

QUARTERLY REPORT

1 | 2011



1st QUARTER OF 2011 AT A GLANCE

- Group revenue up 10%
- Consulting revenue expanded by 6%
- Software business increases by 26%
- EBIT reduced
- Net cash and cash equivalents remain stable

	Q1 2011 TEUR	Δ %	Q1 2010 TEUR
Revenue and income			
Revenue	12.910	10	11.695
Revenue consulting	9.609	6	9.076
Revenue software	3.301	26	2.620
Revenue Germany	6.806	8	6.283
Revenue foreign countries	6.104	13	5.412
Earnings before interest, taxes, depreciation and amortization (EBITDA)	149	(70)	501
Earnings before interest and taxes (EBIT)	(138)	(156)	246
Earnings before taxes (EBT)	(205)	(148)	425
Profit for the year	(219)	(180)	(78)
Earnings per share (in EUR)	(0,04)	(180)	(0,02)
Investments and depreciation			
Investments in intangible and tangible assets	270	61	167
Depreciation	287	12	255
Assets, equity and liabilities (end of quarter)			
Total assets	45.577	2	44.801
Non-current assets	14.586	-	0
Current assets	30.991	(27)	42.330
Net cash and cash equivalents	8.910	40	6.361
Equity	24.878	(14)	28.788
Equity ratio (in %)	54,6	(15)	64,3
Return on equity (in %)	(0,8)	(173)	(0,3)
Non-current liabilities	212	(38)	341
Current liabilities	20.486	31	15.672
Key figures			
Gross margin (in %)	34,3	1	34,1
EBITDA margin (in %)	1,2	(73)	4,3
EBIT margin (in %)	(1,1)	(151)	2,1
Cash flow from operating activities	2.818	45	1.946
Cash flow from investing activities	(270)	(62)	(167)
Cash flow from financing activities	0	(100)	145
Employees (end of year)			
	530	9	488





Dr. Rudolf Caspary **Nicola Glowinski** **Thomas Mayerbacher**
 (Chief Technology Officer) (Chief Executive Officer) (Chief Financial Officer)

DEAR SHAREHOLDERS AND BUSINESS PARTNERS,

As described in the Outlook of the Group Management Report of December 31, 2010, REALTECH succeeded in achieving a total increase in revenues of 10 percent in both segments in the first quarter of 2011. At the same time, earnings came under pressure, as expected, due to investments. Germany saw an increase in earnings while EBIT fell slightly. REALTECH Spain developed better than the country's economy as a whole, but still has not made a positive contribution to income. The greatest decline was in Japan. The earthquake disaster caused a significant cease in orders, which had a corresponding effect on revenues and earnings. REALTECH USA was able to increase its profitability substantially while keeping revenues constant. To put this in figures:

■ Business development

Please note: REALTECH Italia S. p. A, which was sold in December 2010, has been eliminated from the figures. In the first quarter of 2011, REALTECH **revenues** increased by 10 percent, from EUR 11,695 thousand to EUR 12,910 thousand.

In the **Consulting** business field, the company recorded an increase of 6 percent at EUR 9,609 thousand compared with the previous year (EUR 9,076 thousand). In the same period, revenues in the **Software** business field rose by 26 percent, from EUR 2,620 thousand to EUR 3,301 thousand. The contribution made by Software towards total revenue increased to 26 percent (previous year: 22 percent).

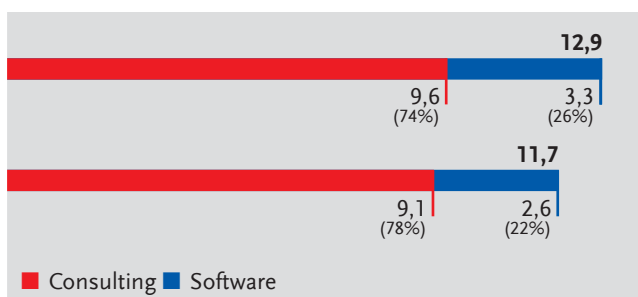
In Germany, revenues increased by 8 percent to EUR 6,806. The share of Group revenue generated in Germany thus fell slightly to 53 percent (previous year: 54 percent). Spain and Portugal (Rest of Europe) once again made the greatest contribution to foreign revenues with 30 percent (previous year: 26 percent): at EUR 3,904 thousand, the region recorded 31 percent higher revenues than in the previous year (EUR 2,987 thousand). This can be attributed to the 36 percent increase in Spain, to EUR 3,581 thousand, which more than compensated for the 10 percent decrease in revenues in Portugal. The USA region remained at the same level as the previous year with EUR 735 thousand (EUR 733 thousand), meaning the contribution to Group revenues remained at 6 percent. In contrast, the Asia Pacific region suffered a 14 percent decline in revenues to EUR 1,465 thousand. In Japan, in particular, revenues collapsed as a result of the crisis. At EUR 693 thousand, revenues here were 26 percent lower than in the previous year. Asia-Pacific therefore contributed 11 percent to Group revenue (previous year: 14 percent).

Earnings

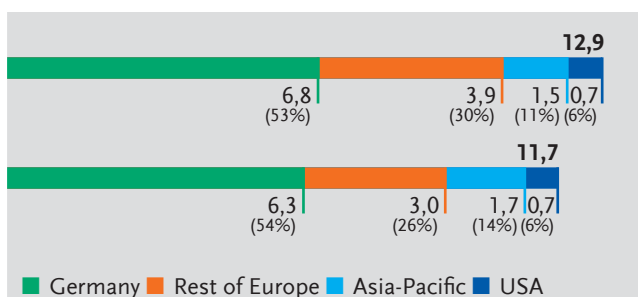
The **cost of sales** rose from EUR 7,708 thousand to EUR 8,476 thousand, and therefore by 10 percent, like revenues. The proportion of revenue remained at 66 percent.

This development was reflected accordingly in **gross profit**, which was up 11 percent from EUR 3,988 thousand to EUR 4,434 thousand. As a percentage of revenues, the figure stayed unchanged at 34 percent. This development was due to the 7 percent decline in gross profit in the Consulting business field from EUR 1,709 thousand to EUR 1,587 thousand and a reduction in the gross profit margin from 19 percent to 17 percent. In the Software business field, on the other hand, gross profit climbed by 25 percent from EUR 2,279 thousand to EUR 2,847 thousand. However, in relation to revenues, it decreased from 87 percent to 86 percent. Consulting thus contributed 36 percent (previous year: 43 percent) of gross profit, while Software accordingly contributed 64 percent (previous year: 57 percent).

Q1 | 2011
Q1 | 2010
Revenues by segments
(millions EUR)



Q1 | 2011
Q1 | 2010
Revenues by regions
(millions EUR)





As a result of investments, **selling and marketing expenses** were 24 percent higher than in the previous year at EUR 2,183 thousand (EUR 1,759 thousand). The figure as a proportion of revenue rose to 17 percent (previous year: 15 percent).

Administrative expenses in the first three months increased compared to the previous year (EUR 1,270 thousand) by 7 percent to EUR 1,357 thousand. Relative to revenue, expenditure remained at 11 percent.

The 11 percent increase in **research and development expenses** from EUR 915 thousand to EUR 1,015 thousand can also be seen as a component of investments. The proportion of revenue remained unchanged at 8 percent.

REALTECH reported an **EBIT** figure of minus EUR 138 thousand (previous year: EUR 246 thousand) in the first quarter of 2011. This anticipated decrease in earnings despite the increase in revenues can primarily be attributed to the investments described above. **EBITDA** fell accordingly from EUR 501 thousand to EUR 149 thousand.

In the first three months of 2011, the Group recorded **foreign currency income** of minus EUR 84 thousand after making a foreign currency gain of EUR 103 thousand in the previous year.

Net income fell to minus EUR 219 thousand (previous year: EUR 78 thousand) and was below the previous year's figure primarily as a result of the effect explained above. The **earnings per share** were minus EUR 0.04 (previous year: minus EUR 0.02).

■ Financial situation

The **cash flow from operating activities** rose from EUR 1,946 thousand in the same quarter of last year to EUR 2,818 thousand. The higher cash inflow was primarily a result of the lower increase in trade receivables in comparison with the previous year.

The **cash flow from investing activities** in the period under review gave rise to a cash outflow of EUR 270 thousand. The cash outflow the previous year was EUR 167 thousand. This change was primarily a consequence of intensified **investment** in tangible assets. This related to the procurement of replacements in particular.

■ Assets

Compared to December 31, 2010, **total assets** increased by 8 percent to EUR 45,577 thousand.

Trade receivables rose to EUR 16,902 thousand (December 31, 2010: EUR 16,712 thousand). These therefore accounted for 37 percent of assets (December 31, 2010: 40 percent). As of March 31, 2010, trade receivables were still at EUR 19,138 thousand.

Net cash and cash equivalents increased compared to December 31, 2010 (EUR 6,361 thousand) to EUR 8,910 thousand. These accounted for 20 percent of assets (December 31, 2010: 15 percent).

At EUR 24,878 thousand, **equity** was down just under 2 percent compared with December 31, 2010 (EUR 25,251 thousand). The company's **equity ratio** on March 31, 2011, at 54.6 percent, was lower than at the end of the previous year (59.7 percent).

Compared to December 31, 2010, **provisions** decreased by 23 percent or EUR 911 thousand to EUR 3,112 thousand.

■ Employees

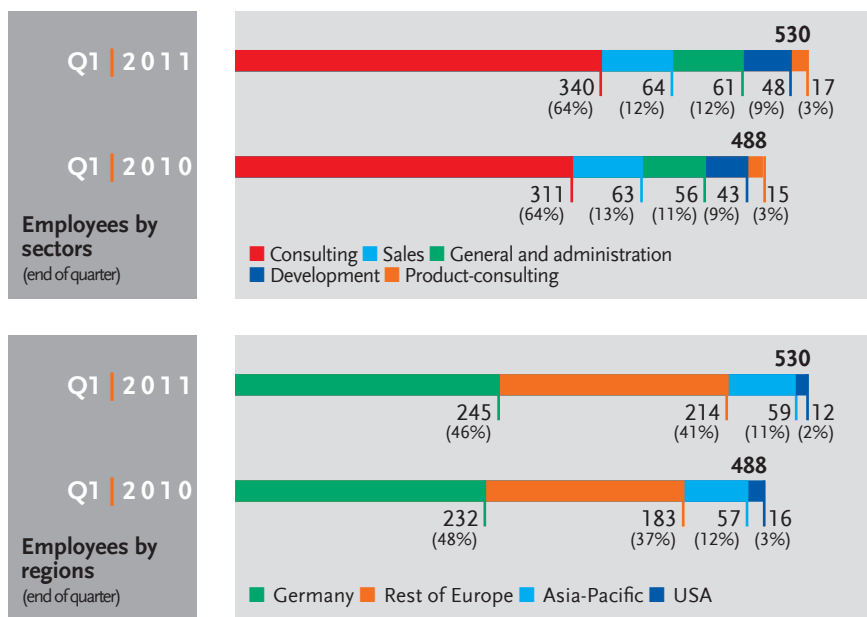
At the end of the first quarter of 2011, REALTECH had 530 employees worldwide – 9 percent more than at the end of the first quarter of 2010 (488). A total of 245 of these employees worked in Germany (previous year: 232). As a result, the percentage of REALTECH employees working in Germany fell from 48 percent to 46 percent.

The number of employees working at REALTECH companies in other countries rose 11 percent from 256 to 285. This development can predominantly be attributed to REALTECH Spain (Rest of Europe), where an 18 percent increase from 162 to 191 employees was recorded. The headcount in the USA decreased slightly to 12 (previous year: 16), whereas the number of employees in the Asia-Pacific region rose slightly from 57 to 59.

A glance at the business divisions shows the following development in comparison to the key date on March 31: in Consulting, the number of consultants climbed by 9 percent from 311 to 340. The number of product consultants increased from 15 to 17 employees. In sales and distribution, the number of employees remained almost unchanged at 64 (previous year: 63). As a result of ongoing projects, 12 percent more developers (48) were employed than in the previous year (43). As for administration, the headcount rose by 9 percent from 56 to 61.

■ Outlook

As expected, after three months it is already apparent that 2011 will be a particularly challenging fiscal year. Revenues are increasing, as anticipated, but the costs are also changing on a cyclical basis to the planned additional investments. In 2011, particular attention must be paid to ensuring that the revenue growth rate





stays on course as it will for the most part only be possible to reduce costs very slightly. It is important that REALTECH prepares itself appropriately for the coming year and invests in the consulting and software areas. In the consulting segment, our focus is on strengthening business in German-speaking countries in a targeted manner through organic or inorganic growth. In the software division, the main priority is investments in research and development as well as the organization of partnerships with SAP. The goal of the software division is to develop the international product business more intensively. We are convinced that we are well equipped for the future in both business areas.

The Executive Board continues to hold to its forecast and still expects to achieve revenue growth in 2011. However, due to ongoing investments, this will not be directly reflected in the earnings for the current fiscal year. However, we still assume that we can achieve a double-digit EBIT margin as of 2012.

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.

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, 2011 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, 2010. A detailed description of the individual methods is published in the notes of the 2010 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

■ State premier of Baden-Wuerttemberg visits REALTECH at CeBIT 2011.

A high-ranking visit had already been announced in advance of REALTECH Software Products GmbH appearance at this year's trade fair. Stefan Mappus, who is now the former State Premier, sought a discussion with Nicola Glowinski to find out about REALTECH from the source. A particular emphasis was placed on the general economic situation from the viewpoint of a medium-sized company and the effects that this has on everyday business.



Stefan Mappus was also interested in getting an idea of how and in which services REALTECH is represented on the market. Nicola Glowinski was able to provide him with an overview of both our consulting portfolio and the range of services provided by our products. Lively discussion about our intensive partnership with SAP also ensued in a pleasant conversational atmosphere.



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■ theGuard! goes mobile

REALTECH presented its mobile app for theGuard, a software solution for company-wide IT service management and secure business processes, for the first time at CeBIT 2011 in Hanover. The theGuard! ImpactMonitor mobile app is the first of several planned applications for the theGuard! product family. With this software, which is initially available for Apple iPad and iPhone, IT employees receive detailed status reports regarding the condition of business-critical IT infrastructures directly to their mobile device and in real time, meaning they are informed about the current status of their IT systems at all times.



Various zoom and filter options assist with searching for error sources and show the effect that a disruption has on the company's business processes. With this, REALTECH is reacting to the general trend towards more mobility, which is increasingly gaining in importance even in our private lives with the introduction of smartphones.

■ Audit-proof document processes in the pharmaceuticals industry

Hameln Group commissioned REALTECH with the task of introducing SAP Solution Manager as a tool for mapping regulatory processes. This could not be realized with the standard SAP Solution Manager functions due to the special requirements of the pharmaceuticals industry with regard to the document workflow

and document release process. Working together with REALTECH, a customer-specific solution was developed that can also be used for other companies in this industry sector.

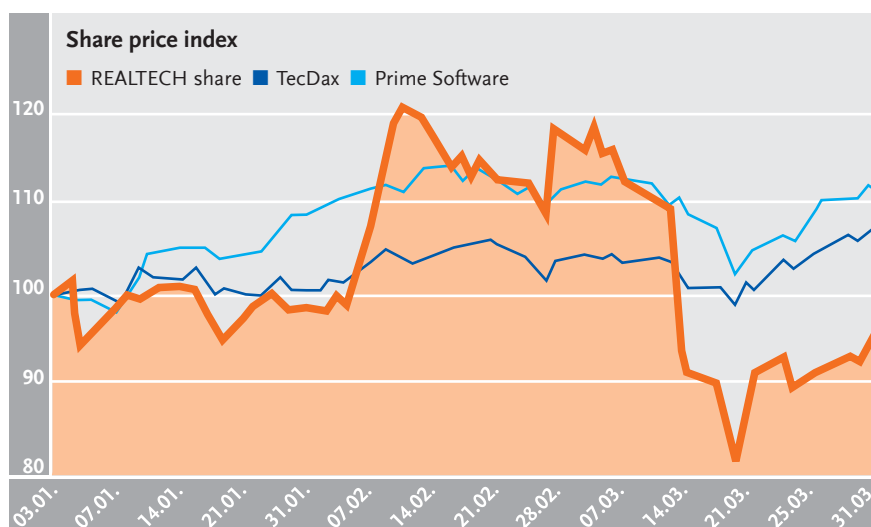
"With the introduction of SAP Solution Manager and the adaptations implemented by REALTECH, we have created a solution that enables us to meet the regulatory requirements of our SAP system environment completely and fully electronically. Paper is a thing of the past in this area." Michael Bösebeck, Head of Information Systems, hameln group gmbh.

hameln group

REALTECH were selected due to the consulting company's high level of expertise in implementing SAP Solution Manager and REALTECH's competencies regarding the regulatory requirements of the pharmaceuticals industry. Another point in REALTECH's favor was its close partnership with SAP and with Microsoft. These were of great advantage for developments going beyond the standard. REALTECH supported the hameln group all the way through this project, from project planning to commissioning.

The hameln group is a privately managed group of companies which operates internationally and has around 600 employees. The hameln group companies provide services in the areas of developing and manufacturing sterile medicines, as well as marketing parenteral medicines. The hameln group companies' highly specialized services help to relieve people's medical conditions.

SHARES



■ Share performance and market capitalization

REALTECH shares started the current year at a price of EUR 9.00, after which it remained constant for one month. On February 4, the share price began to climb rapidly, reaching its highest value of the first quarter of 2011, EUR 10.95, on February 9. For the next three weeks, REALTECH shares fluctuated at around the same price level and were listed at EUR 10.75 on March 1. The price then fell over a period of two weeks, bottoming out at the quarterly low of EUR 7.29 on March 16. Over the following two weeks, REALTECH shares rose again, ending the quarter at a price of EUR 8.67. The market capitalization on March 31, 2011 was therefore EUR 46 million (March 31, 2010: EUR 44 million). This corresponded to 186 percent of book equity.

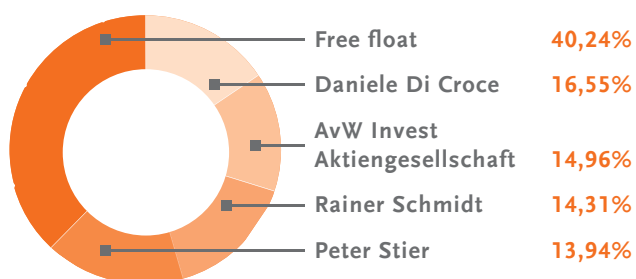


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■ Shareholder structure and volume of trade in REALTECH shares

The shareholder structure of REALTECH AG remained constant in the first quarter of 2011 compared with the end of 2010. The free float remained at 40.24 percent.

On average, around 12,685 REALTECH shares were traded every day during Q1/2011 – 152 percent more than during the same quarter in the previous year (5,027). 79 percent of the shares were traded in Xetra (previous year: 77 percent), while 21 percent were traded on other stock exchanges (previous year: 23 percent).



Shareholder structure (as of 31.03.2011)

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

Shares and stock options of the issuer and members of executive bodies as of 31.03.2011	
Issuer:	REALTECH AG
Executive Board:	Nicola Glowinski
	Dr. Rudolf Caspary
	Thomas Mayerbacher
Supervisory Board:	Daniele Di Croce
	Rainer Schmidt
	Peter Stier

Key figures	Q1 2011 EUR	Q1 2010 EUR
Earnings per share	(0,04)	(0,02)
Cash flow per share	0,53	0,37
Equity per share	4,65	5,41
Highest share price	10,95	8,29
Lowest share price	7,29	6,61
Share price at year end	8,67	8,29
Market capitalization at year end	46 Mio.	44 Mio.
Number of shares at year end	5.349.152	5.318.452

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	31.03.2011	31.12.2010
	EUR	EUR
ASSETS		
Non-current assets		
Intangible assets		
Concessions, industrial rights and similar rights and assets	571.688	619.585
Goodwill	4.271.195	4.269.654
	4.842.883	4.889.239
Tangible assets		
Property, plant and equipment	7.167.342	7.233.141
Technical equipment and machines	42.015	34.637
Other equipment and office equipment	1.338.005	1.258.564
Advance payments and construction in progress	55.122	55.122
	8.602.484	8.581.464
Financial assets		
Other financial assets	106.577	199.174
Other loans	0	40.406
	106.577	239.580
Deferred tax assets	1.033.722	1.237.344
	14.585.666	14.947.627
Current assets		
Receivables and other assets		
Trade receivables	16.902.047	16.711.920
Income tax receivables	3.487.516	3.600.176
Other financial assets	441.685	200.924
Other assets	1.250.086	508.006
	22.081.334	21.021.026
Cash and cash equivalents	8.909.628	6.360.881
	30.990.962	27.381.907
Total assets	45.576.628	42.329.534
EQUITY AND LIABILITIES		
Equity		
Issued capital	5.349.152	5.349.152
Additional paid-in capital	10.962.197	10.962.197
Other comprehensive income	440.106	468.203
Retained earnings	7.309.535	7.528.858
	24.060.990	24.308.410
Non-controlling interest	817.431	942.297
	24.878.421	25.250.707
Non-current liabilities		
Deferred tax liability	212.380	386.788
Current liabilities		
Trade payables	1.507.950	1.459.210
Income tax payables	6.424.617	6.469.659
Provisions	3.111.529	4.022.236
Other financial liabilities	111.539	109.087
Other liabilities	9.330.192	4.631.847
	20.485.827	16.692.039
Total equity and liabilities	45.576.628	42.329.534



RTC 16/03/2011

SEGMENT REPORTING

	Q1 2011 EUR	Q1 2010 EUR
Consulting		
Revenues	9.608.825	9.075.695
Cost of Revenues	8.021.519	7.367.222
Gross Profit	1.587.306	1.708.472
Software		
Revenues	3.300.913	2.619.992
Cost of Revenues	454.262	340.595
Gross Profit	2.846.650	2.279.398

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Q1 2011 EUR	Q1 2010 EUR
Equity as of January 1	25.250.707	28.565.658
Profit of the year	(310.352)	(70.736)
Exchange differences on translation of foreign operations	(61.934)	148.437
Total comprehensive income	(372.286)	77.701
Execution of stock options and convertible bonds	0	145.075
Equity as of March 31	24.878.422	28.788.434

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Q1 2011	Q1 2010
	EUR	EUR
<i>Continuing operations</i>		
Revenue	12.909.738	11.695.687
Cost of sales	8.475.781	7.707.817
Gross profit	4.433.956	3.987.870
Selling and marketing expenses	2.182.521	1.759.041
Administrative expenses	1.357.238	1.270.009
Research and development expenses	1.015.265	915.163
Other operating expenses	292.560	269.135
Other operating income	275.911	471.801
Operating profit	(137.717)	246.324
Net interest	16.574	17.710
Income from financial assets and securities	0	57.322
Foreign currency exchange gains/(loss)	(84.283)	103.172
Profit before tax from continuing operations	(205.426)	424.529
Income tax expenses	104.926	155.562
Profit for the year from continuing operations	(310.352)	268.966
<i>Discontinued operations</i>		
Loss after tax for the year from discontinued operations	0	(339.702)
Profit for the year	(310.352)	(70.736)
Attributable to		
- Equity holders of the parent	(219.323)	(78.107)
- Non-controlling interests	(91.028)	7.371
Other comprehensive income for the year, net of tax	(28.097)	96.502
Exchange differences on translation of foreign operations	(28.097)	96.502
Total comprehensive income for the year, net of tax	(338.448)	25.766
Attributable to		
- Equity holders of the parent	(247.420)	18.395
- Non-controlling interests	(91.028)	7.371
Accumulated profit carried forward	7.528.858	8.908.687
Retained earnings	7.309.535	8.830.579
Average number of shares outstanding – basic	5.349.152	5.307.202
Average number of shares outstanding – diluted	5.515.652	5.546.402
Earnings per share – basic	(0,04)	(0,02)
Earnings per share – diluted	(0,04)	(0,01)



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CONSOLIDATED STATEMENT OF CASH FLOWS

	Q1 2011 EUR	Q1 2010 EUR
Profit for the year	(350.352)	(70.736)
Income tax expense	104.926	199.410
Net interest	(16.574)	(17.710)
Depreciation of fixed assets	286.815	255.061
Change in asset disposals	8.233	61.305
Change in income tax payable	(45.042)	(154.344)
Income tax paid	(102.585)	(47.170)
Change in provisions	(910.707)	(776.029)
Change in trade receivables	(190.127)	(1.148.546)
Change in other assets	(739.519)	(771.752)
Change in trade accounts payable and in other current liabilities	4.749.537	4.196.638
Proceeds from interests	17.577	17.873
Payment for interests	(1.003)	(163)
Non-cash change	(32.720)	202.288
Cash flow from operating activities	2.818.460	1.946.125
Purchase of intangible assets	(25.755)	(59.410)
Purchase of tangible assets	(243.958)	(107.800)
Investment in financial assets	0	419
Cash flow from investing activities	(269.712)	(166.791)
Change in convertible bonds	0	145.075
Cash flow from financing activities	0	145.075
Change in cash and cash equivalents	2.548.747	1.924.409
Cash and cash equivalents at beginnig of the period	6.360.881	7.303.952
Cash and cash equivalents at end of the period	8.909.628	9.228.361

FINANCIAL CALENDAR

2011 | 2012

- May 24, 2011
- August 04, 2011
- November 03, 2011
- November 21 - 23, 2011
- March 29, 2012
- May 03, 2012
- August 02, 2012
- November 06, 2012

Annual General Meeting, Palatin, Wiesloch, 10.00 Uhr
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Deutsches Eigenkapitalforum, Frankfurt
Annual Report 2011
Quarterly Report 1 | 2012
Quarterly Report 2 | 2012
Quarterly Report 3 | 2012



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