

Quarterly Report 1 | 2010



 1st Quarter of 2010 at a Glance

Revenues and income

	Q1 2010 TEUR	Δ %	Q1 2009 TEUR
Revenues			
Revenues consulting	14.358	(9)	15.695
Revenues software	11.690	(13)	13.366
Revenues Germany	2.668	15	2.329
Revenues foreign countries	6.283	6	5.943
Earnings before interest, taxes, depreciation and amortization (EBITDA)	8.075	(17)	9.751
Earnings before interest and taxes (EBIT)	299	136	(829)
Earnings before taxes (EBT)	22	102	(977)
Net income	129	113	(959)
Earnings per share (in EUR)	(78)	95	(1.503)
Investments and depreciation	(0,01)	95	(0,29)
Investments in intangible and tangible assets			
Depreciation	167	(27)	230
Key figures	277	87	148
Gross margin (in %)			
EBITDA margin (in %)	29,4		29,0
EBIT margin (in %)	2,1		(5,3)
Cash flow from operating activities	0,2		(6,2)
Cash flow from investing activities	1.979		2.702
Cash flow from financing activities	(170)		(580)
	123		0

31.03.2010 31.03.2009

Assets, shareholders' equity and liabilities (end of quarter)

	TEUR	Δ %	TEUR
Total assets			
Non-current assets	44.801	(5)	47.397
Current assets	14.070	0	14.123
Net cash and cash equivalents	30.731	(8)	33.274
Shareholders' equity	9.228	4	8.867
Equity ratio (in %)	28.788	3	27.945
Noncurrent liabilities	64,3	9	59,0
Current liabilities	341	(11)	384
Employees (end of quarter)	15.672	(17)	18.986
	665	(8)	710

- Continuity in cost management contributes to improved earnings with good prospects
- EBIT increases substantially
- Group revenue decreases to EUR 14.4 million (down 9%)
- Consulting revenue decreases by 13%
- Software business grows by 15%
- Increase in net cash and cash equivalents and decrease in cash flow



Nicola Glowinski Dr. Rudolf Caspary
Chief Executive Officer Chief Technology Officer

Dear Shareholders and business partners,

Despite the subdued order book situation, which continued to prevail worldwide in the first three months of the current fiscal year, the Group was able to improve income considerably. The global economic crisis hit the subsidiaries in Spain and Italy somewhat later than elsewhere. In contrast, all other REALTECH subsidiaries performed at a better level. REALTECH Germany assumes the role of leading subsidiary and contributes accordingly to the improvement in income. The details are as follows:

Business development

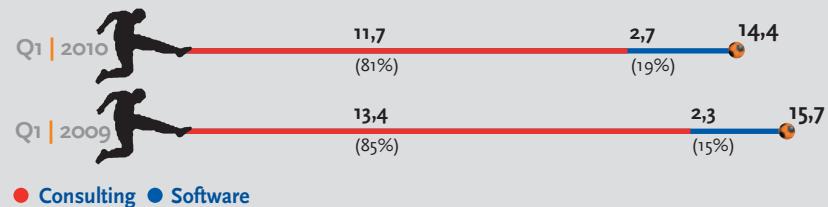
In the first quarter of 2010, REALTECH recorded revenues of EUR 14,358 thousand, thus falling 9 percent below the previous year's figure (EUR 15,695 thousand).

The **Consulting** business field accounted for revenues of EUR 11,690 thousand, which was 13 percent down on the previous year (EUR 13,366 thousand). Revenues in the **Software** business field were, in contrast, 15 percent higher in the first

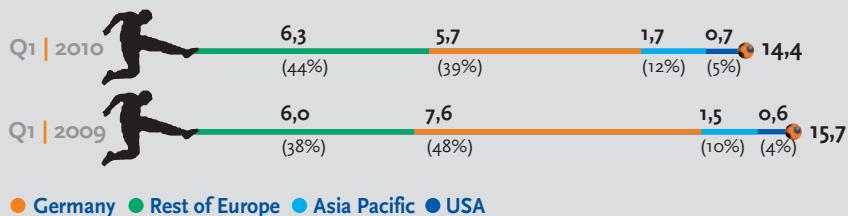
quarter, rising from EUR 2,329 thousand to EUR 2,668 thousand. The contribution made by Software towards total revenue increased to 19 percent (previous year: 15 percent).

In Germany, revenues increased by 6 percent to EUR 6,283. The share of Group revenue generated in Germany thus rose to 44 percent (previous year: 38 percent). The proportion of revenue generated by foreign business was 56 percent (previous year: 62 percent), with the region comprising the rest of Europe again making the greatest contribution. Nonetheless revenues fell by 17 percent to EUR 8,075 thousand. This was due to the downturn of 27 percent in Italy to EUR 2,663 thousand and Spain falling by 30 percent to EUR 2,627

Revenues by segments (millions EUR)



Revenues by regions (millions EUR)



thousand. The share contributed by the European region excluding Germany fell from 48 percent to 39 percent. In contrast, the US market recorded a volume of EUR 733 thousand, which was 24 percent higher than in the same quarter of the previous year (EUR 593 thousand). This region's contribution towards Group revenue rose from 4 percent to 5 percent. The Asia-Pacific region also achieved higher revenues. Revenue climbed 10 percent from EUR 1,534 thousand to EUR 1,693 thousand. Asia-Pacific therefore contributed 12 percent to Group revenue (previous year: 10 percent).

Earnings

Costs of revenues fell 9 percent from EUR 11,145 thousand to EUR 10,133 thousand. The main factors here were the cost-cutting measures implemented in Italy and Spain. Based on revenues, the cost of sales remained at 71 percent.

Because of the sharp drop in revenues compared with the costs of revenues, the **gross profit** fell by 7 percent from EUR 4,550 thousand to EUR 4,225 thousand. As a percentage of revenues, the figure stayed unchanged at 29 percent. This development was due to the 30 percent decline in gross profit in the Consulting business field from EUR 2,694 thousand to EUR 1,898 thousand and a reduction in the gross profit margin from 20 percent to 16 percent. In the Software business field, gross profit climbed by 25 percent from EUR 1,856 thousand to EUR 2,328 thousand. However, in relation to revenues, it increased from 80 percent

to 87 percent. Consulting thus contributed 45 percent (previous year: 59 percent) of gross profit, while Software accordingly contributed 55 percent (previous year: 41 percent).

Selling and marketing expenses in the first quarter, at EUR 1,973 thousand, were 21 percent below the previous year's figure (EUR 2,489 thousand). The figure as a proportion of revenue fell to 14 percent (previous year: 16 percent).

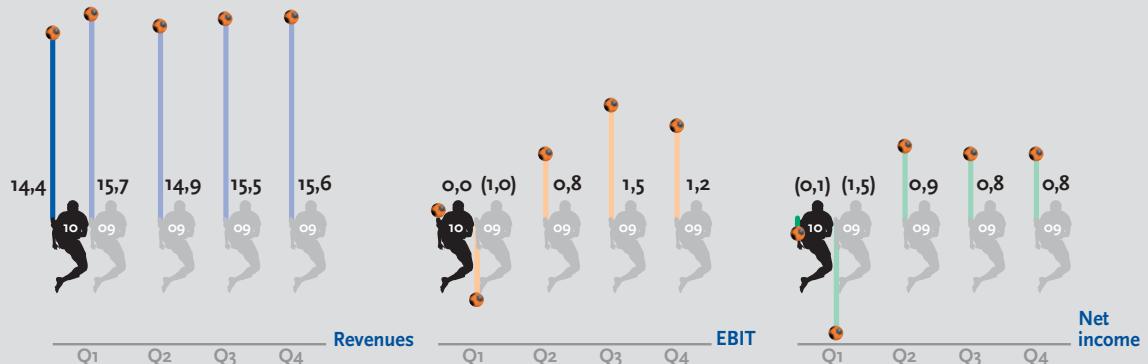
General and administrative expenses in the first three months fell compared to the previous year (EUR 1,891 thousand) by 20 percent to EUR 1,521 thousand. Relative to revenue, these expenses accounted for 11 percent, compared with 12 percent in Q1/2009.

Research and development expenses, at EUR 915 thousand, were 17 percent lower than in the previous year (EUR 1,096 thousand). In terms of revenues this was a fall from 7 percent to 6 percent.

REALTECH achieved an **EBIT** figure of EUR 22 thousand (previous year: minus EUR 977 thousand) in the first quarter of 2010. The rise in earnings can be attributed mainly to the cost management measures, which were initiated at an early stage. Parallel to this, the **EBITDA** of minus EUR 829 thousand was improved to EUR 299 thousand.

During the three-month period, the Group received **net interest** of EUR 4 thousand (previous year: EUR 18 thousand).

Revenues and income situation (millions EUR)



Net income amounted to minus EUR 78 thousand (previous year: minus EUR 1,503 thousand). The fact that this figure was higher than in the previous year is in particular due to the effect described above with regard to EBIT. The **earnings per share** were minus EUR 0.01 (previous year: minus EUR 0.29).

● Financial situation

Cash flow from operating activities in the first quarter of 2010 was EUR 1,972 thousand (previous year: EUR 2,702 thousand). This fall can primarily be attributed to a EUR 1,149 thousand rise in trade receivables compared to the same key date the previous year.

The **cash flow from investing activities** in the period under review gave rise to a cash outflow of EUR 170 thousand. The cash outflow the previous year was EUR 580 thousand. This change was essentially the result of the reduction in the number of securities compared with the previous year. **Investments** in intangible assets and property, plant and equipment amounted to EUR 167 thousand (previous year: EUR 230 thousand). This particularly involved procuring replacements.

● Assets

Compared to December 31, 2009, **total assets** increased by 8 percent to EUR 44,801 thousand.

Trade receivables rose to EUR 19,138 thousand (December 31, 2009: EUR 17,990 thousand). These therefore accounted for 43 percent of assets

Employees by regions (end of quarter)



(December 31, 2009: 44 percent). The rise of 6 percent was caused by the longer payment targets in individual cases as a result of the crisis.

Net cash and cash equivalents increased compared to December 31, 2009 (EUR 7,304 thousand) to EUR 9,228 thousand. These represented 21 percent of assets (December 31, 2009: 18 percent).

At EUR 28,788 thousand **shareholders' equity** was almost unchanged compared to December 31, 2009 (EUR 28,566 thousand). The company's **equity ratio** on March 31, 2010, at 64.3 percent, was lower than at the end of the previous year (69.1 percent).

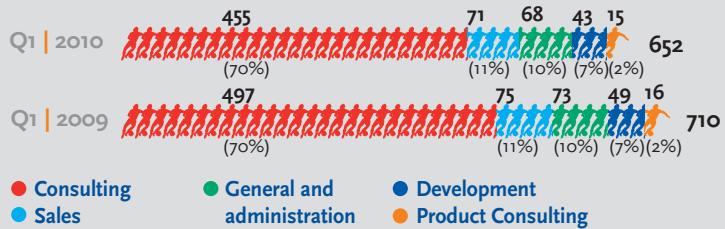
Compared to December 31, 2009, **provisions** decreased by EUR 776 thousand to EUR 4,907 thousand.

● Employees

At the end of the first quarter of 2010, REALTECH had 652 employees worldwide – 8 percent fewer than at the end of the first quarter of 2009 (710). A total of 232 of these employees worked in Germany (previous year: 257). The percentage of REALTECH employees working in Germany remained at 36 percent.

The number of employees working at REALTECH companies in other countries fell 7 percent from 453 to 420. This development can be attributed to the European region excluding Germany, where an 8 percent fall from 379 to 347 employees was recorded. The headcount in the USA

Employees by sectors (end of quarter)



fell slightly to 16 (previous year: 17), whereas the number of employees in the Asia-Pacific region remained at 57.

Looking at the divisions, the following movements could be seen at the key date of March 31: in Consulting the number of consultants fell 8 percent from 497 to 455. The number of product consultants at 15 remained almost unchanged compared to the previous year (16). In sales and distribution the headcount fell by 5 percent from 75 to 71. The number of people working in development decreased by 12 percent from 49 to 43 employees. As for administration, the headcount fell by 7 percent from 73 to 68.

Outlook

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

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

The most important capital a consultancy business but also a software company can have 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.

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 priorities set in 2009 will continue to be important in the 2010 fiscal year. REALTECH is concentrating on achieving moderate growth and positive cash flow. The Group managed to increase its EBIT by around EUR 1.0 million while revenue in the first quarter of 2010 fell by EUR 1.3 million. The global project situation and emerging prospects confirm the Executive Board's outlook for the 2010 fiscal year of achieving over 20 percent EBIT growth.

Responsibility statement by the Executive Board
To the best of our knowledge, and in accordance with the applicable reporting principles for interim financial reporting, the interim consolidated financial statements give a true and fair view of the net assets, financial position and earnings of

the Group, and the interim management report of the Group includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group for the remaining months of the financial year.

Best regards,

The Executive Board
REALTECH AG

 **Note**

REALTECH AG has prepared its (non-audited) quarterly financial statements in accordance with the accounting standards of the International Accounting Standards Board (IASB), i.e. the International Financial Reporting Standards (IFRS) as applicable in the EU. The IAS, IFRS, and corresponding interpretations of the International Financial Reporting Interpretations Committee (IFRIC) applicable as of March 31, 2010 have been taken into account. The figures for the previous year were also determined based on the same standards.

The consolidation and valuation methods used to prepare the quarterly financial statements and establish the comparative figures for the previous year were basically the same as those used in the consolidated financial statement as of December 31, 2009. A detailed description of the individual methods is published in the notes of the 2009 annual report.

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



● Highlights



● REALTECH at the CeBIT 2010 – Push Your Business with theGuard!

The CeBIT opened its gates in Hanover for the 25th time in early March. Around 500,000 visitors were expected at the world's leading digital industry expo.

REALTECH presented its new ServicePortal software solution for the management of IT processes to the ITIL V3 standard (IT Infrastructure Library) for the first time at this year's CeBIT. This new solution expands REALTECH's theGuard! product family portfolio for enterprise-wide service management and secure business processes. IT departments have no option but to respond to the increasing demands being made by internal and external customers by reorganizing existing service processes. Although ITIL V3 regulations provide guideline recommendations for the organization of processes, the software tools needed to implement processes efficiently are often unavailable in practice.

REALTECH's ServicePortal solutions supports the introduction of new processes and facilitates the efficient organization of comprehensive IT operational service processes. In fact, theGuard! ServicePortal offers IT managers an all-round view of all IT-supported corporate business and service processes.

● Custom tailored solutions at reduced costs: evo (Energieversorgung Oberhausen) relies on REALTECH to migrate and update its SAP environment

Faced with new legal requirements, ever higher expectations from specialist departments and the need to consistently align its IT to corporate objectives evo was forced to rethink its IT architecture from scratch.

High operational costs and longer and longer response times to business-critical applications soon motivated the company to consider migrating to Linux. Linux promised to eliminate existing problems and to bring about a noticeable reduction in operating costs. The migration from UNIX to Linux will generate a return on investment (RoI) within a period of between 9 and 30 months. Compared with the previously used HP-UX environment, evo's switch to Linux will enable the company to improve response times by 50 percent and to cut the total cost of ownership by around 30 percent.

Impressed by the good experience of a reference customer evo turned to REALTECH and commissioned the SAP consultancy with the migration and subsequent upgrade. REALTECH completed the final migration in a single weekend. This meant that evo had no downtime at all.

By choosing REALTECH evo has created an ideal setup for future IT projects. The migration and subsequent upgrade mean that the company can look forward in confidence to the challenges which tomorrow will bring. Lasting improvements have also been achieved in the cost structure and response times. Thanks to an up-to-date and flexible infrastructure evo's IT department is now able to position itself anew and support the company's specialist departments need for flexible company processes.

"REALTECH supported the company with its tried-and-tested know-how, expertise and commitment of its consultants and highly developed communication strengths. Establishing IT as an internal company partner for flexible business processes was a milestone and important step for us", according to Roland Buschmann, from evo's Data Processing Department.

evo

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REALTECH Completes Successful SAP Migration and Upgrade of a 3 Terabyte SAP ERP System for Hexion Specialty Chemicals: REALTECH TransportManager also helps Hexion optimize SAP Change Management

MALVERN, Pa., Feb 26 - REALTECH, Inc., the North American affiliate of REALTECH AG, a long-time SAP(R) software and technology partner, today announced the successful upgrade of Hexion's SAP system from SAP R/3 4.6C to SAP ECC 6.0. During the same project timeframe, REALTECH also completed implementation of TransportManager for Hexion. is an easy-to-use software solution for the automated distribution of program and data modifications within SAP ABAP(R) and Java applications.

Hexion Specialty Chemicals is the world's largest producer of binder, adhesive, coating and ink resins for industrial applications. It has approximately 7,000 employees in 110 offices and manufacturing facilities across 23 countries. Hexion's system has nearly 4,000 SAP users with over 3 terabytes of data.

REALTECH began the project by migrating Hexion's operating system from HP Alpha Tru64 to the Microsoft Windows platform and their database from Oracle to Microsoft SQL Server. After the migration, REALTECH performed a (CU&UC) from SAP R/3 4.6C MDMP multi-code page to SAP ECC 6.0 EHP 4 Unicode. Despite the ERP database size exceeding three terabytes both projects had go-lives over a normal weekend.

"We are glad to help Hexion optimize their SAP applications. For every project, we are able to draw on the breadth of our SAP knowledge and the experience we've gained from hundreds of migrations and upgrades. As an experienced SAP

partner, we are here to deliver quality results," said Ralph Jacobus, President and CEO of REALTECH, Inc.

In addition to upgrading Hexion's SAP system, REALTECH also delivered a successful implementation of REALTECH's TransportManager. TransportManager is a leading SAP change management software application that helps SAP customers significantly reduce the cost of managing their SAP change processes. With more than 1,000 instances installed, there are more than 200 international SAP customers that are successfully using TransportManager.

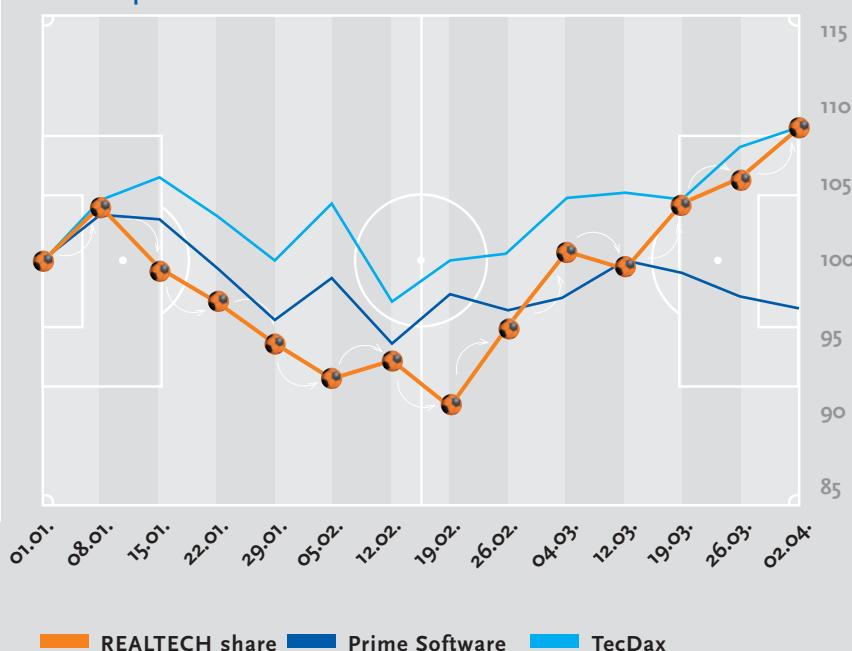
"REALTECH TransportManager has really been the answer we've been looking for, for our SAP change management needs. We've had problems with a previous solution, but TransportManager has proved to be a superior product. It was very easy to install with the help from the team at REALTECH. We are very happy with just how easy it is to use. Hexion has been pleased with the performance of TransportManager in our environment," said Joshua Bailey, SAP Basis Administrator at Hexion.



Shares



Share price index



Share performance and market capitalization

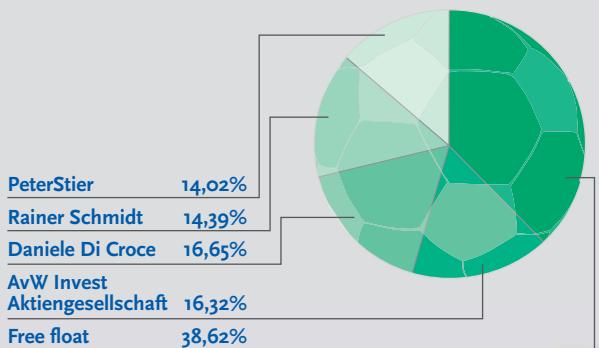
REALTECH shares began the current year at a price of EUR 7.51 only to fall over a period of seven weeks to EUR 6.61, the lowest figure in the first quarter of 2010, on February 23. REALTECH AG published its provisional consolidated figures for fiscal year 2009 the day before. The shares climbed steadily edged up over the five weeks that followed and ended the quarter at EUR 8.29, its highest level during the first quarter. Consequently, the company's market capitalization on March 31, 2010 was EUR 44 million (March 31, 2009: EUR 30 million), corresponding to 153 percent of book equity.

Shareholder structure and volume of trade in REALTECH shares

The shareholder structure of REALTECH AG changed in the first quarter of 2010 compared with the end of 2009 in that the number of shares increased during this period. Accordingly, the company's free float increased to 38.62 percent on March 31, 2010.

On average, around 5,027 REALTECH shares were traded every day during Q1/2010 – 7 percent fewer than during the same quarter in the previous year (5,411). As in the previous year, 77 percent of the shares were traded in Xetra, while 23 percent were traded on the other stock exchanges.

Shareholder structure (as of March 31, 2010)



24 Wednesday, March 31, 2010

SPOF



REALTECH

Basics

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

Shares and stock options held by the issuer and the company's executive bodies as of March 31, 2010

Issuer	- shares
REALTECH AG	
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

Key figures

	Q1 2010	Q1 2009
	EUR	EUR
Earnings per share	(0,01)	(0,29)
Cash flow per share	0,37	0,51
Shareholders' equity per share	5,41	5,31
Highest share price	8,29	6,00
Lowest share price	6,61	4,06
Share price at the end of quarter	8,29	5,60
Market capitalization at end of quarter	44 Mio.	30 Mio.
Number of shares at end of quarter	5.318.452	5.260.452



Consolidated Balance Sheets



ASSETS

	31.03.2010 EUR	31.12.2009 EUR
Non-current assets		
Intangible assets		
Concessions, industrial rights and similar rights and assets	642.101	642.318
Goodwill	4.335.679	4.335.679
	4.977.780	4.977.997
Tangible assets		
Property, plant and equipment	7.397.516	7.462.665
Technical equipment and machines	48.533	52.418
Other equipment and office equipment	1.373.913	1.460.409
	8.819.962	8.975.492
Financial assets		
Other financial assets	151.428	145.256
Deferred tax assets	120.694	217.647
	14.069.864	14.316.392
Current assets		
Receivables and other assets		
Trade receivables	19.138.058	17.989.512
Income tax receivables	343.946	511.149
Other financial assets	866.379	541.160
Other assets	1.154.052	692.556
	21.502.435	19.734.377
Cash and cash equivalents	9.228.361	7.303.952
	30.730.796	27.038.329
Total assets	44.800.660	41.354.721



SHAREHOLDERS' EQUITY AND LIABILITIES

	31.03.2010 EUR	31.12.2009 EUR
Shareholders' equity		
Subscribed capital	5.318.452	5.295.952
Additional paid-in capital	13.578.464	13.455.889
Other comprehensive income	222.856	126.354
Retained earnings	8.830.580	8.908.687
	27.950.352	27.786.882
 Non-controlling interests	 838.081	 778.776
	28.788.433	28.565.658
 Non-current liabilities		
Deferred tax liabilities (non-current)	340.586	383.687
 Current liabilities		
Trade accounts payable	2.153.140	1.925.525
Income tax payable	290.986	445.330
Provisions	4.906.485	5.682.514
Other financial liabilities	2.039.116	50.567
Other liabilities	6.281.914	4.301.440
	15.671.641	12.405.376
 Total shareholders' equity and liabilities	 44.800.660	 41.354.721

● Consolidated Statements of Income

	Q1 2010 EUR	Q1 2009 EUR
Revenues	14.358.297	15.694.624
Costs of revenues	10.132.877	11.144.640
Gross profit	4.225.420	4.549.984
Selling and marketing expenses	1.973.074	2.488.882
General and administrative expenses	1.520.909	1.891.181
Research and development expenses	915.163	1.096.078
Other operating expenses	304.059	527.978
Other operating income	509.817	476.778
Operating income	22.033	(977.357)
Net interest	3.469	17.514
Foreign currency exchange gains/(loss)	103.172	785
Income before taxes and minority interests	128.675	(959.058)
Income taxes	199.410	527.636
Income before minority interests	(70.736)	(1.486.694)
Minority interests	7.371	16.235
Net income	(78.107)	(1.502.929)
Accumulated profit/loss carried forward	8.908.687	10.349.783
Retained earnings	8.830.580	8.846.853
Average number of shares outstanding – basic	5.307.202	5.260.452
Average number of shares outstanding – diluted	5.546.402	5.540.452
Earnings per share – basic	(0,01)	(0,29)
Earnings per share – diluted	(0,01)	(0,27)

● Segment Reporting

	Q1 2010 EUR	Q1 2009 EUR
Consulting		
Revenues	11.690.046	13.366.083
Costs of revenues	9.792.275	10.671.993
Gross profit	1.897.770	2.694.090
Software		
Revenues	2.668.251	2.328.541
Costs of revenues	340.602	472.647
Gross profit	2.327.650	1.855.894

● Consolidated Statements of Cash Flows

	Q1 2010 EUR	Q1 2009 EUR
Net income	(78.107)	(1.502.929)
Depreciation of fixed assets	277.320	148.332
Change in asset disposals	39.046	82.639
Change in convertible bonds (personnel expenses)	22.500	0
Other change in shareholders' equity and in minority interests	155.806	221.862
Change in income tax payable	(107.174)	284.050
Payment for income taxes	(47.170)	(311.907)
Change in provisions	(776.029)	(1.988.347)
Change in trade receivables	(1.148.546)	2.248.125
Change in other assets	(522.561)	(714.665)
Change in trade accounts payable and in other current liabilities	4.153.536	4.217.213
Proceeds from interests	10.543	37.842
Payment for interests	(7.074)	(20.330)
Cash flow from operating activities	1.972.090	2.701.885
Purchase of intangible assets	(59.410)	(37.330)
Purchase of tangible assets	(107.800)	(192.478)
Investment in financial assets	423	(23.710)
Change in current securities	(3.469)	(326.637)
Cash flow from investing activities	(170.256)	(580.155)
Change in convertibles bonds	122.575	0
Cash flow from financing activities	122.575	0
Change in cash and cash equivalents	1.924.409	2.121.731
Cash and cash equivalents at beginnig of the period	7.303.952	5.317.207
Cash and cash equivalents at end of the period	9.228.361	7.438.938

● Consolidated Statements of Changes in Shareholders' Equity

	Q1 2010 EUR	Q1 2009 EUR
Shareholders' equity as of January 1	28.565.658	29.225.666
Change in subscribed capital	22.500	0
Net income	(78.107)	(1.502.929)
Unrealized profit/loss from securities translations	0	247.659
Translation adjustments	96.502	(12.113)
Execution of stock options and convertible bonds	122.575	0
Non-controlling interests	59.305	(13.684)
Shareholders' equity as of March 31	28.788.433	27.944.599

● Financial Calendar 2010 | 2011

● May 21, 2010	Annual General Meeting, Palatin, Wiesloch, 10.00 a.m.
● August 05, 2010	Quarterly Report 2 2010
● November 04, 2010	Quarterly Report 3 2010
● November 22. - 24, 2010	Deutsches Eigenkapitalforum, Frankfurt
● March 31, 2011	Annual Report 2010
● May 05, 2011	Quarterly Report 1 2011
● August 04, 2011	Quarterly Report 2 2011
● November 03, 2011	Quarterly Report 3 2011

