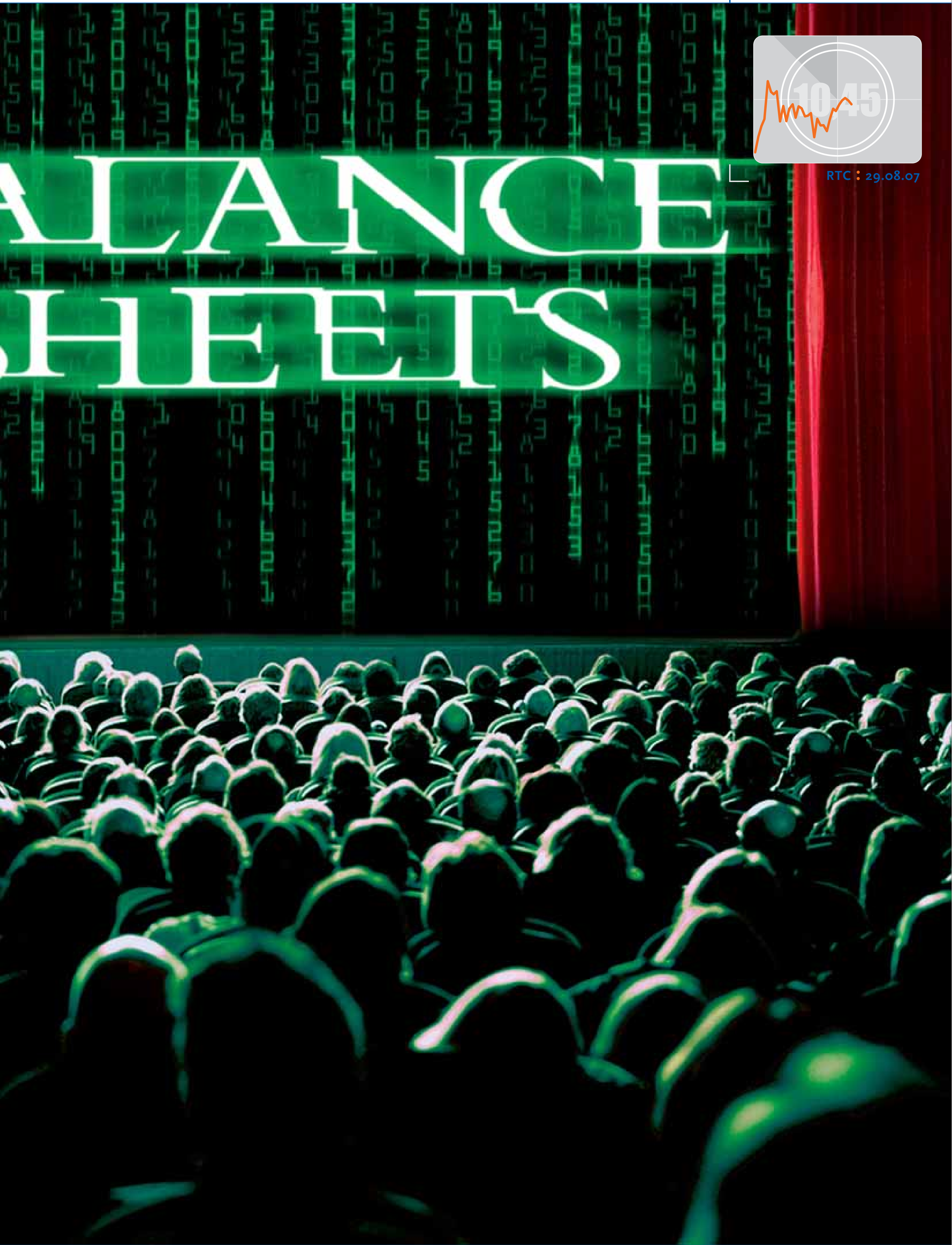
Consolidated Financial Statements


ALANCE
HEETS

Consolidated Balance Sheets

ASSETS	Notes	31.12.2007 EUR	31.12.2006 EUR
Non-current assets			
Intangible assets	(7)		
Concessions, industrial rights and similar rights and assets		297.716	162.340
Goodwill		4.335.679	4.335.679
		4.633.395	**4.498.019**
Tangible assets	(7)		
Property, plant and equipment		7.772.756	8.002.845
Technical equipment and machines		44.911	60.341
Other equipment and office equipment		1.709.024	1.491.969
		9.526.691	**9.555.155**
Financial assets	(7)		
Securities		32.872	34.631
Other loans		52.199	52.830
		85.071	**87.461**
Deferred tax assets	(14)	**304.141**	**517.319**
		14.549.298	**14.657.954**
Current assets			
Receivables and other assets			
Trade receivables	(9)	21.159.209	17.330.648
Tax assets	(14)	211.759	205.680
Other assets	(10)	950.362	745.039
		22.321.331	**18.281.367**
Securities	(11)	**18.180.309**	**15.024.394**
Cash and cash equivalents		**9.885.536**	**12.972.973**
		50.387.176	**46.278.734**
Total assets		**64.936.474**	**60.936.688**

RTC : 06.09.07

SHAREHOLDERS' EQUITY AND LIABILITIES

	Notes	31.12.2007 EUR	31.12.2006 EUR
Shareholders' equity	(12)		
Subscribed capital		5.248.452	6.570.284
(Authorized capital EUR 301.000,00; py: EUR 2.495.837,02)			
Additional paid-in capital		34.200.867	33.749.587
Surplus for market appraisal of securities		168.515	25.969
Cumulative translation differences		(135.964)	(157.299)
Retained earnings		7.276.847	5.336.833
		46.758.717	**45.525.374**
Minority interests	(13)	**443.893**	**370.496**
		47.202.610	**45.895.870**
Current liabilities			
Trade accounts payable	(16)	2.186.072	1.768.110
Income tax payable	(14)	1.415.082	919.400
Provisions	(15)	8.561.773	8.266.118
Other liabilities	(16)	3.553.972	2.145.214
Deferred income	(17)	1.498.706	1.124.803
		17.215.605	**14.223.645**
Deferred tax liabilities	(14)	**518.259**	**817.173**
Total shareholders' equity and liabilities		**64.936.474**	**60.936.688**

Consolidated Statements of Income

	Notes	2007 EUR	2006 EUR
Revenues	(18)	63.752.375	54.380.196
Costs of revenues		38.609.006	32.350.069
Gross profit		**25.143.369**	**22.030.127**
Selling and marketing expenses		8.013.345	7.246.295
General and administrative expenses		6.763.222	7.039.189
Research and development expenses		4.557.405	4.593.382
Other operating expenses	(20)	1.326.201	1.553.980
Other operating income	(21)	2.126.970	2.133.347
Operating income		**6.610.166**	**3.730.628**
Net interest	(22)	650.567	456.656
Income from financial assets and securities		51.225	102.573
Foreign currency exchange gains/losses		(98.684)	(90.712)
Income before taxes and minority interests		**7.213.274**	**4.199.145**
Income taxes	(14)	2.566.525	2.180.166
Income before minority interests		**4.646.749**	**2.018.979**
Minority interests	(13)	94.509	116.570
Net income	(24)	**4.552.240**	**1.902.409**
Accumulated profit/loss carried forward		5.336.833	3.943.669
Dividend payment		2.612.226	509.245
Retained earnings		**7.276.847**	**5.336.833**
Average number of shares outstanding – basic	(24)	5.248.452	5.173.452
Average number of shares outstanding – diluted	(24)	5.549.452	5.632.452
Earnings per share – basic	(24)	0,87	0,37
Earnings per share – diluted	(24)	0,82	0,34

RTC : 14.09.07

Consolidated Statements of Cash Flows

	2007 EUR	2006 EUR
Net income	**4.552.240**	**1.902.409**
Depreciation of fixed assets	990.220	1.363.441
Change in income tax payable	(407.534)	(364.171)
Payment for income taxes	903.217	290.621
Change in provisions	295.655	841.831
Change in trade receivables	(3.828.561)	(2.687.275)
Change in other assets	1.775	379.953
Change in trade accounts payable and in other current liabilities	1.901.710	686.107
Cash flow from operating activities	**4.408.721**	**2.412.916**
Asset disposals	3.329	43.145
Purchase of intangible assets	(239.517)	(68.618)
Purchase of tangible assets	(864.284)	(566.491)
Investment in financial assets	5.731	(40.712)
Change in current securities	(3.805.096)	990.393
Proceeds from interests	654.736	463.496
Payment for interests	(5.554)	(6.840)
Cash flow from investing activities	**(4.250.655)**	**814.373**
Change in dividends	(2.612.226)	(509.245)
Change in convertible bonds	451.280	521.330
Other change in shareholders' equity and in minority interests	(1.084.554)	257.411
Cash flow from financing activities	**(3.245.500)**	**269.496**
Change in cash and cash equivalents	**(3.087.437)**	**3.496.786**
Cash and cash equivalents at beginnig of the period	**12.972.973**	**9.476.187**
Cash and cash equivalents at end of the period	**9.885.536**	**12.972.973**

Consolidated Statements of Changes in Shareholders'

	Common stock Number	Subscribed capital EUR	Additional paid-in-capital EUR
December 31, 2004	**5.092.452**	**6.467.414**	**33.228.257**
Net income			
Unrealized profit/ loss from securities translations			
incl. effects from its realization			
Translation adjustments			
Minority interests			
December 31, 2005	**5.092.452**	**6.467.414**	**33.228.257**
Change in subscribed capital	81.000	102.870	
Net income			
Unrealized profit/ loss from securities translations			
incl. effects from its realization			
Translation adjustments			
Dividend payment			
Execution of stock options and convertible bonds			521.330
Minority interests			
December 31, 2006	**5.173.452**	**6.570.284**	**33.749.587**
Change in subscribed capital	75.000	(1.321.832)	
Net income			
Unrealized profit/ loss from securities translations			
incl. effects from its realization			
Translation adjustments			
Dividend payment			
Execution of stock options and convertible bonds			451.280
Minority interests			
December 31, 2006	**5.248.452**	**5.248.452**	**34.200.867**

RTC : 24.09.07

Equity

Surplus for market appraisal of securities EUR	Cumulative translation differences EUR	Retained earnings EUR	REALTECH AG shareholders' interest of equity EUR	Minority interests EUR	Shareholders' equity EUR
15.450	**(102.714)**	**2.833.270**	**42.441.677**	**0**	**42.441.677**
		1.110.399	1.110.399		1.110.399
(194.496)			(194.496)		(194.496)
	79.475		79.475		79.475
				286.909	286.909
(179.046)	**(23.239)**	**3.943.669**	**48.529.507**	**286.909**	**43.723.964**
			102.870		102.870
		1.902.409	1.902.409		1.902.409
205.015			205.015		205.015
	(134.060)		(134.060)		(134.060)
		(509.245)	(509.245)		(509.245)
			521.330		521.330
				83.587	83.587
25.969	**(157.299)**	**5.336.833**	**45.525.374**	**370.496**	**45.895.870**
			(1.321.832)		(1.321.832)
		4.552.240	4.552.240		4.552.240
142.546			142.546		142.546
	21.335		21.335		21.335
		(2.612.226)	(2.612.226)		(2.612.226)
			451.280		451.280
				73.397	73.397
168.515	**(135.964)**	**7.276.847**	**46.758.716**	**443.893**	**47.202.610**

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, 2007 have been taken into account. The figures for the previous year were also determined based on the same standards. IFRS 7 Financial Instruments was applied for the first time in fiscal year 2007. This has not given rise to any changes (see 26.).

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 of 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.

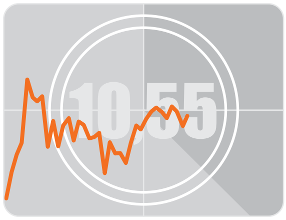
The income statement has been prepared in accordance with the "cost of sales" method. REALTECH AG is a registered stock corporation under German law and is headquartered in Walldorf/Baden, Germany.

The company maintains a presence and offers its products and services in Germany, Italy, Spain, Portugal, the United States of America, New Zealand, Singapore, Japan and Argentina. 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 consolidated financial statements and Group management report have been drawn up by the Executive Board, and were approved for forwarding to the Supervisory Board on February 11, 2008. The Supervisory Board will release these statements for publication on March 10, 2008.

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:



RTC : 02.10.07

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

The group of consolidated companies has not changed since December 31, 2006.

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

3. Consolidation methods

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

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

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

4. Currency translation

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

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

5. Summary of significant accounting policies

Intangible assets

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

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

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

RTC : 10.10.07

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. The data from corporate planning, approved by management and the supervisory bodies, is used for this. 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. The two segments of consulting and software are defined as cash generating units. As in the previous year, the goodwill of EUR 4,335 thousand recognized on December 31, 2007 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.

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.

Receivables

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

Receivables resulting from issuing software licenses are not accounted for until a signed contract with the customer exists, any rights of return that have been granted have expired, and the software has been provided in accordance with the contract.

Other receivables are measured at cost. They are written down to the respective market price.

Deferred taxes

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

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

Cash and cash equivalents

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

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

Liabilities

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

RTC : 18.10.07

Provisions

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

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

Use of estimates

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

Revenues

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

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

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

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

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

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

Costs of revenues

Costs of revenues comprise full production-related costs on the basis of normal capacity utilization. Specifically, costs of revenues include 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.

6. Essential differences between IFRS/IAS accounting and accounting based on German commercial law

The accounting and measurement rules that are essentially different from those under German commercial law are as follows:

- Goodwill is subject to a regular impairment test. It is no longer amortized.
- Available-for-sale securities are measured at their fair value, even if this value exceeds the cost. Price gains and losses are posted directly in equity (revaluation surplus), set off against deferred taxes payable.
- Revenues from fixed-price projects are accounted for based on the percentage of completion.
- Buildings are depreciated in line with their probable useful life, not based on tax scales.
- Leasing agreements which meet the more restrictive requirements for financial leasing defined by IFRS are recognized in the balance sheet as an asset or leasing liability.
- Provisions are only made for obligations to third parties if the probability of a claim being made is at least 50 percent. Medium-term and long-term provisions are recognized at their present value. No provisions are made for neglected maintenance or for expenditure.

RTC : 26.10.07

- According to IFRS there is a general obligation to recognize deferred taxes for all temporary differences between the tax values and the values recognized in the consolidated balance sheet, whereby quasi-permanent differences must also be classified as being temporary. When it comes to calculating deferred taxes, the tax rate that must be applied is that which will be valid in the future at the time when the tax deferral is likely to be reversed based on the legal situation in the various countries on the balance sheet date.

According to German commercial regulations, it is only obligatory to recognize the deferred tax liabilities and the deferred tax assets on consolidation measures. In the process, the deferred taxes are calculated based on the tax rates valid on the balance sheet date. It is not permissible to recognize deferred taxes for quasi-permanent differences between the values in the tax balance and the consolidated balance sheet which are only amortized over a longer period of time or when the asset is sold or liquidated.

According to IFRS, deferred tax assets must be accounted for on tax loss carryforwards provided that it is sufficiently probable that the future tax benefit will be realized.

Monetary items in foreign currency are measured using the closing rate and recognized in the profit or loss for the period. As an exception to this rule, exchange differences from non-current intragroup items that constitute part of a net investment in a foreign company are recognized within equity with no effect on profit or loss.

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

7. Non-current assets

Non-current assets changed as follows:

	Acquisition and manufacturing costs				
	01.01.2007 TEUR	Additions TEUR	Disposals TEUR	Currency translation adjustments TEUR	31.12.2007 TEUR
Concessions, industrial rights and similar rights and assets	1.904	242	0	(2)	2.144
Software manufactured in-house	4.741	0	0	0	4.741
Goodwill	7.075	0	0	0	7.075
Intangible assets	**13.720**	**242**	**0**	**(2)**	**9.219**
Property, plant and equipment	10.042	90	0	(1)	10.131
Technical equipment and machines	181	38	19	(15)	185
Other equipment and office equipment	7.862	819	55	(67)	8.559
Tangible assets	**18.085**	**947**	**74**	**(83)**	**18.875**
Securities	35	(1)	1	(5)	28
Other loans	53	0	1	0	52
Financial assets	**88**	**(1)**	**2**	**(5)**	**80**
	31.893	**1.188**	**76**	**(90)**	**28.174**

RTC : 05.11.07

Accumulated depreciation					Net book values	
01.01.2007 TEUR	Additions TEUR	Disposals TEUR	Currency translation adjustments TEUR	31.12.2007 TEUR	31.12.2007 TEUR	31.12.2006 TEUR
1.742	106	1	0	1.847	297	162
4.741	0	0	0	4.741	0	0
2.739	0	0	0	2.739	4.336	4.336
9.222	**106**	**1**	**0**	**9.327**	**4.633**	**4.498**
2.039	322	1	(2)	2.358	7.773	8.003
121	28	(1)	(10)	140	45	60
6.370	594	66	(48)	6.850	1.709	1.492
8.530	**944**	**66**	**(60)**	**9.348**	**9.527**	**9.555**
0	0	5	0	(5)	33	35
0	0	0	0	0	52	53
0	**0**	**5**	**0**	**(5)**	**85**	**88**
17.752	**1.050**	**72**	**(60)**	**18.670**	**14.245**	**14.141**

8. Interests in associates

On December 31, 2007, REALTECH AG directly held interests of at least 20% in the following companies:

Company name and location	Share of capital %	Equity on 31.12.2007 TEUR	Net income 2007 TEUR
REALTECH System Consulting GmbH, Walldorf, Germany	100,0	26	1)
REALTECH Sales GmbH, Walldorf, Germany	100,0	24	1)
DB-Online GmbH, Walldorf, Germany	100,0	161	2
LMC-LAN Management Consulting GmbH, Schweitenkirchen, Germany	100,0	39	1)
GloBE Technology GmbH, Walldorf, Germany	100,0	237	3
REALTECH Italia S.p.A., Agrate Brianza, Italy	100,0	2.182	458
REALTECH System Consulting, S.L., Madrid, Spain	100,0	1.265	565
REALTECH Portugal System Consulting Sociedade Unipessoal Lda, Lissabon, Portugal	100,0	204	147
REALTECH Inc., Malvern, PA, USA	100,0	205	124
Realtech Ltd., Auckland, New Zealand	100,0	1.036	317
REALTECH System Consulting Pte. Ltd., Singapore	100,0	178	94
REALTECH Japan Co., Ltd., Tokyo, Japan	54,1	522	111

1) A profit and loss transfer agreement exists.

Delivery and service relationships exist between the associates.

9. Trade receivables

	31.12.2007 TEUR	31.12.2006 TEUR
Trade receivables	21.799	17.777
Allowances	640	446
	21.159	**17.331**

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.

10. Other receivables and other assets

	31.12.2007 TEUR	31.12.2006 TEUR
Advance wage and travel cost payments	136	102
Deferred revenue	212	27
Prepaid expenses	323	258
Saundry	279	358
	950	**745**

11. Current-asset securities

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

	Market value 31.12.2007 TEUR	Unrealized gain 2007 TEUR	Unrealized loss 2007 TEUR
Interest-bearing securities	1.439	82	0
Mutual funds	16.741	462	0
	18.180	**544**	**0**

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

12. Equity

Subscribed capital

The company's subscribed capital has been paid in full. It was decided at the General Meeting held on May 22, 2007 to reduce REALTECH's subscribed capital by EUR 1,396,832.04 to EUR 5,173,452.00. At that point in time, the company's subscribed capital amounted to EUR 6,570,284.04, split into 5,173,452 ordinary bearer shares with no par value, making the arithmetical proportion of the subscribed capital EUR 1.27 per share. The reduction

was carried out in accordance with the regulations concerning ordinary capital reduction (Section 222 ff of the German Stock Corporation Act), by reducing the arithmetical proportion of subscribed capital allotted to each no-par value share. As a result of the capital reduction, the proportionate amount of subscribed capital allotted to each individual share decreased by EUR 0.27 from EUR 1.27 to EUR 1.00. This decision to reduce capital was entered in the commercial register on August 8, 2007, and the entry was announced on August 13, 2007. At the end of the required period of six months for the protection of creditors (Section 225, paragraph 2, sentence 1 of the Stock Corporation Act) following announcement of entry of the capital reduction decision in the commercial register, the reduction amount was paid out to shareholders on February 14, 2008.

The number of no-par value shares issued as per December 31, 2007 amounted to 5,248,452. As a result of the exercising of conversion rights granted as part of the company's various share-based remuneration programs, the number of shares increased in fiscal year 2007 by 75,000. The nominal value of subscribed capital increased accordingly by EUR 88,770.

The company's subscribed capital on the balance sheet date amounted to EUR 5,248,452.

Authorized capital

The General Meeting of May 18, 2004 authorized the Executive Board to increase the subscribed capital against cash and/or non-cash contributions by a total of up to EUR 2,546,226.00 before May 1, 2009 by issuing 2,546,226 no-par value shares (authorized capital). The Executive Board and Supervisory Board are authorized to exclude shareholders' subscription rights.

Contingently issuable shares

For the purpose of granting shares to the holders of convertible and/or warrant-linked bonds, the General Meeting on May 16, 2002 decided to implement a conditional capital increase of up to EUR 2,598,707.02 by issuing up to 2,046,226 new shares by May 15, 2007.

The company's contingently issuable capital according to the commercial register extract on the balance sheet date is EUR 2,431,067.02. Neither the expiry of the abovementioned authorization from the General Meeting from May 16, 2002 to May 15, 2007 nor the reduction of contingently issuable shares by EUR 24,000.00 due to the exercising of conversion rights in November 2007 have yet been entered in the commercial registry. The company's contingently issuable shares on the balance sheet date were EUR 301,000.00 (3,010 bonds each consisting of 100 shares).

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

RTC : 21.11.07

Share-based remuneration

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 2007 is EUR 70 thousand (previous year: EUR 170 thousand). This concerns expenses resulting from share-based remuneration transactions with compensation through equity instruments in accordance with IFRS 2.

The assessment is based on an expected volatility of 25.90%. It is assumed that future trends can be derived from historical volatility values, whereby the actual volatility may differ from the assumptions made here. The calculation is based on the Black Scholes formula, applying a risk-free interest rate of 3.93%. The anticipated term of these options is five years. The exercise price is EUR 8.80.

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).

No convertible bonds were issued in fiscal year 2007.

In fiscal years 2003 to 2006, convertible bonds were issued with the following conditions:

	2003	2004	2005	2006
Issue date	31.07.2003	31.07.2004	18.07.2005	31.07.2006
Face value	1,00 EUR	1,00 EUR	1,00 EUR	1,00 EUR
Total face value of the convertible bond	100 EUR	1.000 EUR	450 EUR	3.000 EUR
Term	30.07.2008	30.07.2009	17.07.2010	30.07.2011
Interest p.a.	6,0 %	5,0 %	5,0 %	5,0 %
Exercise price	5,89 EUR	7,00 EUR	6,97 EUR	8,80 EUR
Issued options	10.000	100.000	45.000	300.000
Earliest time of conversion	31.07.2005	31.07.2006	18.07.2007	31.07.2008
Latest time of conversion	30.07.2008	30.07.2009	17.07.2010	30.07.2011

Issued options

The following table summarizes information about the company's convertible bonds as of December 31, 2007.

Year of issue	Exercise price EUR	Number of exercisable options	Number of outstanding options
2003	5,89	3.000	3.000
2004	7,00	12.000	42.000
2005	6,97	0	9.000
2006	8,80	0	247.000
		15.000	**301.000**

Development during the fiscal year

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

	2007		2006	
	Number	GDAP EUR	Number	GDAP EUR
Outstanding at the beginning of the reporting period	459.000	8,05	374.506	6,44
Issued in the reporting period	-	-	300.000	8,80
Exercised in the reporting period	75.000	6,27	81.000	5,61
Expired in the reporting period	83.000	8,14	134.506	10,69
Outstanding at the end of the reporting period	301.000	8,47	459.000	8,05
Exercisable at the end of the reporting period	15.000	6,78	51.000	5,93

13. Minority interests

The minority interests refer to a holding of 45.9% 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.

RTC : 29.11.07

14. Income taxes

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

	2007 TEUR	2006 TEUR
Current tax expense	2.553	1.745
Deferred tax expense (net)	14	435
Tax expense	**2.567**	**2.180**

The Group's income taxes are reconciled in the following table. The corporation tax rate to be applied amounts to 25% plus the solidarity surcharge of 5.5%. The Group must also make trade tax payments in the amount of 13.5%. This amounts to an expected income tax liability of 39.9%.

	2007 TEUR	2006 TEUR
Expected tax expense	2.878	1.675
IRAP (Italy)	524	459
Measurement differences (domestic)	(320)	0
Tax rate difference/measurement differences (abroad)	(515)	46
Tax expense	**2.567**	**2.180**

The income tax payable of EUR 1,415 thousand (previous year: EUR 919 thousand) exclusively involve current income taxes payable.

The amount of taxes receivable of EUR 212 thousand (previous year: EUR 206 thousand) represents total current income taxes receivable.

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

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

	31.12.2007 TEUR	31.12.2006 TEUR
Deferred taxes receivable (deferred tax assets)	304	517
Deferred taxes payable (deferred tax liabilities)	518	817

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

	31.12.2007 TEUR	31.12.2006 TEUR
Tax loss carryforwards	0	98
Goodwill	119	304
Other provisions	141	80
Others	44	35
Deferred tax assets	**304**	**517**

	31.12.2007 TEUR	31.12.2006 TEUR
Fixed assets	317	502
Securities	192	265
Production orders	9	50
Deferred tax liabilities	**518**	**817**

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

15. Other provisions

Other provisions changed as follows in the year under review:

	01.01.2007 TEUR	Usage/ write-back TEUR	Allocation TEUR	31.12.2007 TEUR
Provisions for employees	2.557	1.121	827	2.263
Vacation provisions	1.789	1.103	1.128	1.814
Bonuses and revenue participation	2.919	2.919	3.545	3.545
Legal and consulting charges	230	230	218	218
Outstanding incoming invoices	320	276	198	242
Salaries and severance payments	214	214	184	184
Others	237	127	186	296
	8.266	**5.990**	**6.286**	**8.562**

RTC : 07.12.07

In accordance with legal regulations, a provision for EUR 1,456 thousand has been established in the provisions for employees (previous year. EUR 1,734 thousand). The provision is measured in the amount of one month's wages per year of employment.

16. Liabilities

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

	Residual term				
	Up to one year 31.12.2007 TEUR	More than one year 31.12.2007 TEUR	Total amount 31.12.2007 TEUR	Type of collater-alization TEUR	31.12.2006 TEUR
Trade accounts payable	2.186	-	2.186	Usual retention of title	1.768
Other liabilities	3.554	-	3.554	-	2.145
thereof social security	142	-	142	-	124
	5.740	**-**	**5.740**	**-**	**3.913**

Other liabilities include value added tax, withholding tax and wage tax liabilities in the amount of EUR 1,373 thousand (previous year: EUR 1,497 thousand).

17. Deferred income

The deferred income essentially involves software maintenance contracts. The average term of contracts is 12 months.

18. Sales revenues

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

19. Segment reporting

Segment reporting at the REALTECH Group is carried out in accordance with IAS 14. IFRS 8 Segment Reporting is applicable as of January 1, 2009. Segmentation is based on internal Group control and reporting, in accordance with the products and services it offers. These financial statements define the consulting and software business segments as the primary report format for segment reporting.

The figures in the following overviews have been taken from internal reporting, used by the company's essential decision-makers for management purposes.

	Consulting		Software	
	31.12.2007 TEUR	31.12.2006 TEUR	31.12.2007 TEUR	31.12.2006 TEUR
External revenue	**49.801**	**42.948**	**13.951**	**11.432**
Segment income	3.298	1.770	2.511	1.381
Unallocated expenses and income				
Income from operations				
Interest expense				
Interest				
Income from financial investments and securities				
Current income				
Income before taxes and minority interests				
Income taxes				
Minority interests				
Net income				
Segment assets	22.260	19.050	9.384	8.287
Unallocated corporate assets				
Consolidated assets				
Segment liabilities	13.428	11.158	3.788	2.966
Unallocated corporate liabilities				
Consolidated liabilities				
Investments	861	502	243	133
Depreciation	772	1.077	218	286
Non- cash expenses other than depreciation	(87)	378	(25)	100

	Total		Group	
	31.12.2007 TEUR	31.12.2006 TEUR	31.12.2007 TEUR	31.12.2006 TEUR
	63.752	**54.380**	**63.752**	**54.380**
	5.809	3.151	5.809	3.151
			801	580
			6.610	**3.731**
			6	7
			656	464
			51	102
			(98)	(91)
			7.213	**4.199**
			2.567	2.180
			94	117
			4.552	**1.902**
	31.644	27.337	31.644	27.337
			32.713	32.783
			64.357	**60.120**
	17.216	14.124	17.216	14.124
			518	817
			17.734	**14.941**
	1.104	635	1.104	635
	990	1.363	990	1.363
	(112)	478	(112)	478

	External revenue		Carrying amount segment assets		Investments in intangible assets and property, plant and equipment	
	2007 TEUR	2006 TEUR	31.12.2007 TEUR	31.12.2006 TEUR	31.12.2007 TEUR	31.12.2006 TEUR
Germany	27.038	23.079	42.419	43.107	790	349
Rest of Europe	25.916	22.263	16.802	12.808	289	230
USA	3.232	3.389	1.223	1.173	20	24
Asia-Pacific	7.566	5.649	3.913	3.032	5	32
	63.752	**54.380**	**64.357**	**60.120**	**1.104**	**635**

20. Other operating expenses

This item essentially contains expenses for rent and leasing.

21. Other operating income

The other operating income particularly involves rental income.

22. Net interest

Net interest essentially consists of interest income for fixed-term deposits and interest-bearing securities. Interest income amounted to EUR 656 thousand. Interest expense was EUR 6 thousand.

OTHER INFORMATION

23. Consolidated statements of cash flows

The 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 statements of cash flows 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.

RTC : 25.12.07

24. 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:

	31.12.2007	31.12.2006
Net income	4.552.240 EUR	1.902.409 EUR
Average number of shares outstanding – basic	5.248.452 Shares	5.173.452 Shares
Average number of shares outstanding – diluted	5.549.452 Shares	5.632.452 Shares
Earnings per share – basic	0,87 EUR	0,37 EUR
Earnings per share – diluted	0,82 EUR	0,34 EUR

The dilution effect results from the conversion rights for bonds.

25. Other financial obligations

Other financial obligations from rent and leasing agreements amount to EUR 13,478 thousand (previous year: EUR 12,851 thousand). These are presented in the following overview:

	TEUR
2008	2.990
2009	2.456
2010	1.852
2011	1.631
2012	1.572
2013 and following years	2.977
	13.478

Rental and leasing expenses were EUR 1,771 thousand in the year under review (previous year: EUR 1,815 thousand). Please refer to point 27, Special-purpose entity.

26. Financial instruments

Assets by class

Financial assets consist of the following classes:

	31.12.2007			31.12.2006		
	Current TEUR	Non-current TEUR	Total TEUR	Current TEUR	Non-current TEUR	Total TEUR
Assets available for sale	18.180	0	18.180	15.024	0	15.024
thereof outside capital	18.180	0	18.180	15.024	0	15.024
Other financial assets (at amortized cost)	31.672	85	31.757	30.791	88	30.879
	49.852	**85**	**49.937**	**45.815**	**88**	**45.903**

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.

	31.12.2007		31.12.2006	
	Carrying amount TEUR	Fair value TEUR	Carrying amount TEUR	Fair value TEUR
Non-current-asset securities	33	33	35	35
Loans	52	52	53	53
Trade receivables	21.159	21.159	17.331	17.331
Other receivables and other assets	627	627	487	487
Current-assets securities	18.180	18.180	15.024	15.024
Cash and cash equivalents	9.886	9.886	12.973	12.973
	49.937	**49.937**	**45.903**	**45.903**

RTC : 02.01.08

	31.12.2007		31.12.2006	
	Carrying amount TEUR	Fair value TEUR	Carrying amount TEUR	Fair value TEUR
Trade accounts payable	2.186	2.186	1.768	1.768
Other liabilities	2.181	2.181	648	648
	4.367	**4.367**	**2.416**	**2.416**

No restructuring took place in fiscal year 2007. No securities were surrendered from the above assets. The fair value was determined using balance notifications from banks. The transmitted data represents the value that can be realized on the balance sheet date.

Specification of financial instruments by IAS 39 measurement categories

	31.12.2007 TEUR	31.12.2006 TEUR
Financial instruments measured at amortized cost		
Non-current-asset securities	33	35
Loans	52	53
Trade receivables	21.159	17.331
Other receivables and other assets	627	487
Cash and cash equivalents	9.886	12.973
	31.757	**30.879**

	31.12.2007 TEUR	31.12.2006 TEUR
Assets available for sale		
Current-asset securities	18.180	15.024

Excess funds are invested in part in interest-bearing securities, quoted in euros, with short-term or medium-term residual terms or in mutual funds that invest in such assets. The Group has therefore classified these securities as available for sale. These items are measured on the balance sheet date at market value, with value changes being offset against equity with no effect on profit or loss. In the year under review, these amounted to EUR 142 thousand (previous year: EUR 205 thousand). There are no trading securities.

	31.12.2007 TEUR	31.12.2006 TEUR
Financial liabilities measured at cost		
Trade accounts payable	2.186	1.768
Other liabilities	2.181	648
	4.367	**2.416**

Net profits or losses

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

	2007 TEUR	2006 TEUR
Expenses/(income) from allowances for receivables	193	(288)
Interest income	655	464
Interest expenses	6	7

Financial and currency risks

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

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

RTC : 10.01.08

Credit risks

Trade receivables have the following age structure:

	31.12.2007 TEUR	31.12.2006 TEUR
Total	21.159	17.331
not yet due to overdue	19.266	16.650
90 to 179 days	2.344	1.207
180 to 360 days	189	(79)
Specific allowance for bad debts	553	376
General allowance for bad debts	87	71

The value of the specific allowance for bad debts is established based on the assessment of the individual risk for each individual receivable. The general allowance for bad debts is calculated based on the respective national tax regulations within the Group.

Liquidity risks

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

	Residual term			
	31.12.2007		31.12.2006	
	Up to 1 year TEUR	More than 1 year TEUR	Up to 1 year TEUR	More than 1 year TEUR
Trade accounts payable	2.186	0	1.768	0
Other liabilities	2.181	0	648	0
	4.367	**0**	**2.416**	**0**

Derivative financial instruments

The company does not have any derivative financial instruments.

27. Special-purpose entity

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

As a result of applying the interpretation to this company, the REALTECH Group is not considered to be the company's primary beneficiary. The Group's obligations in connection with the leasing agreement are part of the minimum rent payments from leasing agreements listed under "Other financial obligations". As at December 31, 2007 these amounted to EUR 6,332 thousand up to the end of the term of the agreement. No other obligations or risks of loss resulted from the leasing agreement with PUDU Grundstücks-Vermietungsgesellschaft.

28. Bodies of the company

Supervisory Board

Daniele Di Croce (Chairman), since May 22, 2007
Management consultant

Peter Stier (Deputy Chairman), since May 22, 2007
Entrepreneur

Rainer Schmidt, since May 22, 2007
Entrepreneur

Resigned from the Supervisory Board:

Dieter Matheis (Chairman), on May 22, 2007
Management consultant
- Supervisory Board (Chairman) of SAPERION AG, Berlin
- Supervisory Board (Chairman) of SNP Schneider-Neureither & Partner AG, Heidelberg
- Supervisory Board of Heiler Software AG, Stuttgart

Richard Roy (Deputy Chairman), on May 22, 2007
Management consultant
- Vice President of the Supervisory Board of Swisscom AG, Bern/Switzerland
- Supervisory Board (Chairman) of Balda AG, Bad Oeynhausen

RTC : 18.01.08

Supervisory Board (Deputy Chairman) of Premiere AG, Unterföhring
Supervisory Board of Update AG, Vienna/Austria

Norbert Schwerber, on May 22, 2007
Auditor and tax advisor
Supervisory Board (Chairman) of Nieding + Barth Rechtsanwaltsaktiengesellschaft, Frankfurt
Supervisory Board (Chairman) of VEDACON AG, Montabaur
Supervisory Board (Chairman) of Systaic AG, Büttelborn
Supervisory Board of b.is börsen-informations-systeme AG, Rimpar
Supervisory Board of Cosmetic Service AG, Eppertshausen
Supervisory Board of Zoffel/Steiger/Holding AG, Wiesbaden

Executive Board

Nicola Glowinski (Chairman)

Dr. Rudolf Caspary (Technology)

Resigned from the Executive Board:

Jürgen Zahn (Finance), on January 31, 2007

29. Remuneration of the Executive and Supervisory Boards

Remuneration received by the Executive Board in fiscal year 2007 totaled EUR 1,502 thousand (compared to EUR 1,852 thousand in the previous year). The fixed portion (including non-monetary benefits from company cars and social security allowances) was EUR 462 thousand (previous year: EUR 525 thousand), while variable remuneration totaled EUR 933 thousand (previous year: EUR 1,069 thousand) and share-based remuneration was EUR 107 thousand (previous year: EUR 258 thousand). No options were granted in fiscal year 2007 (previous year: 150,000 options at an exercise price of EUR 8.80). 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 2007 totaled EUR 124 thousand (previous year: EUR 138 thousand). The fixed portion was EUR 45 (previous year: EUR 70 thousand), while variable remuneration (including attendance fees and travel expenses) amounted to EUR 79 thousand (previous year: EUR 68 thousand).

30. Directors' dealings

Changes in numbers of REALTECH shares held by members of the Executive Board of REALTECH AG in fiscal year 2007 can be seen in the following table:

	Dr. Rudolf Caspary	Nicola Glowinski	Jürgen Zahn
On 01.01.2007	15.000	22.000	0
Additions	14.000	15.000	0
Disposals	0	0	0
On 31.12.2007	**29.000**	**37.000**	**0**

Changes in numbers of REALTECH convertible bonds held by members of the Executive Board of REALTECH AG in fiscal year 2007 can be seen in the following table:

	Dr. Rudolf Caspary	Nicola Glowinski	Jürgen Zahn
On 01.01.2007	61.000	103.000	70.000
Additions	0	0	0
Disposals	12.000	15.000	70.000
On 31.12.2007	**49.000**	**88.000**	**0**

Changes in numbers of REALTECH shares held by members of the Supervisory Board of REALTECH AG in fiscal year 2007 can be seen in the following table:

	Daniele Di Croce	Rainer Schmidt	Peter Stier
On 01.01.2007	885.500	765.500	745.500
Additions	0	0	0
Disposals	0	0	0
On 31.12.2007	**885.500**	**765.500**	**745.500**

As in the previous year, the members of the Supervisory Board did not hold any REALTECH convertible bonds in fiscal year 2007.

RTC : 28.01.08

31. Related party disclosures

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

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

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

In fiscal year 2007, no companies of the REALTECH Group performed transactions that require reporting with members of the Supervisory or Executive Boards (see 28. and 29.) 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. This is also true of the close family of this group of individuals.

32. Employees

The REALTECH Group counted a total of 629 employees on December 31, 2007, while the figure on December 31, 2006 was 571. As an annual average, the company employed 603 people in 2007, and 555 the previous year.

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

In the year under review, Grant Thornton GmbH received remuneration of EUR 64 thousand (previous year: EUR 57 thousand), solely for auditing. This has been presented as expense. No other services were provided.

34. Data in accordance with Section 160 paragraph 1 no. 8 of the Stock Corporation Act (Aktiengesetz, AktG)

No reports on the existence of interests were submitted to REALTECH AG in fiscal year 2007.

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

On December 11, 2007 the Executive and Supervisory Boards submitted their sixth compliance declaration in accordance with Section 161 of the Stock Corporation Act and made it permanently available to shareholders on the company's Web site.

RESPONSIBILITY STATEMENT

Affirmation of the legal representatives:
"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 assets, liabilities, financial position and profit or loss of the group, and the group management report includes a fair review of the development and performance of the business and the position of the group, together with a description of the principal opportunities and risks associated with the expected development of the group."

Walldorf, February 15, 2008
REALTECH AG
The Executive Board

RTC : 05.02.08

Auditors' Opinion

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

We have audited the consolidated financial statements prepared by the REALTECH AG, comprising the balance sheet, the income statement, statement of changes in equity, cash flow statement and the notes to the consolidated financial statements, together with the group management report for the business year from January 1, 2007 to December 31, 2007. The preparation of the consolidated financial statements and the group management report in accordance with IFRSs as adopted by the EU, and the additional requirements of German commercial law pursuant to Section 315a, Paragraph 1 HGB are the responsibility of the parent company's management. Our responsibility is to express an opinion on the consolidated financial statements and on the group management report based on our audit. In addition we have been instructed to express an opinion as to whether the consolidated financial statements comply with full IFRS.

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

Our audit has not led to any reservations.

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

Heidelberg, February 15, 2008

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