

NICOLA GLOWINSKI

DR. RUDOLF CASPARY



BACK FROM THE FUTURE

a REALTECH Executive Board Film



RTC : 24.01.07

● Report of the Executive Board



REALTECH is concentrating on a market that is set to see very dynamic growth in the years to come. After all, a fundamental system change is currently taking place in information technology: turning away from the rigid, data-centered system models of the past, towards a concept for flexible and open application structures.



Report of the Executive Board

Dear shareholders and business partners,

We can look back at the past fiscal year with pride, as REALTECH AG achieved record figures for both revenue and income, therefore making 2007 the most successful year in the company's fairly short history to date. In view of this, we are highly satisfied with the way in which our company is constantly further developing. The company is clearly heading in the right direction to enjoy a continued promising future. We have clear structures, follow a profit-oriented strategy and operate in a growth market. As always, our main goal is to achieve long-term, sustainable and profitable growth. In order to achieve this, we need to consistently align REALTECH AG with profitable business areas and market regions in the future, too.

The figures show that we have taken the right road, as revenue increased by 17 percent in 2007 to EUR 63.8 million. The software solutions business area increased its revenue by 22 percent to EUR 14.0 million, and the consulting segment expanded by 16 percent to EUR 49.8 million.

In addition, it is increasingly paying off that the Executive Board has in recent years profiled and modernized the Group taking



Dr. Rudolf Caspary
Chief Technology Officer

Nicola Glowinski
Chief Executive Officer

account of strict business criteria – and therefore laid the foundations for long-term growth. We have restricted costs and pushed ahead with all necessary investments in the future. We are

consulting in 2007 and strives to further improve upon this excellent position in 2008. Business also progressed approximately as expected in 2007 in the USA and the Asia-Pacific region, with the result that we also anticipate stable growth there in 2008.

From technology to business processes

In recent years, REALTECH has successfully transformed itself from a pure technology consultancy firm for SAP systems into a consulting specialist for business processes and projects of strategic importance. At the same time, we have established ourselves on the market as a competent partner for international companies from all industries and of all sizes. Our range of services also covers areas above and beyond SAP applications that are set to shape the information technology market in years to come. This is particularly true of the high-margin segment of strategic business process consulting, an area in which we have over the past few years increasingly invested in developing. Our specialists analyze business processes, paying attention to the entire IT environment, and pinpoint ways in which companies can optimize these processes.

We are concentrating on a market that is set to see very dynamic growth in the years to come. After all, a fundamental system change is currently taking place in information technology: turning away from the rigid, data-centered system models of the

now reaping the fruit of these measures, as is reflected in the fact that EBIT increased by 77 percent in the year under review to EUR 6.6 million. The main factor involved in this great development was that both the company's business areas each made a positive contribution towards earnings.

It is also particularly pleasing that every single quarter in fiscal year 2007 was profitable, therefore continuing with the positive trend of the previous year. What's more, the fourth quarter of 2007 was the quarter with the highest revenue in the company's history.

REALTECH's net income, at EUR 4.6 million, was more than double the figure for the previous year, thus enabling the company to record earnings per share of EUR 0.87, compared with EUR 0.37 in 2006. Net cash and cash equivalents increased slightly to EUR 28.1 million – despite the EUR 2.6 million (EUR 0.50 per share) distributed in May 2007. Cash flow increased by 83 percent to EUR 4.4 million. This year, too, this successful company development will also benefit shareholders, as the Executive and Supervisory Boards will be proposing at the General Meeting to again distribute a dividend of EUR 0.50 per share from the company's net profit. In addition, the possibility of a special dividend of EUR 4.00 in the form of a capital repayment will be put to the General Meeting for discussion.

Booming trade both in Europe and overseas

Our company is in an excellent position on both a national and an international scale. More than 2,000 customers around the globe already put their trust in our consulting expertise and software solutions. In fiscal year 2007, we recorded 58 percent of our revenue outside Germany. We intend to make Europe the geographical focus of our activities again in 2008, whereby the core markets of Germany, Italy and Spain offer the greatest potential for growth. The best example is Spain, where REALTECH established a leading position in SAP technology



open application structures. Service-oriented architectures (SOA) are considered to be a key area of innovation, relevant for practically every company. A study carried out on behalf of BITKOM (the German association for the industry) has established that SOA revenue in Germany alone is set to increase from EUR 250 million to almost EUR 2 billion between 2006 and 2010. Out of this amount, 70 percent will be attributable to IT services for implementing and maintaining the new software.

● Consulting and in-house software

With its SAP NetWeaver integration platform and Enterprise SOA (ESOA) technology, SAP AG is paving the way for users to establish a service-oriented IT landscape. REALTECH supports these solutions and offers an end-to-end range of services from technology through to business processes. This combination of specialist SAP technology knowledge and expertise in the process

consulting business is the primary factor that sets us apart from the competition on the consulting market. In 2007, this close collaboration with our Walldorf neighbor SAP gave us a valuable competitive edge in numerous IT projects in terms of expertise.

On top of this, we benefit from the fact that our consulting specialists maintain close links with customers in the software business area, the second main area in which REALTECH AG operates. Our consultants are familiar with typical customer challenges, thanks to their day-to-day work. This experience is then input into software development, with the result that our products are closely aligned with the problems customers face. For example, REALTECH's theGuard! software family automates time-consuming processes and tasks in computer centers. In addition, it identifies possible sources of error early on and automatically makes suggestions for solutions. This enables IT departments to reliably provide the required services to a high quality even when budgets are tight.

● Employees – our guarantees of success

REALTECH offers consulting services, strategies, solutions and products that provide customers with the best possible support in mapping their business processes with IT. This is made possible by the particular expertise of the company's employees. Thanks to their knowledge and skills, our experts are able to secure REALTECH's position as a consulting specialist for SAP system environments. We modified our internal training again in 2007 to accommodate the latest developments at SAP and the company's new focuses. Just under three quarters of our consultants are now certified for SAP NetWeaver. As a result of this commitment, SAP designated us a "Special Expertise Partner for SAP NetWeaver". In addition, SAP confirmed REALTECH's expertise with regard to the SAP NetWeaver Portal and SAP Process Integration solutions in 2007. These seals of approval are awarded only to a few selected companies and can be equated with a supplier recommendation from SAP.

There is every indication that the need for SAP consultants will increase greatly over the next few years. At the same time, there is a great demand in the IT industry for well trained and specialized experts. REALTECH has responded to this situation early on and expanded its internal training measures accordingly. For example, our "STEP-IN" qualification program in 2007 got numerous new employees in shape for future SAP consulting projects, and we will be continuing to implement this program in 2008. We are also paying increasing attention to offering attractive career and further training options in order to ensure that our well trained employees stay at the company in the long term. Only in this way will we be able to gain further market shares in the future and expand faster than the market average.



RTC : 08.02.07

We would like to use this opportunity to express our gratitude to our former Chief Financial Officer, Jürgen Zahn, for the work he has done at REALTECH. Jürgen Zahn left the company at his own request in March 2007.

Expanding range of services

Whenever suitable opportunities present themselves, we intend to supplement our organic growth with partnerships and acquisitions. When doing so, we will pay particular attention to ensuring that potential candidates fit in with REALTECH in terms of the subject areas they cover, their technical level and their philosophy. REALTECH considers takeovers to be a possible means of expanding the company's range of services and solutions, and establishing a broader position on the market. Although our expertise with regard to business issues had up to now predominately concentrated on SAP, we intend to expand our skills in the future to also cover other technologies, such as solutions from IBM, Oracle and Microsoft.

Goals

With confidence in our own performance, we anticipate that fiscal year 2008 for us will follow on from the successful previous year. We have therefore set ourselves ambitious goals. We plan to further expand our national and international business. Moreover, we want to increase our revenue in 2008 by 14 percent and income from operations (EBIT) by 11 percent. The foundations necessary in order to reach these goals have already been laid, as we have clearly shown with our record income in fiscal year 2007. REALTECH intends to build on its clearly defined service portfolio in order to continue to achieve profitable growth with high margins.

In view of our pleasing business development and the reinforcement of our market position, we would like to thank everyone involved, as customers, partners, employees, the Supervisory Board and shareholders have all played their part in enabling REALTECH AG to take another large step in the right direction in the year under review. We are in an excellent position to continue meeting expectations and can look optimistically to the future.

Warm regards,
Your Executive Board

Report of the Supervisory Board



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



RTC : 18.04.07

REALTECH SYSTEM CONSULTING

in:

MISSION: POSSIBLE

...stand und Aufsichtsrat haben sich über die strategische Ausrichtung des Unternehmens abgestimmt und in regelmäßigen Abständen den Stand der Unternehmensentwicklung erörtert. In allen Entscheidungen, die für die Gesellschaft von grundlegender Bedeutung waren, wurde der Aufsichtsrat unmittelbar einbezogen.



• Report of the Supervisory Board

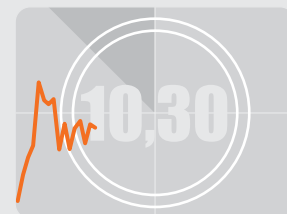
Dear shareholders,

Intensive and cooperative communication between the Supervisory Board and Executive Board lays the foundations for efficiently structuring the board's activities. In the year under review, the Supervisory Board has met its obligations arising both from law and from the Articles of Association. Moreover, it has regularly advised the management of REALTECH AG and monitored its management activities. In particular, the Supervisory Board investigated the company's risk management and reached the conclusion that it completely meets the necessary requirements.

• Collaboration between the Supervisory Board and the Executive Board

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

The Executive Board regularly and extensively informed the Supervisory Board in its meetings about the situation of the Group, in particular about developments in the business and



RTC : 26.04.07



● Rainer Schmidt ● Peter Stier ● Daniele Di Croce

financial situation, about the personnel situation and about

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

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

● Corporate Governance

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

● Meetings of the Supervisory Board

The Supervisory and Executive Boards came together on five occasions in fiscal year 2007 to discuss the business situation of the Group, the strategic further development of the Group and its fields of business, as well as a range of other individual topics. The Supervisory Board's constituent meeting was also held following re-election of its members at the shareholder meeting on May 22, 2007. In addition, a meeting was held between representatives of the auditing company elected at this meeting and the Supervisory Board.

Based on the information supplied by the Executive Board, the Supervisory Board analyzed the company's current and future company development. Where the law or Articles of Association required decisions from the Supervisory Board concerning individual business transactions and measures of the Executive Board, the Supervisory Board discussed these

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

The Supervisory Board meetings held in fiscal year 2007 concentrated in particular on the continuation of the successful corporate strategy established in the company's two business fields of consulting and software. In terms of consulting, REALTECH continued to focus on clearly defined areas of technology consulting, as well as on technology-driven tasks relating to SAP NetWeaver and service-oriented architectures (SOA). In the software segment, the focus was on measures to further improve profitability. In addition to this, topics discussed also included the



Following on from the shareholder meeting held on May 22, 2007, the newly elected Supervisory Board held its constituent meeting, at which Daniele Di Croce was appointed Chairman of the Supervisory Board and Peter Stier was appointed Deputy Chairman. The Supervisory Board then defined the specifics of future collaboration.

At the meeting in June, the Supervisory Board discussed the Group's development over the first five months of the year, the situation in the consulting and software business segments, and the situation at international subsidiaries. In addition, a particular emphasis was placed on updating the rules of procedure of the Executive and Supervisory Boards, as well as on the status quo of potential acquisitions.

The focus of consultations in September was on the company's business development over the first eight months of fiscal year 2007, prospects in the software and consulting segments, and prospects at the various international subsidiaries. The Supervisory Board also discussed the current status of acquisition activities and the risk management system.

The points on which the audit was to focus were determined by the Supervisory Board in collaboration with the auditor at the Supervisory Board meeting in mid-November.

The figures as of October 2007 were reviewed at the meeting at the end of November. In addition, the Supervisory Board discussed the outlook for fiscal year 2007 and defined the planning figures for 2008. Other points on the agenda included the decision to pay out a special dividend, definition of the bonus agreement for the Executive Board, approval of the sixth declaration of compliance with the German Corporate Governance Code and definition of dates for Supervisory Board meetings in 2008.

● Members of the Executive and Supervisory Boards

The Chief Financial Officer of REALTECH AG, Jürgen Zahn, asked the Supervisory Board to revoke his Executive Board contract on January 31, 2007 for family reasons. Responsibility for finance was taken on by Nicola Glowinski, Chief Executive Officer of REALTECH AG. As Chief Financial Officer (CFO), Jürgen Zahn had been responsible for the areas of Finance, Investor Relations and Human Resources since July 2005. The Supervisory Board and Executive Board thank Jürgen Zahn for his great work.

The term of office of the Supervisory Board members elected and working as shareholder representatives ended with the conclusion of the shareholder meeting on May 22, 2007.

Group's regional orientation, the options with regard to inorganic growth, issues regarding capital resources and questions of corporate governance.

At the meeting at the end of January 2007, the Supervisory Board considered in particular aspects such as the provisional figures for the fourth quarter of 2006 and fiscal year 2006, budget planning for 2007, future orientation in the consulting and software segments, and the situation in the company's international subsidiaries. The Supervisory Board also discussed the status quo with regard to potential company acquisitions.

The meeting in March focused on the report submitted by the auditors, the approval and adoption of the consolidated financial statements for 2006 and annual financial statements for 2006, the outlook for the first quarter of 2007, and the approval of the agenda for the shareholder meeting in 2007.



RTC : 03.05.07

Amongst other things, this event included elections for the new Supervisory Board. In accordance with the provisions of Section 96, paragraphs 1 and 4 of the German Stock Corporation Act, as well as Section 9.1 of the Articles of Association, the Supervisory Board is made up of three members to be elected at the General Meeting. The General Meeting elected Daniele Di Croce, Rainer Schmidt and Peter Stier as members of the Supervisory Board up to the end of the General Meeting that reaches a decision on giving discharge for the fiscal year ending on December 31, 2011.

Annual and consolidated financial statements

REALTECH AG's annual financial statements for 2007 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 22, 2007 and engaged as auditor by the Supervisory Board.

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

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

In its meeting on March 10, 2008, the Supervisory Board approved the consolidated financial statements for 2007, the combined management report for 2007, and REALTECH AG's annual financial statements for 2007, 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 in achieving an ongoing increase in the value of REALTECH AG and all associated companies.

Walldorf, March 2008
The Supervisory Board
Daniele Di Croce
Chairman