008. At the General Meeting REALTECH's Executive and Supervisory Boards are proposing a **dividend** of EUR 0.50 per share for fiscal year 2009 from the company's net profit. The two committees passed these resolutions on February 25, 2010. The General Meeting is scheduled to be held in Wiesloch on May 21, 2010.

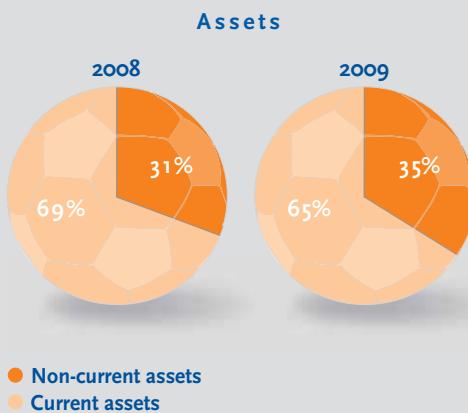
#### ● Investment and financing

In the year under review the REALTECH Group reported **cash flow from operating activities** of EUR 5,253 thousand, compared to EUR 3,314 thousand in the previous year. In spite of the net income being 79 percent lower, the company increased cash flow. This has essentially been achieved through more rigorous management of receivables. Trade receivables were reduced by 25 percent – a figure of EUR 6,038 thousand – to EUR 17,990 thousand.

**Cash flow from investing activities** in 2009 amounted to minus EUR 623 thousand, having been EUR 15,668 thousand the year before. This reduction was particularly caused by the cash distribution to shareholders in December 2008.

**Cash flow from financing activities** rose from minus EUR 23,551 thousand to minus EUR 2,644





thousand, which was primarily due to the capital increase with a subsequent capital reduction in 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.

#### Statement of cash flows

The statement of cash flows is as follows:

	2009 TEUR	2008 TEUR
Cash flow from operating activities	5.109	3.314
Cash flow from investing activities	(623)	15.668
Cash flow from financing activities	(2.500)	(23.551)
Change in cash funds from cash-relevant transactions	1.987	(4.568)
Cash at the beginning of the reporting period	5.317	9.885
Cash at the end of the reporting period	7.304	5.317

#### Balance sheets structure

Compared to the same key date the previous year, **total assets** were down 11 percent from EUR 46,477 thousand to EUR 41,355 thousand. The main reason for this is the lower figure for trade receivables. The **equity ratio** therefore rose from 62.9 percent to 69.1 percent. The equity capitalization continues to form a sound basis for realizing further growth targets.

On the balance sheet date, the REALTECH Group had **net cash and cash equivalents** of EUR 7,304 thousand (previous year: EUR 6,436 thousand).

#### Shareholders' equity and liabilities



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

Competent employees are a key component in the success of a business: With their technical expertise and excellent performance they safeguard REALTECH's leading position in the market place. The company therefore continues to make every effort to retain its highly specialized employees in the long term. REALTECH can rely on its trump cards in the field of human resources in the competitive market to recruit the talent all companies are seeking. They can provide tailor-made offers for further training, international prospects, individual development options and clear career paths. The low level of fluctuation provides the best possible proof that REALTECH is considered by employees to be an attractive company to work for.

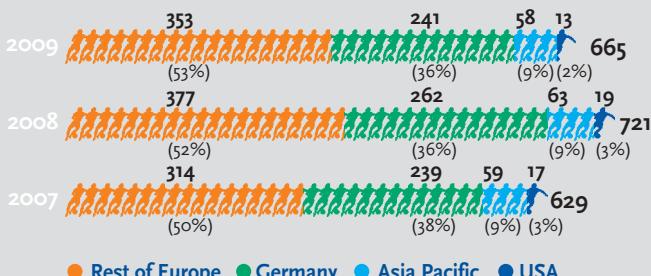
Another non-financial performance indicator worth mentioning is the high level of customer satisfaction. The customer survey that we carry out each year has shown that 95 percent of customers are "satisfied", if not "highly satisfied", with our performance.



#### DECLARATION ON THE MANAGEMENT OF THE COMPANY

REALTECH AG's management and supervisory bodies adhere to the principles of responsible and good company management. In this declaration the Executive Board reports on the management of the company in accordance with § 289a of the German Commercial Code (HGB) and also submits a report on its own behalf and on behalf of the Supervisory Board in respect of the Corporate Governance of the company in accordance with Section 3.10 of the German Corporate Governance Code.

## Employees by regions (end of year)



### Declaration of compliance and Corporate Governance Report

The Executive and Supervisory Boards regularly examine issues relating to good corporate management. In particular, they have obtained information about the new aspects of the German Corporate Governance Code in fiscal year 2009 and made a critical appraisal of how to comply with the recommendations. The outcome of their discussions was the approval of an updated annual declaration of compliance dated December 9, 2009, which is made permanently available on the company's website.

It was worded as follows:

"The Executive and Supervisory Boards declare that REALTECH AG has complied with the recommendations of the Government Commission on the German Corporate Governance Code dated June 6, 2008 since its last declaration of compliance was made on November 27, 2008 and until August 5, 2009. Since August 6, 2009 it has and will continue to comply with the version dated June 18, 2009. This applies subject to the exceptions listed below:

At present, a deductible of at least 10 percent of the amount of the damage but a maximum of one and a half times the fixed annual remuneration for the Executive Board member has not been agreed. A corresponding deductible for the Supervisory Board has also not been agreed (Section 3.8, (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 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. In accordance with Section 93, (2), Sentence 3 of the Aktiengesetz (AktG – German Stock Corporation Act) which came into force on August 4, 2009, a deductible ranging from at least 10 percent of the amount of the damage to an amount at least one and a half times that of the fixed annual remuneration for the Executive Board member is agreed, to take effect from July 1, 2010. In addition, a corresponding deductible is agreed for the Supervisory Board.

Currently more than two former members of the Executive Board belong to the Supervisory Board. (Item 5.4.2, Sentence 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, (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.

Walldorf, December 9, 2009

For the Supervisory Board of REALTECH AG

Signed,  
Daniele Di Croce

For the Executive Board of REALTECH AG

Signed,  
Nicola Glowinski  
Signed,  
Dr. Rudolf Caspary"





### Notes on management practices

REALTECH AG gives high priority to corporate governance. The Executive and Supervisory Boards are conscious of their obligation to manage the company in a responsible way that will stand the company in good stead in the future, thus securing its continued existence and delivering sustained added value. Good corporate governance also includes dealing with risk in a responsible way. The Executive Board has put in place an appropriate system for managing and controlling risk in the company (for this, please see the comments in the risk report of the Group Management Report) and ensures that all legal and statutory requirements are met, including compliance with the recommendations of the German Corporate Governance Code. Internal company monitoring, reporting and compliance structures are audited and developed on an ongoing basis, and adapted to meet changed underlying conditions.

More extensive corporate management instruments, such as separate corporate governance principles or compliance guidelines, on account of specific company circumstances at REALTECH AG are currently not required. Should future developments make it necessary to put additional instruments in place, the Executive and Supervisory Boards will respond immediately.



### How the Executive and Supervisory Boards operate

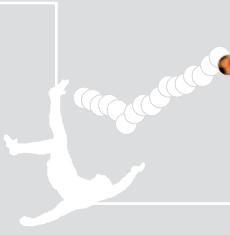
#### Dual management structure

As stipulated in the German Stock Corporation Act (AktG), as a publicly quoted stock corporation REALTECH AG has the dual management structure of an Executive Board and an Supervisory Board. Both bodies are strictly separated and therefore they are able to fulfill their different tasks independently. The Executive Board is responsible for the management of the company, whereas the function of the Supervisory Board is to monitor.

#### Close cooperation between the Executive and Supervisory Boards

The Executive and Supervisory Boards work together closely in the interest of the company. This guarantees optimum use of the specific expertise of Board members and allows joint decisions to be made more quickly. The Executive Board regularly provides the Supervisory Board with comprehensive and up-to-date information on strategy, planning, risks, risk management and current business developments.

The Executive Board develops strategic proposals, agrees these with the Supervisory Board and then ensures that these are implemented. In the case of detailed defined measures of great significance such as extensive investments, the rules of procedure for the Executive Board require the approval of the Supervisory Board. The Supervisory Board has also defined its own rules of procedure for its work. The Chairman of the Supervisory Board coordinates the work of the Supervisory Board, chairs its meetings and represents the Board in public. The report by the Supervisory Board provides a summary of the nature and scope of the Supervisory Board's work during the 2009 fiscal year.



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### Disclosure of conflicts of interest

Each Executive and Supervisory Board member discloses to the Supervisory Board possible conflicts of interest which may occur. Where the Supervisory Board decides on contracts with members of the Supervisory Board as defined by Section 114 of the German Stock Corporation Act (AktG), the member of the Supervisory Board concerned is not involved in making the decision. No decisions on relevant contracts were made during the year under review.

### Checking the efficiency of the Supervisory Board's work

The Supervisory Board regularly subjects its work to critical appraisal. The appraisal is made using a questionnaire designed specifically for the company and the results are evaluated in a timely manner. The results are discussed in detail and the findings incorporated in future work.

### Committee to promote more efficient work

Because the Supervisory Board only consists of three members, the Supervisory Board of REALTECH AG has not established any committees. As a result, all Supervisory Board members decide on all issues in which the Supervisory Board is involved. The fact that there is no need to make reports to full Supervisory Board meetings, which would otherwise be necessary, also makes for greater efficiency.

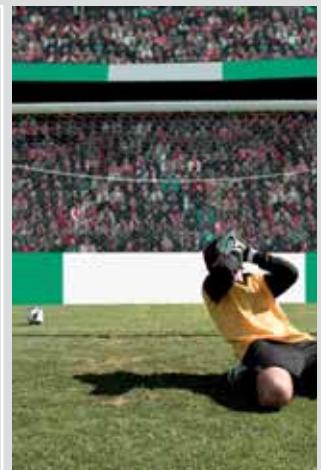
### Composition of the Executive and Supervisory Boards

The Executive Board is made up of two members. Duties are shared between the members of the Executive Board and these are set out in a plan assigning business responsibilities. The Executive Board passes resolutions by simple majority of those members voting on the resolution. If there is a tie in the number of votes cast, the proposed resolution is submitted to the Chairman of the Supervisory Board with a request to mediate.

REALTECH AG's Supervisory Board is made up of three members, who are all elected by the General Meeting. The Supervisory Board elects from its members a Chairman and a Deputy Chairman. The members of the Supervisory Board are elected for a term of office up to the end of the General Meeting which formally approves the actions of company management for the fourth fiscal year after the start of the members' terms of office. The fiscal year in which the term of office begins is not counted. At the present time, REALTECH AG's Supervisory Board is made up of three members who were previously members of the Executive Board.

The term of office of the Supervisory Board members ends with the conclusion of the General 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 Item 9.1 of the Articles of Association, the Supervisory Board is made up of three members to be elected at the General Meeting.

Please see the Notes to the Consolidated Financial Statements in respect of specific details about those persons who make up both Boards and the information in Section 285 No. 10 of the German Commercial Code (HGB).





#### ● **Basic structure of Executive Board and Supervisory Board remuneration (remuneration report)**

#### ● **Remuneration of the Executive Board members**

The Executive Board's remuneration is decided by the Supervisory Board and regularly reviewed. Apart from fixed remuneration and incidental benefits, Board remuneration consists of a variable performance-based component plus a component to act as a long-term incentive. The total remuneration and the individual components of the compensation are appropriate for the tasks of the Executive Board member concerned, his personal performance, the economic situation, and the success and future prospects of REALTECH AG. It also takes into account comparable situations and the remuneration structure which applies elsewhere in society.

#### ● **Remuneration structure in 2009**

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 2009 was dependent on the extent to which the previously defined overall company goal for Group EBIT is met (prior to acquisition costs).

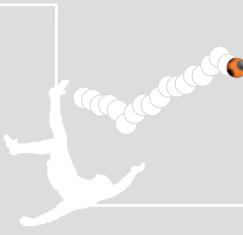
Share-based remuneration was provided by granting convertible bonds, with the agreement of the Supervisory Board, in line with the provisions of the convertible bond decision reached by the

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 five 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 two years following issue of the convertible bonds for 40 percent of the rights simultaneously granted to holder, after a period of three years following issue of the convertible bonds for a further 30 percent, and after a period of four years following issue of the convertible bonds for the remaining 30 percent. Convertible bonds may only be exercised within certain, previously defined exercise windows. You will find more information on convertible bonds in Item 12 of the Notes to the Consolidated Financial Statements. The Chief Executive Officer, Mr. Nicola Glowinski, received 79,000 convertible bonds on December 31, 2009 and Dr. Rudolf Caspary received 40,000. Authorization to issue convertible bonds lapsed on May 15, 2007.

#### ● **Changed remuneration structure in 2010**

In view of the legislation which came into force on August 5, 2009 concerning the appropriateness of Executive Board Remuneration, the Supervisory Board has discussed and examined in depth the existing remuneration structure of the Executive Board. The focus is on the incentive to create value for the company over the long term, with



an appropriate overall compensation package and the creation of variable remuneration reflecting REALTECH AG's business model, which concentrates on consultancy.

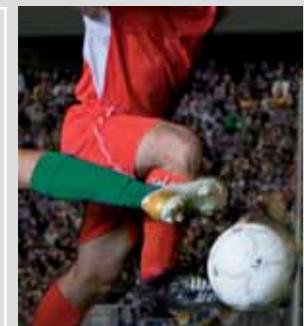
In February 2010 the Supervisory Board decided to change the remuneration structure so that, apart from the fixed salary, a variable payment is made in the form of a bonus amounting to 3.5 percent of Group EBIT after minority holdings, providing Group EBIT is at least EUR 2 million. Maximum variable remuneration is EUR 500 thousand.

Furthermore, in future Executive Board members will have an obligation to purchase at least 10 percent of the variable remuneration they are paid in each calendar year and to do this at least three years from the date of purchase. This also applies to the time after they have left the company. It is therefore ensured that the variable remuneration also takes into account the sustained development of the company where the basis of measurement extends over a number of years.

The Supervisory Board is of the opinion that a more extensive arrangement on the long-term nature of the variable remuneration would not result in any further advantages, bearing in mind REALTECH AG's business model. The majority of REALTECH AG's revenues are still generated by the consultancy business. This requires all employees and the Executive Board to have the ability to respond very quickly to continuously changing markets and customer situations. The main aspect of daily decision-making processes is purely the benefit provided for customers, with a view to making maximum use of the consultants' capacity, whilst also charging out consultants at the highest possible daily rates. Consequently, this is hardly amenable to medium-term planning. If this used the basis for measurement with variable remuneration, it could even be counter-productive when it comes to operative decision-

making processes. A remuneration structure that is primarily determined by the annual Group EBIT yet with relatively low fixed remuneration means that a substantial proportion of personnel costs become variable costs that depend on profit. This is a remuneration structure, which has been successfully applied at all levels of REALTECH AG over many years and, consequently, should also be used at Executive Board level.

In view of the obligation to invest part of the variable remuneration in the company's shares and to hold these for a minimum of three years, the Supervisory Board considers that this provides the members of the Executive Board with sufficient incentive to achieve a good performance for the company in the long term. The obligation to purchase the company's shares therefore supersedes the discontinued convertible bond scheme. It is also considerably easier to operate and the associated administrative costs are lower. The long-term incentive is reinforced through the increase in the number of shares held during the retention period.



### Leaving the Executive Board

The contracts of the Executive Board members do not provide for any promised severance payments in the event of a "Change of Control" or premature termination of work for the Executive Board without good reason.

### Remuneration in fiscal year 2009

Remuneration received by the Executive Board in fiscal year 2009 totaled EUR 491 thousand (compared to EUR 900 thousand in the previous year). The portion not linked to targets (including non-monetary benefits from company cars and social security allowances) was EUR 444 thousand (previous year: EUR 446 thousand). As it was not possible to achieve the overall company goal for



Group EBIT, no success-based remuneration was due (previous year: EUR 454 thousand). As in 2008, no share-based payments were made in 2009.

In accordance with the decision of the General Meeting on May 16, 2006, this remuneration is not shown separately for the various individuals (Section 286, paragraph 5 of the German Commercial Code (HGB)).

#### **Remuneration of the Supervisory Board members**

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 full 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 the REALTECH share price 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 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.

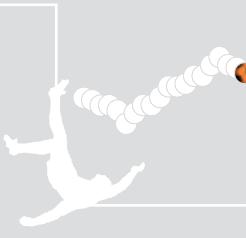
In addition, alongside reimbursement for any proven expenses, each Supervisory Board member receives EUR 1,500 for each Supervisory Board meeting. These amounts do not include any statutory VAT.

Remuneration received by the Supervisory Board in fiscal year 2009 totaled EUR 72 thousand (previous year: EUR 81 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 27 thousand (previous year: EUR 36 thousand).

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

#### **Directors' dealings in fiscal year 2009**

In accordance with Section 15a of the German Securities Trading Act (WpHG), company managers have to disclose when they purchase or sell shares in REALTECH AG or instruments that relate to these, if a minimum threshold of EUR 5,000 is reached in a calendar year. In the 2009 fiscal year, transactions at REALTECH AG that required reporting were as listed in Table 1.



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**Table 1**

Name	Status	Trading day/ Stock Exchange	Name of the financial instrument	ISIN	Price (EUR)	Number	Transaction volumes EUR	Explanation
Nicola Glowinski	Executive Board	11.05.2009 Off-market	Convertible bond	DE0007008906	3,96	9.000	35.640	Conversion of convertible bonds as part of the CB-Program 2004
Dr. Rudolf Caspary	Executive Board	11.05.2009 Off-market	Convertible bond	DE0007008906	3,96	9.000	35.640	Conversion of convertible bonds as part of the CB-Program 2004
Nicola Glowinski	Executive Board	12.05.2009 Xetra	Shares	DE0007008906	7,08	4.000	28.308	Sale of shares
Nicola Glowinski	Executive Board	13.05.2009 Xetra	Shares	DE0007008906	6,53	21.500	140.366	Sale of shares
Nicola Glowinski	Executive Board	14.05.2009 Xetra	Shares	DE0007008906	6,90	1.200	8.280	Sale of shares
Nicola Glowinski	Executive Board	15.05.2009 Xetra	Shares	DE0007008906	6,68	2.991	19.965	Sale of shares
Nicola Glowinski	Executive Board	18.05.2009 Xetra	Shares	DE0007008906	6,60	1.309	8.639	Sale of shares
Dr. Rudolf Caspary	Executive Board	19.05.2009 Xetra	Shares	DE0007008906	6,61	9.000	59.490	Sale of shares

### Shareholding in the Executive and Supervisory Boards

The number of shares held directly or indirectly (as defined by Section 15a of the German Securities Trading Law – WpHG) by members of the Executive and Supervisory Boards or financial instruments that relate to these in percent of the issued shares:

**Table 2**

Executive Board	Number of shares as at 31.12.2009	In % of total issued shares
Dr. Rudolf Caspary	29.000	0,55
Nicola Glowinski	15.000	0,28
	<b>44.000</b>	<b>0,83</b>
Supervisory Board	Number of shares as at 31.12.2009	In % of total issued shares
Daniele Di Croce	885.500	16,72
Rainer Schmidt	765.500	14,45
Peter Stier	745.500	14,08
	<b>2.396.500</b>	<b>45,25</b>

### Shareholders and the General Meeting

The shareholders of REALTECH AG exercise their rights at the General Meeting. The General Meeting elects the members of the Supervisory Board and passes resolutions for formal approval of the actions of the Executive and Supervisory Boards. It also decides on the remuneration of the Supervisory Board. It decides on the use of the net profit, changes to the Articles of Association and important structural measures, which affect fundamental aspects of the company. All shareholders are entitled to attend the General Meeting, to vote in respect of their registered shares and question the Executive Board.

### Transparent communications

REALTECH AG provides extensive reports each quarter on business development and the situation in respect of income, finance and assets. In addition, the public is informed about developments at the company, using a variety of media. Insider information, which could have a consi-





derable impact on the share price, is published immediately as ad hoc reports. REALTECH AG's website is an important tool for informing the shareholders, investors and general public. Here the company provides its financial reports as well as its ad hoc reports and other press releases in German and English. The financial calendar provides information on important dates.

#### **Accounting and auditing**

REALTECH AG produces its consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) but the single entity financial statement is produced in accordance with the rules of the German Commercial Code (HGB). The full-year accounts are produced by the Executive Board and checked by the Supervisory Board: the same applies to quarterly and six-monthly financial reports. The Supervisory Board proposes the auditors, which are elected by the General Meeting. Prior to this, the auditors make a declaration to the Supervisory Board confirming their independence. The Supervisory Board issues the audit assignment and defines the points on which the audit is to focus and determines the audit fee.

#### **DISCLOSURES AS PER SECTION 315, PARAGRAPH 4 OF THE GERMAN COMMERCIAL CODE (HGB) AND EXPLANATIONS IN ACCORDANCE WITH SECTION 176, PARAGRAPH 1 OF THE GERMAN STOCK CORPORATION ACT (AKTG)**

REALTECH AG is required to provide disclosures in accordance with the catalog in Section 315, paragraph 4 of the German Commercial Code (Handelsgesetzbuch, HGB) and explanations in accordance with Section 176, paragraph 1 of the German Stock Corporation Act (Aktiengesetz, AktG) for the past fiscal year (2009). To meet this requirement, the company is providing the following information:

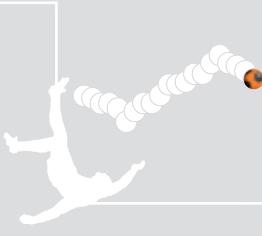
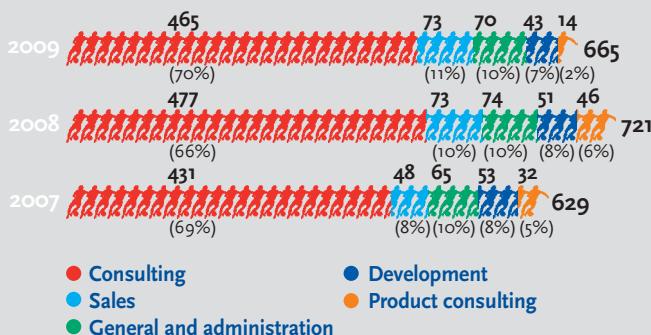
Share capital is made up as follows: The company's share capital amounts to EUR 5,295,952.00 and is divided into 5,295,952 no-par value shares. The shares are in the name of the holder. There are no shares with special rights (Section 315, paragraph 4, point 4 of the German Commercial Code).

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 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.



## Employees by sectors (end of year)



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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 the 2008 and 2009 fiscal years, contingently issuable capital has decreased by EUR 14,300.00, which has not yet been entered in the commercial register. The company's contingently issuable capital on the balance sheet date amounted to EUR 239,200.00 (2,392 bonds each consisting of 100 shares).

As of the end of the day of the Annual General Meeting on May 19, 2009, 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 5,260,452.00 at this point in time) up until November 18, 2010 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 is not aware of any restrictions as defined by Section 315, paragraph 4, point 2 of the German Commercial 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 2009 development activities focused on the Guard! family of products. This complete solution allows customers to automate the monitoring of their IT systems, analyze the performance of corporate applications and organize the service and support for complex IT environments. REALTECH solutions therefore make a long-term contribution to the success of IT-supported business processes.

### Investments

In the 2009 fiscal year REALTECH invested a total of EUR 3,845 thousand in research and development (R&D). Compared to the previous year (EUR 4,622 thousand), expenditure was 17 percent lower. Accordingly, R&D activities as a share of total revenue fell from seven to six percent. On December 31, 2009, the Group employed 45 people at its Walldorf and Schweitenkirchen sites in Germany (previous year: 51 employees).

### Identifying market requirements

For theGuard! software to be successful it is crucial that the solution is always closely aligned to market requirements. In the course of many conversations with customers, REALTECH has – yet again – established that an important feature of work within IT departments continues to be that tasks are becoming more complex yet fewer members of staff are available to carry out this work.



REALTECH has responded to this trend and the individual products of theGuard! family are now even more closely integrated. This allows data about business processes and IT systems to be presented even more clearly and transparently for those in charge of IT. At the same time, the user interfaces have been revised to incorporate improved ergonomics and the latest technology (.net 4.0, Silverlight), thus making day-to-day work with theGuard! solutions even simpler and more efficient.

At the same time, the product portfolio has been restructured and brought together under the family brand of theGuard!. A new product logo is also a visual expression of the changes.



In detail, the products theGuard! Application-Manager and theGuard! NetworkManager have been combined and are now sold under the name theGuard! Business Service Manager. Also, a solution for Inventory & Asset Management will also be offered under the theGuard! family brand. This will allow organizations to cover all installed hardware and software components within the company automatically. The new theGuard! ServiceDesk solution supports the IT department's work procedures, focusing on customer-centric service and support processes. With the new complete package companies will obtain a comprehensive solution which presents all information on a complex IT infrastructure clearly yet, at the same time, provides efficient support for the day-to-day work of the IT organization in the form of productive tools.

The new product theGuard! SyncAssist was also launched in 2009. This solution accelerates the application development and change management of SAP applications by automating the distribution of new software modules across sites, thus ensuring that all SAP installations are working

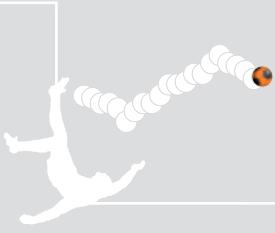
with an identical version of the software. When combined with the product theGuard! Transport-Manager, companies can enhance the quality of their SAP systems over the long term, whilst also reducing their administrative outlay and cutting development times.

Although delivery of theGuard! SyncAssist was delayed slightly, the product has already achieved a significant proportion of revenue. This highlights the fact that REALTECH gears development activities for its software solutions to demand and in line with customer requirements.

### Prospects

In 2010, too, R&D activities will be guided by current technological trends such as ITIL, Business Service Management and Application Lifecycle Management. Consequently, one of the projects planned for 2010 is to complete the new theGuard! ChangePilot product. This solution supports the change management for any applications within the company. With this product REALTECH is appealing to new target groups in the Application Lifecycle Management segment by supporting application systems over their entire life cycle.

In 2010, REALTECH entered into a software partnership with SAP. The agreement covers the development of their shared "SAP for IT" product. The Executive Board is therefore expecting investment in research and development to increase slightly. The management is also expecting that the new products, combined with a more stable economic situation, will result in the software business segment playing a greater role in the company's success.



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## RISK MANAGEMENT

As a company with international 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 a comprehensive risk management system. This allows the company to detect risks early on, analyze them and take appropriate corrective action. 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. Areas that are monitored include the entry, checking 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, REALTECH has established a uniform, Group-wide 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 corrective action and regularly report on risks to management or the Executive Board. The risks of the individual companies are the crucial factors influencing the risk position of the holding company.

### 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. For this, the company uses both quantitative and qualitative methods. These 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 assessment matrix as a basis to perform qualitative risk assessments. In this process, the company estimates the probability of occurrence of individual risks. Possible implications of a risk are estimated over a time frame of three years so that risks can be prioritized 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.

Significant company risks established by the risk management system are listed below. This list is based on the structure of the internal risk management reporting system.

#### **Economic risks**

In 2009 the environment in which REALTECH AG was operating was strongly influenced by the erratic nature of the global economy. Tougher conditions on the capital markets and a reluctance among customers to invest slowed down business development at REALTECH AG. Late receipt of payments, uncollectable receivables and the possibility of customers and business partners becoming insolvent may also affect the company's development in 2010.

Other 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. However, 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 balance out regional economic difficulties through better results on other markets.

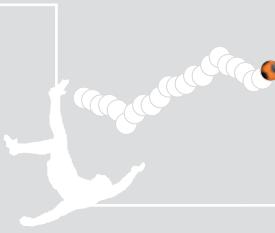
The economic declines resulting from events such as terrorist attacks, armed conflicts and natural catastrophes in recent years were generally only of a short-term nature and have had no lasting negative impact overall on business success.

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 regime.

#### **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 solutions offered by 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



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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 stable 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 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. Furthermore, REALTECH is convinced that it can meet customer's technical requirements. Thanks to its years of experience REALTECH is able to make a realistic appraisal of project risks and predict the costs entailed to fulfill orders. For this reason, the Group considers it unlikely that product innovations and new services will have any significant negative impact on income growth.

#### Personnel risks

The highly qualified employees form the basis for the development and marketing of services and products. If large numbers of employees choose to leave the company and the company is unable to find new, well-qualified staff on the employment market, 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 as well as 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. Furthermore, we have taken IT precautions to prevent confidential information being forwarded via external communications networks. Employees who regularly work with confidential information are equipped with special hardware including additional data encryption. 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 yet 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.

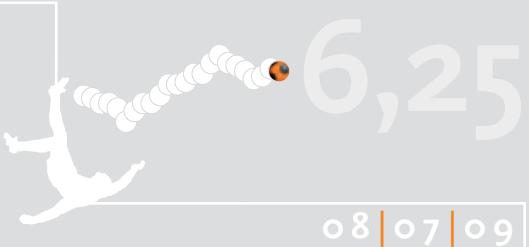
Principally, the company is subject to the risk that the products and services it offers may not enjoy sufficient market acceptance. As a result of a rapid technology changeover or erroneous development activities, for instance, the company may not quite meet customer requirements. In addition, cyclical 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, under certain circumstances, 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 sustained 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.



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## Other risks

Risks also result from rules and laws relating to tax, competition, and patents. In order to counteract such risks, REALTECH obtains extensive legal advice when making decisions and designing business processes. This advice is obtained both from its own experts and outside experts. REALTECH principally uses copyright and trademarks to protect rights, software and intellectual property. However, it is not possible to rule out the possibility completely that market participants may copy REALTECH products or misuse 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.

In order to expand its business, REALTECH has in the past purchased not only companies, but also products and technologies. The risks typical of such transactions include the integration of the 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.





## EXPLANATORY REPORT ON THE INFORMATION IN SECTION 289, PARAGRAPH 5 AND SECTION 15, PARAGRAPH 2, NO. 5 OF THE GERMAN COMMERCIAL CODE (HGB)

### **Important characteristics of the internal control system and the risk management system in respect of the accounting process**

The important attributes of the internal control systems that exist at REALTECH AG and the risk management system in respect of the (Group) accounting process can be described as follows:

A feature of the REALTECH Group is its clear organizational, corporate, control and monitoring structure.

Planning, reporting and controlling systems as well as early warning systems and processes exist throughout the company for end-to-end analysis and control of risk factors likely to have an effect on earnings and risks that endanger the company's continued existence.

The functions in all areas of the accounting process (e.g. financial accounting, accounting and internal audit) are clearly assigned.

The IT systems used for accounting are protected against access by unauthorized persons.

The financial systems used largely rely on standard software.

Adequate internal guidelines (including guidelines such as risk management guidelines valid throughout the Group) are in place and adjusted if required.

The departments involved in the accountancy process meet the quantitative and qualitative requirements.

Checks are regularly made on the basis of random samples and plausibility checks to ascertain that the data used for accounting is complete and correct, using both manual checks and software. A risk controller is established at each segment level to support the risk management process at segment level and ensure that data is plausible.

Important processes relevant for accounting are subject to regular analytical checks. The existing group-wide risk management system is continuously adjusted to current developments and regularly checked to ensure that it is working. The system has been examined by Grant Thornton GmbH, auditors, Hamburg (Heidelberg office) in the course of auditing the Group's accounts.

The principle of dual control is consistently applied to all processes relating to the accounting process.

Areas covered by the Supervisory Board include key accounting issues, risk management, the audit assignment and the key points on which it is to focus.





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## **Explanation of important characteristics of the internal control system and the risk management system in respect of the accounting process**

The internal control and risk management system in respect of the accounting process, key characteristics of which have been described above, ensures that corporate information is properly recorded, prepared and evaluated in the balance sheet and then adopted in the external accounting system.

The clear organizational, corporate, control and monitoring structure and the adequate resources devoted to accounting, in terms of both personnel and equipment, provide the basis for efficient work in the areas involved in the accountancy process. Clear statutory and internal company specifications and guidelines ensure that a standardized and proper accountancy process is used. The clearly defined verification mechanisms within the areas involved in the accountancy process itself, audits by the controlling department and early identification of risks by the risk management department ensure that the accountancy process is coherent and error-free.

The internal control and risk management system ensures that REALTECH AG and all the companies involved in the consolidated financial statements use standardized systems which are consistent with both legal and statutory requirements and internal guidelines. In particular, the standardized risk management system within the Group, which fully complies with legal requirements, needs to identify risks at an early stage, assess them and communicate these in an appropriate manner.

This will ensure that the recipients of the report will be provided with appropriate, relevant and reliable information which is up to date.

## **Control systems**

Planning for the financial year is undertaken once a year using the bottom-up/top-down method. A comparison of the planned data and the actual data is made every month. Deviations are continuously reported to the Executive Board and Supervisory Board. The assumptions made during the planning process are continuously checked. A system for key performance figures customized for the company is used as a strategic control system.

The strategy focuses on optimizing shareholder value. The consideration of shareholder value includes measures of value which at first glance are not financial indicators, such as customer satisfaction, corporate identity and environmental issues.





## OUTLOOK

The 2009 fiscal year was a very difficult and challenging year for REALTECH. As far back as the end of 2008 it was very noticeable that the mood in the economy was becoming increasingly gloomy as a result of the global financial crisis. REALTECH AG's customers were also not immune to the crisis in the wider economy, the full impact of which was felt in 2009. This was reflected in a downturn in project business and unusually late payments by customers. Because customers were increasingly reluctant to invest, IT projects were cancelled and decisions were delayed. This had a direct influence on business development at REALTECH AG. Group revenue fell by 13 percent to EUR 61,675 thousand and EBIT changed to EUR 2,578 thousand (previous year: EUR 7,026 thousand).

In 2009 REALTECH AG proved that the company can hold its own in the market, even in an economic downturn. Although revenue and EBIT fell, the company managed to achieve positive values for the most important key company figures.

REALTECH will also experience tremendous challenges in 2010. However, the Executive Board is confident that it is well equipped for the future with its existing products and services. Even in economically challenging times, an IT infrastructure that delivers optimum performance provides an important basis for companies to operate successfully in the market place. REALTECH's consultants specialize in working with customers to optimize IT systems as well as the business processes on which they are based.

The two segments of consulting and software offer a portfolio of products and services which have been tried and tested in practical applications.

With our solutions customers have concrete proof of the benefits gained through investments made in their IT infrastructure.

The development of the holding company is independent of the development of the subsidiaries.

## Mastering processes and technologies

In times of crisis particular attention again focuses on accurate cost management and efficiently organized cooperation across departments and sites. Customers therefore endeavor to make a critical appraisal of existing company processes and to optimize these with the help of external advisers and appropriate IT solutions.

An important selling point in favor of REALTECH is the combination of specialist technical knowledge of SAP and process consultancy. Concentration on higher-value projects with intensive consultancy requirements will continue to play an important role in the company's own strategy.

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. The solutions ensure that critical company processes and the IT systems on which they run will operate without any interruptions. Customers benefit from the high level of automation of manual processes in relation to the operation of complex IT infrastructures. In the future, too, REALTECH will be consistently enhancing its software portfolio on the basis of its existing products and align this closely to customer requirements.



## The current fiscal year

Europe will be the geographical focus of business activities in Europe in 2010. The Group is in a strong position in Germany, Italy and Spain in both qualitative and quantitative terms and is established as a trusted partner in the market. The Executive Board has identified these regions as having the potential required to generate further growth with the help of the company's own solutions and products.

The priorities set in 2009 will continue to be important in the 2010 fiscal year. REALTECH intends to concentrate on achieving profitable growth, obtaining positive cash flow and recording a higher profit margin than was achieved in 2009.

For the current year the Executive Board is planning to increase EBIT by more than 20 percent compared to the previous year. For this, REALTECH has to offer expert advice and innovative solutions to win out against the competition. At the same time, REALTECH will make its own those relevant IT and business topics which give customers high and clearly measurable benefits.

The most important capital a software and consultancy business possesses is motivated and well trained staff. REALTECH is still of the opinion that its highly qualified employees are the crucial success factor so that it can expand its position in the market further. This is particularly true in an economic environment dominated by continuing uncertainty. For this reason, REALTECH considers that, in the future too, it is of crucial importance to protect the investment made in employees over a number of years and avoid making redundancies in the Group.

Market researchers and the economic research institutes are forecasting moderate economic growth for Germany and the eurozone in 2010. It is also anticipated that investment in IT will again see a slight rise globally. Developments over the first few weeks of 2010 and the first positive discussions with customers give credence to the opinion that REALTECH AG can expect business to remain on a steady course.

For 2010 the Executive Board is planning for moderate revenue growth and an increase in EBIT of more than 20 percent compared to the previous year. 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 fiscal year 2011 for the time being and wait until reliable economic data regarding overall economic development becomes available.

Walldorf, February 26, 2010

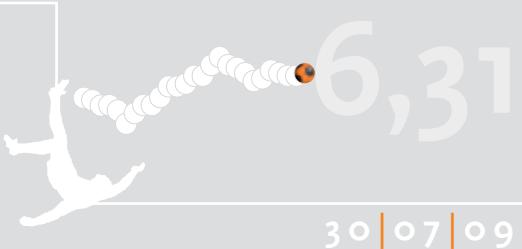
REALTECH AG

The Executive Board

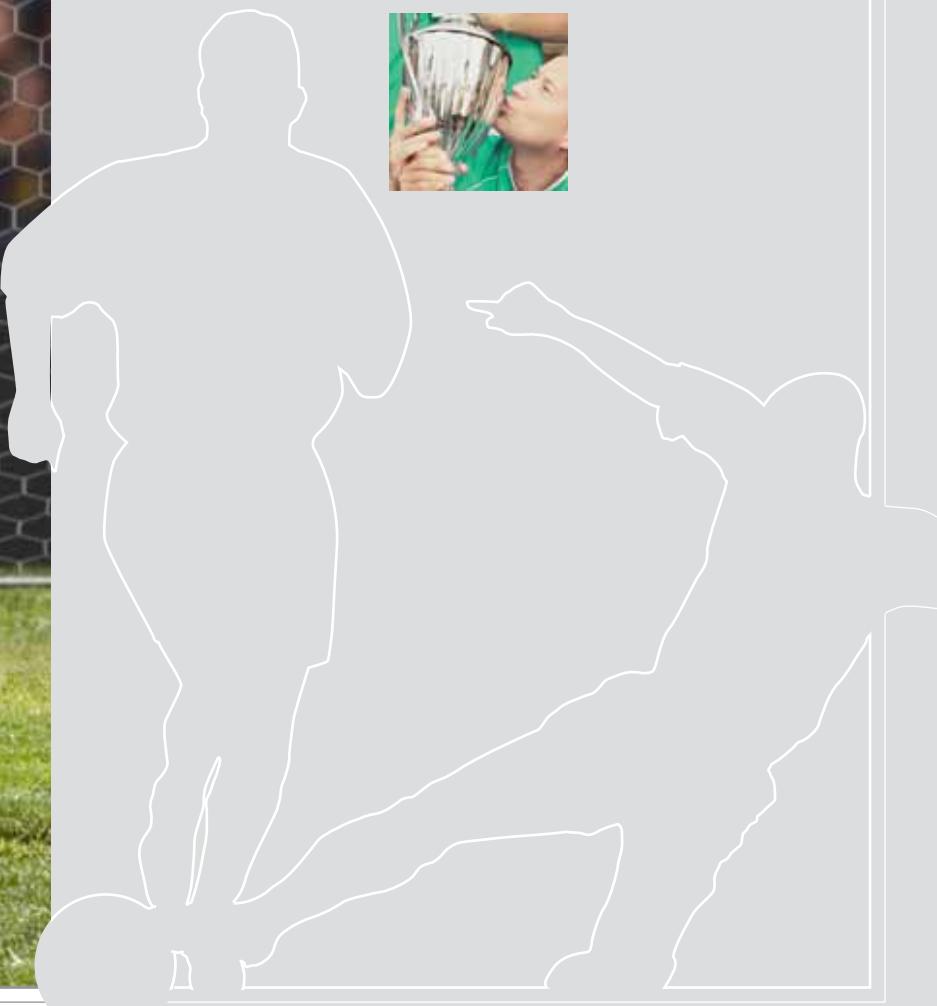


# THE COURSE OF THE SEASON

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## Consolidated Financial Statements



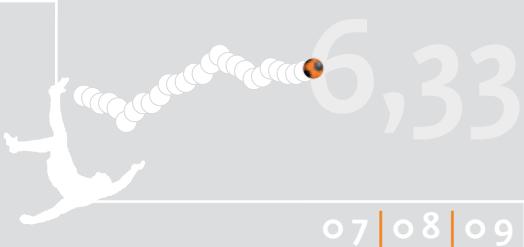
# THE COURSE OF THE SEASON

## Consolidated Balance Sheets



### ASSETS

	Notes	31.12.2009 EUR	31.12.2008 EUR
<b>Non-current assets</b>			
Intangible assets	(6)		
Concessions, industrial rights and similar rights and assets		642.318	326.644
Goodwill		4.335.679	4.335.679
		<b>4.977.997</b>	<b>4.662.323</b>
Tangible assets	(6)		
Property, plant and equipment		7.462.665	7.433.708
Technical equipment and machines		52.418	68.412
Other equipment and office equipment		1.460.409	1.644.799
		<b>8.975.492</b>	<b>9.146.919</b>
Financial assets	(6)		
Other financial assets		<b>145.256</b>	<b>137.334</b>
Deferred tax assets	(13)	<b>217.647</b>	<b>282.500</b>
		<b>14.316.392</b>	<b>14.229.076</b>
<b>Current assets</b>			
Receivables and other assets			
Trade receivables	(8)	17.989.512	24.028.022
Income tax receivables	(13)	511.149	697.701
Other financial assets	(9)	541.160	371.774
Other assets	(10)	692.556	714.667
		<b>19.734.377</b>	<b>25.812.164</b>
Securities		-	<b>1.118.737</b>
Cash and cash equivalents		<b>7.303.952</b>	<b>5.317.207</b>
		<b>27.038.329</b>	<b>32.248.108</b>
<b>Total assets</b>		<b>41.354.721</b>	<b>46.477.184</b>

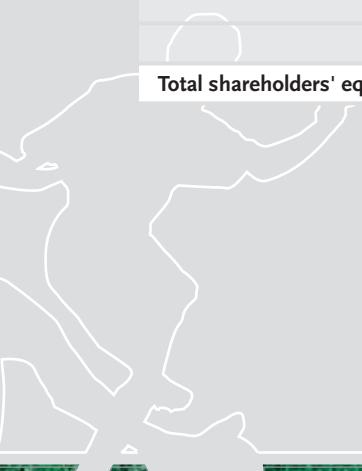


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## SHAREHOLDERS' EQUITY AND LIABILITIES

	Notes	31.12.2009 EUR	31.12.2008 EUR
<b>Shareholders' equity</b>	(11)		
Subscribed capital		5.295.952	5.260.452
(Authorized capital EUR 239.200,00; py: EUR 279.600,00)			
Additional paid-in capital		13.455.889	13.334.574
Other comprehensive income		126.354	(443.989)
Retained earnings		8.908.687	10.349.782
		<b>27.786.882</b>	<b>28.500.819</b>
 <b>Non-controlling interests</b>	(12)	 <b>778.776</b>	 <b>724.847</b>
		 <b>28.565.658</b>	 <b>29.225.666</b>
 <b>Current liabilities</b>			
Trade accounts payable	(15)	1.925.525	2.335.810
Income tax payable	(13)	445.330	1.067.659
Provisions	(14)	5.682.514	8.842.670
Other financial liabilities	(15)	50.767	126.398
Other liabilities	(15)	4.301.440	4.398.300
		<b>12.826.444</b>	<b>16.770.837</b>
 <b>Deferred tax liabilities (non-current)</b>	(13)	 <b>383.687</b>	 <b>480.681</b>
 <b>Total shareholders' equity and liabilities</b>		 <b>41.354.721</b>	 <b>46.477.184</b>



# THE COURSE OF THE SEASON

## Consolidated Statements of Income

	Notes	2009 EUR	2008 EUR
Revenues	(16)	61.675.067	70.822.937
Costs of revenues		40.822.197	43.916.362
<b>Gross profit</b>		<b>20.852.870</b>	<b>26.906.575</b>
Selling and marketing expenses		8.481.651	9.160.417
General and administrative expenses		6.677.701	7.054.622
Research and development expenses		3.845.068	4.621.664
Other operating expenses	(18)	1.308.554	1.574.576
Other operating income	(19)	2.037.657	2.530.855
<b>Operating income</b>		<b>2.577.553</b>	<b>7.026.152</b>
Net interest	(20)	45.073	535.062
Income from financial assets and securities		(81.765)	975.862
Foreign currency exchange gains/(loss)		(113.146)	(39.798)
<b>Income before taxes and non-controlling interests</b>		<b>2.427.715</b>	<b>8.497.278</b>
Income taxes		1.122.328	2.687.754
<b>Income before non-controlling interests</b>		<b>1.305.386</b>	<b>5.809.524</b>
Income non-controlling interests		102.755	106.362
<b>Net income</b>		<b>1.202.631</b>	<b>5.703.161</b>
Income from financial instruments available for sale		479.130	(647.645)
Cumulative translation adjustments		91.213	171.105
<b>Comprehensive income</b>		<b>1.772.974</b>	<b>5.226.621</b>
Other comprehensive income non-controlling interests		(48.826)	174.628
Accumulated profit carried forward		10.349.783	7.276.847
Dividend payment		2.643.726	2.630.226
<b>Retained earnings</b>		<b>8.908.687</b>	<b>10.349.782</b>
Average number of shares outstanding – basic		5.278.202	5.255.952
Average number of shares outstanding – diluted		5.517.402	5.535.552
Earnings per share – basic		0,23	1,09
Earnings per share – diluted		0,22	1,03



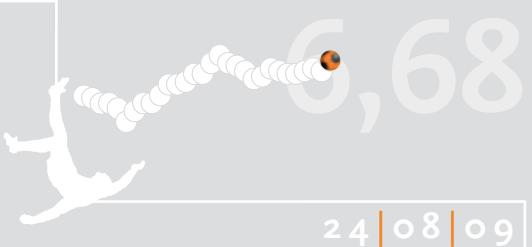
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## Consolidated Statements of Cash Flows

	2009 EUR	2008 EUR
<b>Net income</b>	<b>1.202.631</b>	<b>5.703.161</b>
Depreciation of fixed assets	1.133.045	1.012.858
Change in asset disposals	410.949	144.093
Change in convertible bonds (personnel expenses)	13.000	54.241
Other change in shareholders' equity and in minority interests	624.272	(183.587)
Change in income tax payable	(209.623)	1.220.455
Payment for income taxes	(412.706)	(1.567.878)
Change in provisions	(3.160.156)	280.897
Change in trade receivables	6.038.510	(2.868.813)
Change in other assets	104.129	(600.381)
Change in trade accounts payable and in other current liabilities	(679.970)	(415.820)
Proceeds from interests	67.406	550.505
Payment for interests	(22.333)	(15.443)
<b>Cash flow from operating activities</b>	<b>5.109.155</b>	<b>3.314.288</b>
Purchase of intangible assets	(704.831)	(145.573)
Purchase of tangible assets	(975.349)	(664.936)
Investment in financial assets	(15.983)	(47.859)
Change in current securities	1.073.664	16.526.510
<b>Cash flow from investing activities</b>	<b>(622.499)</b>	<b>15.668.142</b>
Change in dividends	(2.643.726)	(2.630.226)
Change in convertible bonds	143.815	68.670
Change in repayment of capital	0	(20.989.203)
<b>Cash flow from financing activities</b>	<b>(2.499.911)</b>	<b>(23.550.759)</b>
<b>Change in cash and cash equivalents</b>	<b>1.986.745</b>	<b>(4.568.330)</b>
<b>Cash and cash equivalents at beginnig of the period</b>	<b>5.317.207</b>	<b>9.885.536</b>
<b>Cash and cash equivalents at end of the period</b>	<b>7.303.952</b>	<b>5.317.207</b>

## ● Consolidated Statements of Changes in Shareholders' Equity

	Common Stock Number	Subscribed capital EUR	Additional paid-in-capital EUR
<b>December 31, 2007</b>	<b>5.248.452</b>	<b>5.248.452</b>	<b>34.200.867</b>
Change in subscribed capital	12.000	12.000	
Net income			
Unrealized profit/loss from securities translations			
incl. effects from 1st 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
Non-controlling interests			
<b>December 31, 2008</b>	<b>5.260.452</b>	<b>5.260.452</b>	<b>13.334.574</b>
Change in subscribed capital	35.500	35.500	
Net income			
Unrealized profit/loss from securities translations			
incl. effects from 1st realization			
Translation adjustments			
Dividend payment			
Execution of stock options and convertible bonds			121.315
Non-controlling interests			
<b>December 31, 2009</b>	<b>5.295.952</b>	<b>5.295.952</b>	<b>13.455.889</b>



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Other comprehensive income EUR	Retained earnings EUR	REALTECH AG shareholders' interest of equity EUR	Non-controlling interests EUR	Shareholders' equity EUR
32.551	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
(443.989)	10.349.782	28.500.819	724.847	29.225.666
		35.500		35.500
	1.202.631	1.202.631		1.202.631
479.130		479.130		479.130
91.219		91.213	(48.826)	42.387
	(2.643.726)	(2.643.726)		(2.643.726)
		121.315		121.315
			102.755	102.755
126.354	8.908.687	27.786.882	778.776	28.565.658



## 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, 2009 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 25, 2010 to propose at the next General Meeting the distribution of a dividend of EUR 0.50 per share (EUR 2,647,976.00). The compensation procedure in force since January 1, 2009 leads to a tax burden of 26.98 percent (25 percent withholding tax plus 5.5 percent 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, 2009, 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.



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Standard/Interpretation	FN	To be applied for fiscal year as of	Planned initial application as of
IFRIC 12 Service Concession Rights	1,2	March 28, 2009	January 1, 2010
Amendment to IAS 32 Financial Instruments:			
Presentation: Classification of Rights Issues	1,2	January 1, 2011	January 1, 2011
IFRIC 18 Transfers of Assets from Customers	1,2	November 1, 2009	January 1, 2010
IFRIC 17 Distribution of Non-Cash Assets to Owners	1,2	November 1, 2009	January 1, 2010
Revised IFRS 1 First Time Adoption of IFRS	1,2	January 1, 2010	January 1, 2010
Amendment to IAS 39 Financial Instruments:			
Recognition and Measurement: Eligible Hedged Items	1,2	July 1, 2009	January 1, 2010
IFRIC 15 Agreements for the Construction of Real Estate	1,2	January 1, 2010	January 1, 2010
Revised IFRS 3 Business Combinations	1,2	July 1, 2009	January 1, 2010
Amendments to IAS 27 Consolidated and Separate Financial Statements	1,2	July 1, 2009	January 1, 2010
IFRIC 16 Hedges of a Net Investment in a Foreign Operation	1,2	July 1, 2009	January 1, 2010
Improvements to IFRSs (issued by the IASB in May 2008), IFRS 5 (Non-Current Assets Held for Sale and Discontinued Operations), IFRS 1	1,2	July 1, 2009	January 1, 2010
Improvements to IFRS 2009	1,2	July 1, 2009	January 1, 2010

1 No noteworthy consequences for the consolidated financial statements are expected.

2 Additional/modified notes to the consolidated financial statements are mainly expected.

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. It is planned that the consolidated financial statement as at December 31, 2009 will be approved at the Supervisory Board meeting on March 12, 2010 and then approved for publication.





## New standards and interpretations applicable in the year under review

The new standards applicable in the year under review

IFRS 2 Share-based Payment

IFRS 8 Operating segments

IAS 1 Presentation of Financial Statements

IAS 23 Borrowing Costs

IAS 32 Financial Instruments: Presentation

IFRIC 13 Customer Loyalty Programs

IFRIC 14 Prepayments of a Minimum Funding Requirement

IFRIC 16 Hedges of a Net Investment in a Foreign Operation

Improvements 2008 (excluding IFRS 5)

did not have any material effects on the company's consolidated financial statements, apart from additional disclosure obligations.

## ● 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 Consulting GmbH (formerly REALTECH Sales GmbH), Walldorf, Germany, 100%
- REALTECH Software Products GmbH (formerly LMC-LAN Management Consulting GmbH), Walldorf, Germany, 100%
- REALTECH Services GmbH (formerly DB-Online GmbH), Walldorf, Germany, 100%
- REALTECH Verwaltungs GmbH (formerly REALTECH System Consulting GmbH), Walldorf, 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, 2008.

Of the German subsidiaries with the legal form of a corporation, REALTECH Consulting GmbH, Walldorf, REALTECH Software Products GmbH, REALTECH Services GmbH and REALTECH Verwaltungs GmbH – each with their headquarters in Walldorf – fulfilled the requirements stipulated in Section 264, paragraph 3 of the German Commercial Code (HGB) 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.

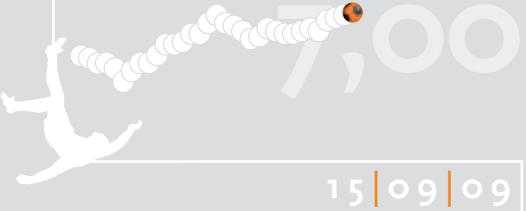
In connection with the rules of IFRS 3, goodwill is accounted for based on the impairment only method and is subject to regular impairment tests.

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 percent 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 business segments consulting (Germany) and software (Germany) are defined as cash-generating units in accordance with IAS 36.8o (b). As in the previous year, the goodwill of EUR 4,335 thousand recognized on December 31, 2009 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, because there are no qualified assets as defined by IAS 23.



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## 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. Updating took place on the trading day.

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 uncollectable.

### Available for sale

Securities are recognized with their cost and market values on the measurement date. Measurement gains and losses are shown in other income. 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. All securities were sold in fiscal year 2009.





## 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 short-term securities as available for sale. These items are measured on the balance sheet date at market value, with value changes being recognized under other income with no effect on profit or loss.

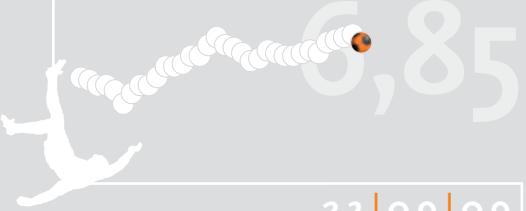
## Liabilities

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.



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### 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 estimates essentially relate to the goodwill presented in the balance sheet (EUR 4,336 thousand, previous year: EUR 4,336 thousand), property, plant and equipment (EUR 8,975 thousand, previous year: EUR 9,147 thousand) and trade receivables (EUR 17,990 thousand, previous year: EUR 24,028 thousand).

The process of determining the recoverable amount for a cash-generating unit involves estimates by management. The methods used for determining the value in use include methods based on discounted cash flows. The estimates, including the methods used, may have a significant effect on the determination of the value in use, 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 value in use of assets is 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 the value in use 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 value in use 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 the values calculated. 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.

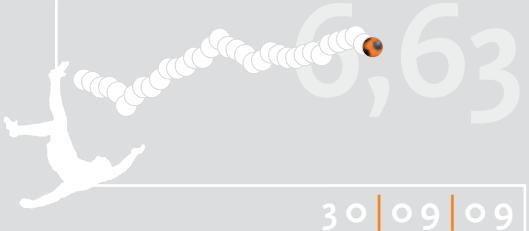
Income taxes must be estimated for every tax jurisdiction in which the Group operates. The expected actual income tax must be calculated for each subject of taxation, and the temporary differences resulting from the differences between the IFRS consolidated financial statements and tax-based accounting 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 an unlimited period of time) and from the services closely related to this, as well as from maintenance revenues. The breakdown of revenues is determined from segment reporting.

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.

#### **Cost of revenues**

The cost of revenues comprises full production-related costs on the basis of normal capacity utilization. Specifically, the cost 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.



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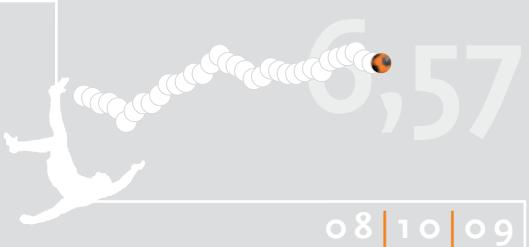


## NOTES ON THE CONSOLIDATED BALANCE SHEETS AND CONSOLIDATED STATEMENTS OF INCOME

### 6. Fixed assets

Fixed assets changed as follows:

	Acquisition and manufacturing costs					31.12.2009 TEUR
	01.01.2009 TEUR	Additions TEUR	Disposals TEUR	Currency translation adjustments TEUR		
Concessions, industrial rights and similar rights and assets	2.290	705	391	(1)	2.603	
Goodwill	7.075	0	0	0	7.075	
<b>Intangible assets</b>	<b>9.365</b>	<b>705</b>	<b>391</b>	<b>(1)</b>	<b>9.678</b>	
Property, plant and equipment	10.140	363	756	(2)	9.745	
Technical equipment and machines	222	24	11	(9)	226	
Other equipment and office equipment	8.907	588	813	7	8.689	
<b>Tangible assets</b>	<b>19.269</b>	<b>975</b>	<b>1.580</b>	<b>(4)</b>	<b>18.660</b>	
Other financial assets	128	16	0	(8)	136	
<b>Financial assets</b>	<b>128</b>	<b>16</b>	<b>0</b>	<b>(8)</b>	<b>136</b>	
	<b>28.762</b>	<b>1.696</b>	<b>1.971</b>	<b>(13)</b>	<b>28.474</b>	



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	Accumulated depreciation					Net book values	
	01.01.2009 TEUR	Additions TEUR	Disposals TEUR	Currency translation adjustments TEUR	31.12.2009 TEUR	31.12.2009 TEUR	31.12.2008 TEUR
	1.964	157	160	0	1.961	642	326
	2.739	0	0	0	2.739	4.336	4.336
	<b>4.703</b>	<b>157</b>	<b>160</b>	<b>0</b>	<b>4.700</b>	<b>4.978</b>	<b>4.662</b>
	2.706	334	757	(1)	2.282	7.463	7.434
	154	34	9	(5)	174	52	68
	7.262	608	636	(6)	7.228	1.461	1.645
	<b>10.122</b>	<b>976</b>	<b>1.402</b>	<b>(12)</b>	<b>9.684</b>	<b>8.976</b>	<b>9.147</b>
	(9)	0	0	0	(9)	145	137
	<b>(9)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(9)</b>	<b>145</b>	<b>137</b>
	<b>14.816</b>	<b>1.133</b>	<b>1.562</b>	<b>(12)</b>	<b>14.375</b>	<b>14.099</b>	<b>13.946</b>



## 7. Interests in associates

On December 31, 2009, REALTECH AG directly held interests of at least 20 percent in the following companies:

Company name and location	Share of capital %	Equity on 31.12.2009 TEUR	Net income 2009 TEUR
REALTECH Verwaltungs GmbH, Walldorf, Germany	100,0	26	1)
REALTECH Consulting GmbH, Walldorf, Germany	100,0	24	1)
REALTECH Services GmbH, Walldorf, Germany	100,0	163	1)
REALTECH Software Products GmbH, Walldorf, Germany	100,0	40	1)
GloBE Technology GmbH, Walldorf, Germany	100,0	243	3
REALTECH Italia S.p.A., Agrate Brianza, Italy	100,0	2.257	(278)
REALTECH System Consulting, S.L., Madrid, Spain	100,0	2.373	450
REALTECH Portugal System Consulting Sociedade Unipessoal Lda, Lissabon, Portugal	100,0	446	161
REALTECH Inc., Malvern, PA, USA	100,0	(464)	(365)
REALTECH Ltd., Auckland, New Zealand	100,0	1.048	99
REALTECH System Consulting Pte. Ltd., Singapore	100,0	310	23
REALTECH Japan Co., Ltd., Tokio, Japan	54,1	917	121

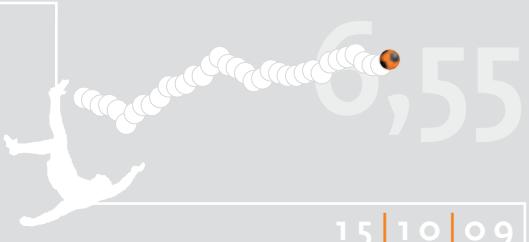
1) A profit and loss transfer agreement exists.

Delivery and service relationships exist between the associates.

## 8. Trade receivables

	31.12.2009 TEUR	31.12.2008 TEUR
Trade receivables	18.780	24.523
Allowances	790	495
	17.990	24.028

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.



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### 9. Other financial assets (current)

	31.12.2009 TEUR	31.12.2008 TEUR
Advance payments and deposits	145	219
Deferred revenue	396	153
	<b>541</b>	<b>372</b>

### 10. Other assets

	31.12.2009 TEUR	31.12.2008 TEUR
Advance wage and travel cost payments	121	123
Prepaid expenses	396	393
Other	176	199
	<b>693</b>	<b>715</b>

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

### 11. Shareholders' equity

#### Subscribed capital

The company's subscribed capital has been paid in full. The number of no-par value shares issued as per December 31, 2009 amounted to 5,295,952. Each share has an accounting par value of EUR 1.00. 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 2009 by 35,500. The nominal value of share capital increased accordingly by EUR 35,500.

The company's subscribed capital on the balance sheet date amounted to EUR 5,295,952. The authorized capital lapsed after May 1, 2010.

#### Retained earnings

	31.12.2009 TEUR	31.12.2008 TEUR
Accumulated profit carried forward	10.349.782	7.276.847
Net income	1.202.631	5.203.161
Dividend payment	2.643.726	2.630.226
	<b>8.908.687</b>	<b>10.349.782</b>





## Authorized capital

The company's subscribed capital has been conditionally increased by issuing up to 253,500 new shares. Accordingly, the company's contingently issuable capital according to the commercial register extract on February 16, 2010 is EUR 253,500.00. This authorized 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 the 2008 and 2009 fiscal years, contingently issuable capital has decreased by a further EUR 14,300.00, which has not yet been entered in the commercial register. The company's contingently issuable capital on the balance sheet date amounted to EUR 239,200.00 (2,392 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 19, 2009, the authorization of the Executive Board to purchase treasury shares was extended until November 18, 2010. According to Section 71, paragraph 1, No. 8 of the German Stock Corporation Act, the company is authorized to purchase treasury shares up to a total of 10 percent of the share capital of EUR 5,260,452.00. This authorization was not utilized in fiscal year 2009.

## 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 2009 is EUR 13 thousand (previous year: EUR 54 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 percent. 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 percent. 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).



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As in the previous year, no convertible bonds were issued in fiscal year 2009. In fiscal years 2005 and 2006, convertible bonds were issued with the following conditions:

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

The decision was reached at the REALTECH AG General Meeting on May 29, 2008 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 percent 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, 2009.

Year of issue	Exercise price EUR	Number of exercisable options	Number of outstanding options
2005	4,65	9.000	9.000
2006	5,87	160.200	230.200
	<b>169.200</b>	<b>239.200</b>	

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## 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:

	2009		2008	
	Number	WAEP EUR	Number	WAEP EUR
Outstanding at the beginning of the reporting period	279.600	5,61	301.00	8,47
Issued in the reporting period	-	-	-	-
Exercised in the reporting period	35.500	4,42	12.000	6,72
Expired in the reporting period	4.900	5,87	9.400	5,87
Outstanding at the end of the reporting period	239.200	5,82	279.600	5,61
Exercisable at the end of the reporting period	169.200	5,81	131.100	5,35

## 12. Non-controlling interests

The non-controlling interests are the 45.9 percent 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.

## 13. Income taxes

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

	2009 TEUR	2008 TEUR
Current tax expense	1.196	2.704
Deferred tax revenue (net)	(74)	(16)
	<b>1.122</b>	<b>2.688</b>

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





	2009 TEUR	2008 TEUR
Expected tax expense	606	2.240
Italian IRAP (corporation tax)	255	765
Measurement differences (domestic)	(20)	(206)
Measurement differences – securities	-	(116)
Tax rate difference/measurement differences (abroad)	281	5
	<b>1.122</b>	<b>2.688</b>

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. In the 2009 financial year the company appealed against tax demands arising from this and a decision had not yet been made at the time the annual and consolidated financial statements as at December 31, 2009 were produced. It is the opinion of the Executive Board that the risk of utilization is minimal so that a provision for additional tax payments of EUR 450 thousand has not been formed.

Deferred tax assets and liabilities are offset if they concern the same taxation authority.

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

	31.12.2009 TEUR	31.12.2008 TEUR
Deferred tax assets (non-current)	218	283
Deferred tax liabilities (non-current)	384	481

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

	31.12.2009 TEUR	31.12.2008 TEUR
Fixed assets	19	-
Allowances	41	-
Tax loss carryforwards	-	36
Goodwill	-	49
Provisions	157	187
Others	1	11
<b>Deferred tax assets (non-current)</b>	<b>218</b>	<b>283</b>

# THE COURSE OF THE SEASON

	31.12.2009 TEUR	31.12.2008 TEUR
Fixed assets	325	325
Goodwill	20	-
Production orders	39	40
Others	-	116
<b>Deferred tax liabilities (non-current)</b>	<b>384</b>	<b>481</b>

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

## 14. Provisions

Provisions changed as follows in the year under review:

	On 01.01.2009 TEUR	Usage/ write-back TEUR	Allocation TEUR	On 31.12.2009 TEUR
Provisions for employees	2.258	1.153	633	1.738
Vacation	1.456	877	500	1.079
Bonuses and revenue participation	4.043	4.043	1.735	1.735
Legal and consulting charges	273	273	266	266
Outstanding incoming invoices	243	231	131	143
Salaries and severance payments	171	171	161	161
Others	399	283	445	561
	<b>8.843</b>	<b>7.031</b>	<b>3.871</b>	<b>5.683</b>

In accordance with legal regulations, a provision for EUR 1,160 thousand has been established in the provisions for employees (previous year: EUR 1,395 thousand). The provision is measured in the amount of one month's wages per year of employment. All other provisions are due in the short term within one year. Please also see statement no. 26 on account of the recognition of pending loss provisions.



## 15. Liabilities

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

	Residual term			Type of collateral	Up to 1 Year 31.12.2008 TEUR
	Up to 1 Year 31.12.2009 TEUR	Over 1 Year 31.12.2009 TEUR	Total 31.12.2009 TEUR		
Trade payables	1.925	-	1.925	Usual retention of title	2.336
Other financial liabilities	51	-	51	-	126
Other liabilities	4.301	-	4.301	-	4.398
in the context of social security	180	-	180	-	190
	<b>6.277</b>	-	<b>6.277</b>	-	<b>6.860</b>

The remaining liabilities include sales tax, withholding tax and wage tax liabilities in the amount of EUR 1,183 thousand (previous year: EUR 1,703 thousand).

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

## 16. Revenues

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

## 17. Segment reporting

Business units that operate independently carry out the internal control within the REALTECH Group. They have comparable economic attributes. The business segments are grouped together into the segments software and consulting, for which reporting is mandatory, in accordance with IAS 18.12.

Please refer to point 5. Summary of significant accounting policies for more information on the measurement basis. The consulting segment makes a direct contribution of EUR 1,678 thousand (previous year: EUR 3,195 thousand) to the directly assignable overall income of EUR 3,597 thousand (previous year: EUR 6,070 thousand) and therefore 47 percent (previous year: 53 percent). The contribution of the software segment was EUR 1,919 thousand (previous year: EUR 2,875 thousand), equivalent to 53 percent (previous year: 47 percent) of the operative overall income.

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	Consulting		Software	
	31.12.2009 EUR	31.12.2008 EUR	31.12.2009 EUR	31.12.2008 EUR
<b>External revenues</b>	<b>49.530.438</b>	<b>54.049.493</b>	<b>12.144.629</b>	<b>16.773.444</b>
Costs of revenues	39.004.716	40.040.622	1.817.480	3.875.740
Selling and marketing expenses	4.590.339	5.216.903	3.520.215	3.943.514
General and administrative expenses	4.257.815	5.597.251	1.251.016	1.457.371
Research and development expenses			3.636.727	4.621.663
<b>Segment income</b>	<b>1.677.567</b>	<b>3.194.717</b>	<b>1.919.192</b>	<b>2.875.156</b>
Unallocated expenses and income				
<b>Operating income</b>				
Interest expenses				
Interest income				
Income from financial investments and securities				
Foreign currency exchange gains/(losses)				
<b>Income before taxes and non-controlling interests</b>				
Income taxes	527.494	1.424.510	594.834	1.263.245
Non-controlling interests				
<b>Net income</b>				
Segment assets	23.223.230	24.437.602	5.805.807	10.621.536
Unallocated corporate assets				
<b>Consolidated assets</b>				
Segment liabilities	9.901.911	12.710.862	2.475.478	4.013.956
Unallocated corporate liabilities				
<b>Consolidated liabilities</b>				
Investments	1.344.144	615.987	336.036	194.522
Depreciation	906.436	769.772	226.609	243.086
Non- cash expenses other than depreciation	0	1.141.027	0	360.324

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. Income taxes have been apportioned to the segments according to the profit contributions.

The ratio between segment income, segment assets deployed and segment liabilities is assessed by the company as being typical for the sector and appropriate.



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	Total		Group	
	31.12.2009 EUR	31.12.2008 EUR	31.12.2009 EUR	31.12.2008 EUR
<b>61.675.067</b>	<b>70.822.937</b>	<b>61.675.067</b>	<b>70.822.937</b>	
40.822.197	43.916.362	40.822.197	43.916.362	
8.110.554	9.160.417	8.481.651	9.160.417	
5.508.831	7.054.622	6.677.701	7.054.622	
3.636.727	4.621.663	3.845.067	4.621.663	
<b>3.596.759</b>	<b>6.069.873</b>	<b>1.848.451</b>	<b>6.069.873</b>	
		729.102	956.279	
		<b>2.577.553</b>	<b>7.026.152</b>	
		(22.333)	15.443	
		67.406	550.505	
		(81.765)	975.862	
		(113.146)	(39.798)	
		<b>2.427.716</b>	<b>8.497.278</b>	
1.122.328	2.687.754	1.122.328	2.687.754	
		102.755	106.362	
		<b>1.202.632</b>	<b>5.703.161</b>	
29.029.037	35.059.137	29.029.037	35.059.137	
		11.905.115	10.887.809	
		<b>40.934.152</b>	<b>45.946.946</b>	
12.377.389	16.724.818	12.377.389	16.724.818	
		817.173	480.681	
		<b>13.194.562</b>	<b>17.205.499</b>	
1.680.180	810.509	1.680.180	810.509	
1.133.045	1.012.858	1.133.045	1.012.858	
○	1.501.352	○	1.501.352	



No one individual customer accounts for more than 10 percent of REALTECH's revenue in the segment. On a segment basis, the extent to which the company is dependent on specific customers can therefore be considered to be negligible. A certain dependency does, however, exist because of REALTECH's concentration on products from SAP, as this makes the company largely dependent on the market acceptance of solutions offered by this partner.

The figures in the 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.

## Further segment information

	External revenue		Net book value segment assets		Investments in intangible assets and tangible assets	
	2009 EUR	2008 EUR	31.12.2009 EUR	31.12.2008 EUR	2009 EUR	2008 EUR
Germany	25.419.368	30.412.763	20.319.815	21.994.701	1.244.151	422.585
Rest of Europe	27.351.937	30.769.287	15.339.094	19.046.285	384.224	316.888
USA	2.503.838	3.130.154	875.937	917.551	0	21.059
Asia-Pacific	6.399.924	6.510.734	4.399.306	3.988.409	51.805	49.977
	<b>61.675.067</b>	<b>70.822.937</b>	<b>40.934.152</b>	<b>45.946.946</b>	<b>1.680.180</b>	<b>810.509</b>
of which non-current			14.098.863	13.948.213		
of which Germany			13.256.931	13.250.802		
of which other countries			845.932	697.411		

## 18. Other operating expenses

This item essentially contains expenses for rent and leasing.

## 19. Other operating income

The other operating income particularly involves rental income.

## 20. Net interest

Net interest essentially consists of interest income for fixed-term deposits and interest-bearing securities. Interest income amounted to EUR 67 thousand (previous year: EUR 551 thousand). Interest expense was EUR 22 thousand (previous year: EUR 15 thousand).

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





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## OTHER INFORMATION

### 21. 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.

### 22. 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:

	2009	2008
Income before non-controlling interests	1.305.386 EUR	5.809.524 EUR
Income non-controlling interests	102.755 EUR	106.362 EUR
Net income	1.202.631 EUR	5.703.161 EUR
Average number of shares outstanding – basic	5.278.202 Stück	5.255.952 Stück
Average number of shares outstanding – diluted	5.517.402 Stück	5.535.552 Stück
Earnings per share – basic	0,23 EUR	1,08 EUR
Earnings per share – diluted	0,22 EUR	1,03 EUR

The dilution effect results from the conversion rights for bonds. The dilution effect on the income attributable to the company is minimal.

### 23. Personnel expenses and scheduled depreciation

Personnel expenses in fiscal year 2009 amounted to EUR 40.716 thousand, compared to EUR 42.705 thousand the previous year. This 5 percent reduction can essentially be attributed to the 8 percent reduction in the number of employees between the two balance sheet dates. Scheduled depreciation was EUR 1.133 thousand (previous year: EUR 1.013 thousand).

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## 24. Other financial obligations

Other financial obligations from rent and leasing agreements amount to EUR 12,510 thousand (previous year: EUR 12,886 thousand). These are presented in the following overview:

	TEUR
2010	3.253
2011	2.471
2012	1.820
2013	1.649
2014	1.687
2015 and following years	<b>12.510</b>

Rental and leasing expenses were EUR 1,990 thousand in the year under review (previous year: EUR 1,891 thousand). Please refer to point 26, Special-purpose entity.

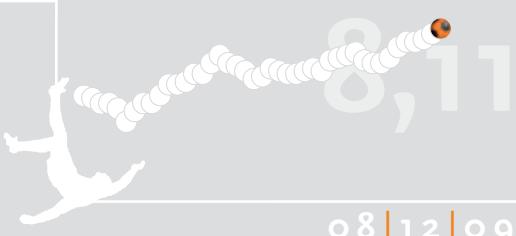
## 25. Financial instruments and notes on capital management

### Assets by class

Financial assets consist of the following classes:

	31.12.2009			31.12.2008		
	Current TEUR	Non-current TEUR	Total TEUR	Current TEUR	Non-current TEUR	Total TEUR
Assets available for sale	-	-	-	1.119	-	1.119
thereof outside capital	-	-	-	1.119	-	1.119
Other financial assets						
(at amortized cost)	25.835	145	25.890	29.717	137	29.854
	<b>25.835</b>	<b>145</b>	<b>25.890</b>	<b>30.836</b>	<b>137</b>	<b>30.973</b>

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.

	31.12.2009		31.12.2008	
	Net book value TEUR	Current market value TEUR	Net book value TEUR	Current market value TEUR
Other financial assets (non-current)	145	145	137	137
Trade receivables	17.990	17.990	24.028	24.028
Other financial assets (current)	541	541	372	372
Securities	-	-	1.119	1.119
Cash and cash equivalents	7.304	7.304	5.317	5.317
	<b>25.980</b>	<b>25.980</b>	<b>30.973</b>	<b>30.973</b>

	31.12.2009		31.12.2008	
	Net book value TEUR	Current market value TEUR	Net book value TEUR	Current market value TEUR
Trade accounts payable	1.925	1.925	2.336	2.336
Other financial liabilities (current)	51	51	126	126
	<b>1.976</b>	<b>1.976</b>	<b>2.462</b>	<b>2.462</b>

No restructuring took place in fiscal year 2009. No securities were surrendered from the above assets. The fair value was determined using balance notifications from banks or was derived from invoice values. The transmitted data represents the value that can be realized on the balance sheet date.

# THE COURSE OF THE SEASON



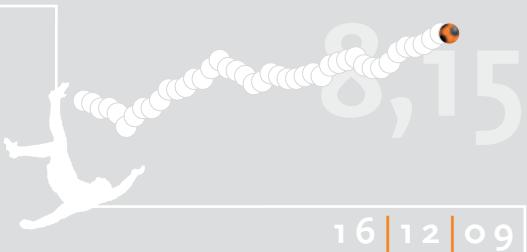
## Specification of financial instruments by IAS 39 measurement categories

	31.12.2009 TEUR	31.12.2008 TEUR
Financial instruments measured at amortized cost		
Other financial assets (non-current)	145	137
Trade receivables	17.990	24.028
Other financial assets (current)	541	372
Cash and cash equivalents	7.304	5.317
	<b>25.846</b>	<b>29.854</b>

	31.12.2009 TEUR	31.12.2008 TEUR
Assets available for sale		
Securities	-	1.119

Excess funds have been 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 classified these securities as available for sale. These items were 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 EUR 479 thousand (previous year: minus EUR 648 thousand). There are no trading securities.

	31.12.2009 TEUR	31.12.2008 TEUR
Financial liabilities measured at cost		
Trade accounts payable	1.925	2.336
Other financial liabilities (current)	51	126
	<b>1.976</b>	<b>2.462</b>



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### Net profits or losses

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

2009	Interest income	Interest expense	Impairments	Other
Financial instruments measured at amortized cost	67	22	293	-
Assets available for sale	-	-	-	(82)
Financial liabilities measured at cost	-	-	-	-

The EUR (82) thousand can be attributed to price losses relating to securities. EUR 479 thousand was recycled in fiscal year 2009. Impairments are presented under other operating expenses.

2008	Interest income	Interest expense	Impairments	Other
Financial instruments measured at amortized cost	551	16	145	-
Assets available for sale	-	-	-	976
Financial liabilities measured at cost	-	-	-	-

The EUR 976 thousand relate to price increases resulting from securities. EUR 169 thousand was recycled in fiscal year 2008. Gains and losses are calculated on the basis of realized values. Allowances are calculated on the basis of estimates made using the information available.

### 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.

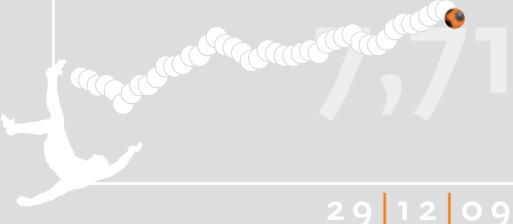
As was the case the previous year, 86 percent of the Group's business activities as a proportion of revenue are in the eurozone. Changes in exchange rates for the other Group currencies (USD, NZD, SGD and JPY) would therefore only have a minor effect on the Group's financial situation.

As during the previous year, the REALTECH Group did not have any net financial liabilities during fiscal year 2009. 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:

	31.12.2009 TEUR	31.12.2008 TEUR
Total	17.990	24.028
not yet due	11.142	14.132
0 to 29 days	2.328	5.482
30 to 59 days	2.271	2.193
60 to 89 days	442	966
90 to 120 days	1.608	1.024
more than 120 days	989	728
Allowance for bad debts	790	497



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 percent of revenue, the liability and credit risks for the Group are negligible. No collateral has been received and there are no other credit enhancements.

#### Liquidity risks

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

	Residual term			
	31.12.2009		31.12.2008	
	Up to 1 year TEUR	Over 1 year TEUR	Up to 1 year TEUR	Over 1 year TEUR
Trade accounts payable	1.925	-	2.336	-
Other financial liabilities	51	-	126	-
	<b>1.976</b>	<b>-</b>	<b>2.462</b>	<b>-</b>

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.

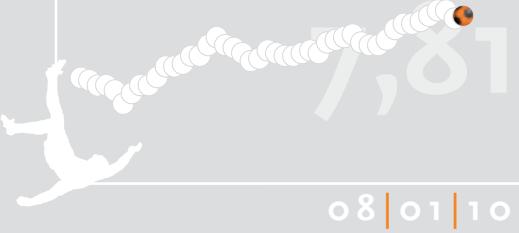


# THE COURSE OF THE SEASON

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, 2009, the company's gearing amounted to minus 0.51 (previous year: minus 0.53):

	31.12.2009 TEUR	31.12.2008 TEUR
Trade accounts payable	1.925	2.336
Income tax payable	445	1.068
Provisions	5.683	8.843
Other financial liabilities (current)	51	126
Other liabilities	4.301	4.398
<b>Gross financial liabilities</b>	<b>12.405</b>	<b>16.771</b>
Trade receivables	17.990	24.028
Income tax receivables	511	698
Other financial assets (current)	541	372
Other assets	693	715
Securities	-	1.119
Cash and cash equivalents	7.304	5.317
<b>Net financial liabilities</b>	<b>(14.633)</b>	<b>(15.478)</b>
<b>Equity according to consolidated balance sheets</b>	<b>28.538</b>	<b>29.226</b>





## 26. 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 31 December, 2009 these amounted to EUR 4,992 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.

At the present time most of the building is sub-let by REALTECH Verwaltungs GmbH to ICW AG, Walldorf. ICW AG has given notice that it wishes to terminate the rental relationship to take effect on December 31, 2010. The way in which the building will be used in the future has not yet been decided.

## 27. Bodies of the company

### **Supervisory Board**

**Daniele Di Croce** (Chairman)  
Management consultant

**Peter Stier** (Deputy Chairman)  
Entrepreneur

**Rainer Schmidt**  
Entrepreneur

The supervisory bodies have no further members.

### **Executive Board**

**Nicola Glowinski** (Chairman)

**Dr. Rudolf Caspary** (Technology)

The executive bodies have no further members.

## 28. Remuneration of the Executive and Supervisory Boards

Remuneration received by the Executive Board in fiscal year 2009 totaled EUR 491 thousand (compared to EUR 900 thousand in the previous year). The fixed portion (including non-monetary benefits from company cars and social security allowances) was EUR 444 thousand (previous year: EUR 446 thousand). As it was not possible to achieve the overall company goal for Group EBIT, no success-based remuneration was due (previous year: EUR 454 thousand). Share-based remuneration was EUR 47 thousand (previous year: EUR 0 thousand). As in 2008, no options were granted in fiscal year 2009. 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 2009 totaled EUR 72 thousand (previous year: EUR 81 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 27 thousand (previous year: EUR 36 thousand).

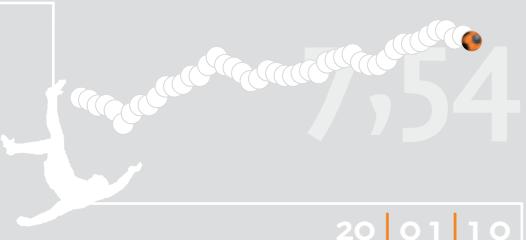
## 29. Directors' dealings

Changes in numbers of REALTECH shares held by members of the Executive Board of REALTECH AG in fiscal year 2009 can be seen in the following table:

	Dr. Rudolf Caspary	Nicola Glowinski
On January 1, 2009	29.000	37.000
Additions	9.000	9.000
Disposals	9.000	31.000
<b>On December 31, 2009</b>	<b>29.000</b>	<b>15.000</b>

Changes in numbers of REALTECH convertible bonds held by members of the Executive Board of REALTECH AG in fiscal year 2009 can be seen in the following table:

	Dr. Rudolf Caspary	Nicola Glowinski
On January 1, 2009	49.000	88.000
Additions	-	-
Disposals	9.000	9.000
<b>On December 31, 2009</b>	<b>40.000</b>	<b>79.000</b>



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Changes in numbers of REALTECH shares held by members of the Supervisory Board of REALTECH AG in fiscal year 2009 can be seen in the following table:

	Daniele Di Croce	Rainer Schmidt	Peter Stier
On January 1, 2009	885.500	765.500	745.500
Additions	-	-	-
Disposals	-	-	-
<b>On December 31, 2009</b>	<b>885.500</b>	<b>765.500</b>	<b>745.500</b>

As in the previous year, the members of the Supervisory Board did not hold any REALTECH convertible bonds in fiscal year 2009.

### **30. 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 percent or more, a place on the Supervisory Board or Executive Board of REALTECH AG, or some other key management position.

In fiscal year 2009, 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 28.). This is also true of the close family of this group of individuals.

## 31. Employees

The REALTECH Group had a total of 665 employees on December 31, 2009, while the figure on December 31, 2008 was 721. As an annual average, the company employed 684 people in 2009, and 691 the previous year.

## 32. Auditor fees in accordance with Section 314 paragraph 1 no. 9 of the German Commercial Code (HGB)

The remuneration received by Grant Thornton GmbH and RWS GmbH (a network company) in fiscal year 2009 was EUR 65 thousand for auditing (previous year: EUR 62 thousand) as well as EUR 29 thousand for tax consulting services (previous year: EUR 21 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.

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

As in the previous year, no reports on the existence of interests were submitted to REALTECH AG in fiscal year 2009.

## 34. Declaration with respect to the German Corporate Governance Code in accordance with Section 161 of the Stock Corporation Act (AktG)

On December 9, 2009 the Executive and Supervisory Boards submitted their eighth compliance declaration in accordance with Section 161 of the Stock Corporation Act (AktG) and made it permanently available to shareholders on the company's Web site.

**Walldorf, February 26, 2010**

**REALTECH AG**

**The Executive Board**

### 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.



## Auditors` Opinion



### **Unqualified Auditors` Opinion**

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, 2009 to December 31, 2009. 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. The management representations according to Section 289 a HGB have not been subject to audit according to Section 317 Paragraph 2 HGB. The representations according to Section 161 AktG (compliance with German Corporate Governance Codex) included in the management report have not been subject to audit.

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, and the additional requirements of German commercial law pursuant to Section 315a, Paragraph 1 HGB and give a true and fair view net worth, financial position and results of operations of 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 26, 2010

Grant Thornton GmbH  
Wirtschaftsprüfungsgesellschaft

Gerstlauer  
Wirtschaftsprüfer

Wilhelm  
Wirtschaftsprüfer

# THE COURSE OF THE SEASON

## REALTECH AG

### Balance Sheets

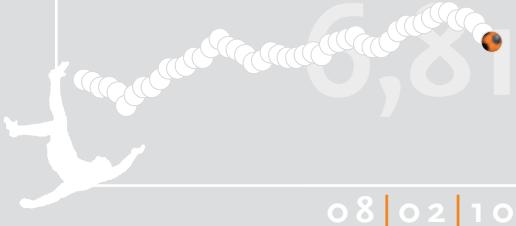


#### ASSETS

	31.12.2009 EUR	31.12.2008 EUR
<b>Fixed assets</b>		
<b>Intangible assets</b>		
Concessions, industrial rights and similar rights and assets	13.405,00	238.565,00
<b>Tangible assets</b>		
Other equipment and office equipment	4.699,00	8.234,00
<b>Financial assets</b>		
Investments in affiliated companies	27.570.041,72	27.570.041,72
Loans to affiliated companies	4.215.000,00	5.015.000,00
<b>Current assets</b>		
<b>Receivables and other assets</b>		
Receivables due from related parties	17.812.157,50	12.178.739,29
Other assets	100.723,64	662.004,08
<b>Securities</b>	0,00	1.035.000,00
<b>Cash and cash equivalents</b>	2.491.145,78	1.320.930,97
<b>Prepaid expenses</b>	112.837,23	30.739,02
<b>Total assets</b>	<b>52.320.009,87</b>	<b>48.059.254,08</b>

#### SHAREHOLDERS' EQUITY AND LIABILITIES

<b>Shareholders' equity</b>		
Subscribed capital (authorized capital EUR 239.200,00; py: EUR 279.600,00)	5.295.952,00	5.260.452,00
Additional paid-in-capital	35.548.359,21	35.427.044,21
Retained earnings	3.016.276,51	4.516.082,20
<b>Provisions</b>		
Income tax payable	141.889,93	512.658,86
Other provisions	275.448,81	839.304,60
<b>Liabilities</b>		
Convertible bonds	2.392,00	2.796,00
Trade accounts payable	48.639,12	24.224,74
Accounts payable to affiliated companies	7.672.711,61	770.755,80
Other liabilities	318.340,68	696.935,67
<b>Total shareholders' equity and liabilities</b>	<b>52.320.009,87</b>	<b>48.059.254,08</b>



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## Statements of Income

	2009 EUR	2008 EUR
Other operating income	423.858,85	1.039.193,94
Personnel expenses		
a) Wages and salaries	751.944,43	1.645.114,58
b) Social security and retirement costs	93.471,08	178.435,79
Depreciation of intangible and fixed assets	29.678,00	81.249,84
Other operating expenses	1.110.061,12	1.160.881,62
Income from investments	3.403.181,14	7.173.936,72
Expenses due to the transfer of losses	455.031,53	1.969,18
Interest income	215.225,90	620.170,00
Depreciation of financial assets and current securities	0,00	240.291,00
Interest expenses	28.092,62	18.624,08
<b>Income from ordinary activities</b>	<b>1.573.987,11</b>	<b>5.506.734,57</b>
Income taxes	430.058,08	1.450.241,93
Other taxes	8,72	(436,00)
<b>Net income</b>	<b>1.143.920,31</b>	<b>4.056.928,64</b>
Accumulated profit carried forward	4.516.082,20	3.089.379,56
Dividend payment	2.643.726,00	2.630.226,00
<b>Retained earnings</b>	<b>3.016.276,51</b>	<b>4.516.082,20</b>



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## ● Financial Calendar 2010

### MATCH SCHEDULES

**May 6**

Quarterly Report 1/2010

**May 21**

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

**August 5**

Quarterly Report 2/2010

**November 4**

Quarterly Report 3/2010



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The 2009 annual report is also available in German.

You can find the annual report and the quarterly reports on the internet at  
<http://www.realtech.com/investors>

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