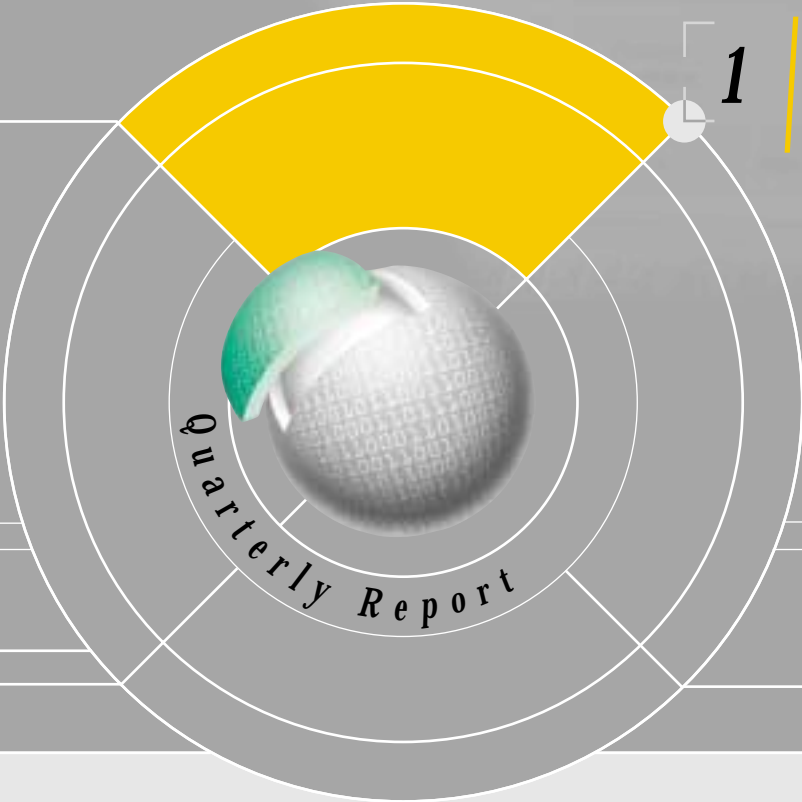


1 | 2002



1st Quarter of 2002 at a Glance



	01.01.02- 31.03.02 Tsd. EUR	01.01.01- 31.03.01 Tsd. EUR	Changes since previous year in %
Revenues and income			
Revenues	13,984	12,281	14%
Revenue consulting	12,612	11,292	12%
Revenue software	1,372	989	39%
Revenue Germany	5,521	5,525	0%
Revenue foreign countries	8,463	6,756	25%
Earnings before interest, taxes, depreciation and amortization (EBITDA)	127	307	(59%)
Earnings before interest and taxes (EBIT)	(595)	(501)	(19%)
Earnings before taxes (EBT)	(470)	(294)	(60%)
Net income	(447)	(521)	14%
Earnings per share (in EUR)	(0.09)	(0.10)	10%
Investments and depreciation			
Investments	4,761	241	1,876%
Depreciation	722	808	(11%)
Key figures			
Gross margin	33.2%	33.6%	
EBITDA margin	0.9%	2.5%	
EBIT margin	(4.2%)	(4.1%)	
Net cash from operating activities	2,645	(399)	
Net cash from investing activities	(4,761)	(241)	
Net cash from financing activities	(4)	(24)	
Equity ratio	67.6%	68.9%	
Number of employees			
	679	549	24%



Negative figures are shown in parentheses.

Dear Shareholders, dear Business Friends, dear Sir or Madam,

In terms of general economic development, the year 2001 was most certainly rather poor. Based on the economic data and forecasts for 2002, it looks like this will be another difficult year across all industries, giving rise to a phase of consolidation rather than much of an upswing. For REALTECH the past year went very well as we were able to continue harvesting the yield of our intensive development work from previous years. Thanks to its cleverly harmonized range of services focusing closely on the current needs of customers, REALTECH was in a position to defy the general market trend.

We have set ourselves ambitious goals for fiscal 2002, too. The first evidence that this can be achieved is shown by the fact that REALTECH has increased its group sales by 14% compared with the same quarter last year – from €12.3m to €14.0m. Although this is pleasing in view of the current economic situation, the figure is slightly below our expectations. The share of overall sales generated abroad has continued to increase and amounts to 61% for the first three months of this year, compared to 55% for Q1/2001. As in previous years, growth in Italy and Spain played a key role in this development. The rise in this region (Rest of Europe) is 33% compared with the same quarter last year.

In the area of software solutions, REALTECH achieved growth of about 40%, with sales of €1.4m in the first three months. This increase is the result of efforts we made in the fields of development, sales, and marketing in particular. The sales growth in the technology consulting business segment amounts to 12%, with €12.6m being generated in the first three months compared to €11.3m the previous year. This means that 90% of the group's sales is generated in this area (92% last year).

In the first quarter of 2002, the REALTECH Group generated an EBITDA (Earnings Before Interest, Taxes and Depreciation) of €127,000, as opposed to €307,000 in Q1/2001. The operating result (EBIT) for this period is minus €535,000 (minus €501 million last year), which makes it completely in line with the planned figures that we published for 2002 as a whole.

Based on a positive net interest income, current income taxes, and the fact that we refrained from capitalizing losses carried forward for foreign subsidiaries, we have slightly improved the group net income from minus €521,000 last year to minus €447,000. This gives rise to earnings per share of minus €0.09 in the first quarter of 2002 as opposed to minus €0.10 in Q1/2001.

Yours faithfully,
REALTECH AG
The Executive Board



Highlights

Planned Change on the Executive Board



Rainer Schmidt, co-founder and Chief Operating Officer of REALTECH AG, will resign his position on the Executive Board of his own accord as of this year's annual general meeting on May 16, 2002. Rainer Schmidt will retain close ties with the company and plans to stand for a position on the Supervisory Board. The Executive Board of REALTECH AG will then be made up of two members in the future.

At the same time, Joerg Kayser has become a member of the extended management of REALTECH AG as of April 1, 2002, assuming responsibility for the area of technology consulting division worldwide. His tasks will include following the defined strategy and achieving further targeted expansion of the consultancy business on an international scale. Joerg Kayser has worked for REALTECH since 1996 and, in charge of REALTECH Italia S.p.A., has been highly successful in managing the group's largest foreign subsidiary.

CeBIT 2002

Whereas REALTECH AG was represented by two small stands at the CeBIT last year, the company made a more unified appearance at CeBIT 2002 in Hanover with a single stand which extended over 50 square meters in the SAP & Partners hall 4. The focus was on the complete range of services, technology consulting, and software solutions. The new version of theGuard! System Management Suite, including theGuard! SystemManagementPortal, was finished on time for the CeBIT and was one of the highlights presented to a curious specialist audience.

"Professional in every respect" was, and still is, REALTECH's maxim for public appearances. The consistent appearance of the stand, the favorable position near software partner SAP, and the excellent mood of the highly motivated trade fair team all contributed to this professional presentation. Yet REALTECH's

appearance at the fair was not limited to just its own stand. As a member of the SAP exhibitor



community, REALTECH participated in various joint activities with SAP, such as the SAP & Partners marketplace where REALTECH was able to display its know-how in 15-minute quiz shows. Furthermore, there were talks held partly by REALTECH managers and partly by REALTECH customers.

Introduction of theGuard! System Management Portal

theGuard! System Management Portal monitors the entire IT landscape

In February 2002, REALTECH launched theGuard! SystemManagementPortal. This new software solution complements theGuard! System Management Suite, a family of products for IT system and application management that detects potential system errors before they occur and thus avoids downtime. As an integration component, the new theGuard! SystemManagementPortal combines all the advantages of the individual theGuard! products, forming a Web-based system management solution that allows IT managers in large and mid-sized companies to monitor their IT infrastructure at all times and achieve a significant reduction in operating costs.



The new theGuard! SystemManagementPortal collects and analyzes information from the network, the operating system, the databases, and critical business applications such as mySAP components. A single point of control allows users to obtain a complete overview of all network components. On top of this, the new portal provides powerful functions for analyzing system errors in a structured manner so that they can be rectified as quickly as possible. The new Enterprise Reporting functions allow consolidated system management reports to be created across all monitoring areas, making them an ideal instrument for management decisions.

Optimum Support for System Operation

REALTECH's theGuard! System Management Suite consists of powerful software solutions providing optimum support for the entire process of system operation. The individual components of the software package are theGuard! ApplicationManager, theGuard! NetworkManager, theGuard! InventoryManager, theGuard! Helpdesk, and theGuard! SystemManagementPortal. Using this product family you can be sure of high availability and performance for critical company applications round the clock. REALTECH's theGuard! ApplicationManager, for instance, is an application and system management solution containing extensive components for monitoring Windows NT, Windows 2000, and Microsoft SQL servers as well as for managing SAP R/3 and the SAP APO, SAP BW, and mySAP CRM components. Thanks to tried and tested functions, you can control workflows in computer centers and automate standard procedures, thus relieving IT staff of routine activities and allowing them to concentrate on new, innovative IT projects.

Perfect Interaction: SAP Solution Manager und theGuard! System Management Suite

SAP Solution Manager is a service portal that can be used as a communications platform and constitutes a central component of the new SAP service infrastructure. It offers the service and support services that SAP customers need to maintain their systems. In integrating theGuard! System Management Suite, REALTECH offers the ideal extension to this new SAP service concept.

REALTECH's theGuard! System Management Suite provides a complete solution for extensive monitoring of complex system landscapes. As a result of continuous monitoring of specific variables, you are able to visualize trends and, following an analysis, instigate proactive measures. In the case of critical developments, you can take suitable measures without delay. The information collected can be used to generate service level agreement reports (SLAs) with various

variables at regular intervals, while regular service reviews evaluate processes and therefore trigger ongoing process optimization.

In integrating SAP Solution Manager, it is possible to display the alarm states of theGuard! ApplicationManager and theGuard! NetworkManager in SAP Solution Manager. In addition to the CCMS information, theGuard! ApplicationManager supplies essential system management data that clearly extends the range of monitoring functions provided by SAP Solution Manager. The alarm messages are mapped both in the system monitoring and in the business process monitoring.

The new theGuard! SystemManagementPortal allows you to obtain a correlated view of the information of theGuard! ApplicationManager and theGuard! NetworkManager and contains a central IT landscape view that provides an ideal overview of any complex IT infrastructure. This makes theGuard! SystemManagementPortal an essential complementary solution to SAP Solution Manager, which allows a similar view for SAP services and SAP business processes.



REALTECH-Share

Lasting Prize Stabilisation and Great Potential

Having started the year 2002 at €5.95, the REALTECH share price rose over €7.00 within a few days and has since then fluctuated between €7.30 and €8.80. The closing price at the end of the quarter, at €7.76, was 34% higher than at the end of 2001. The chart illustrates the positive development of the REALTECH share price compared with the relevant indices Nemax All Share and Nemax IT-Services in the first three months of 2002.

At the end of the first quarter of 2002, the company's market capitalization was nearly €40m, which constitutes just 90% of the current book equity of €44m. This clearly shows the high potential of the share, especially in view of the fact that the company not only has an excellent strategic position but also

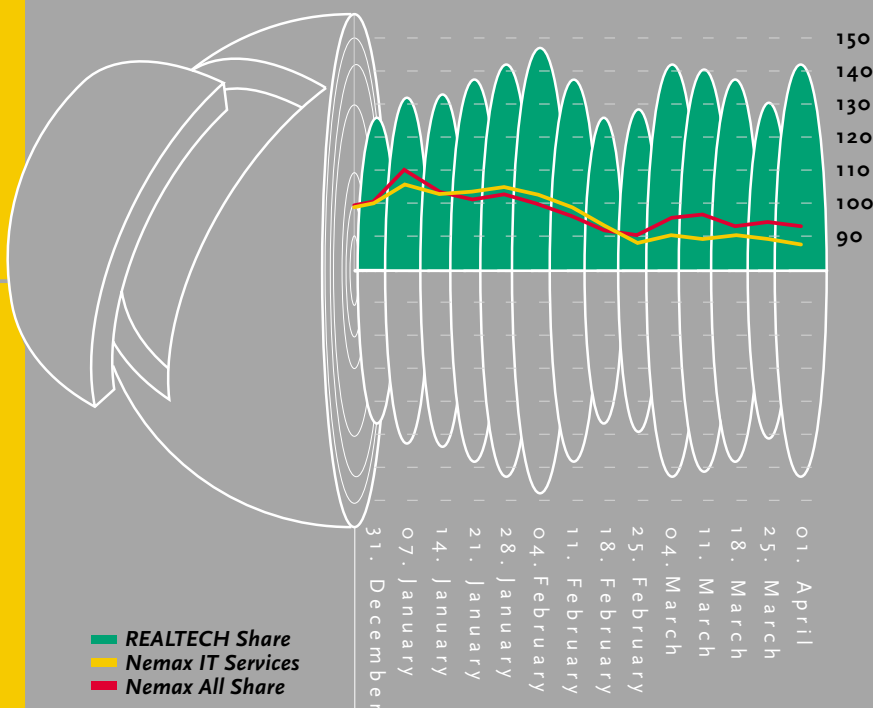
holds sufficient net liquid funds, achieves a positive cash flow, and has only generated positive operating results since it was founded.

Shareholder Structure and Volume of Trade with REALTECH-Shares

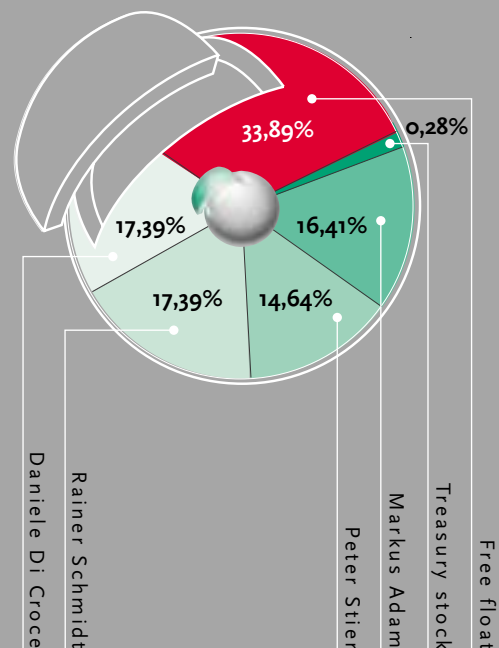
The shareholder structure of REALTECH AG has not changed in the first quarter of 2002. The founders and main shareholders continue to hold the same number of shares. The diversified holding on March 13, 2002, was around 34%.

On average around 6,157 REALTECH shares were bought and sold every day during Q1/2002. 43% of the shares were traded in Xetra and 53% on the Frankfurt stock exchange.

Share Price Index



Shareholder Structure of REALTECH AG



Shares and Stock Options of the Issuer and Members of Executive Bodies as of 31.03.02

Issuer	REALTECH AG	14,108 Treasury stock
Executive Board	Daniele Di Croce	885,500 shares
	Rainer Schmidt	885,500 shares
	Michael Knopp	3,000 shares and 5,750 stock options

Supervisory Board	Markus Adam	835,500 shares
	Dieter Matheis	--
	Norbert Schwerber	--

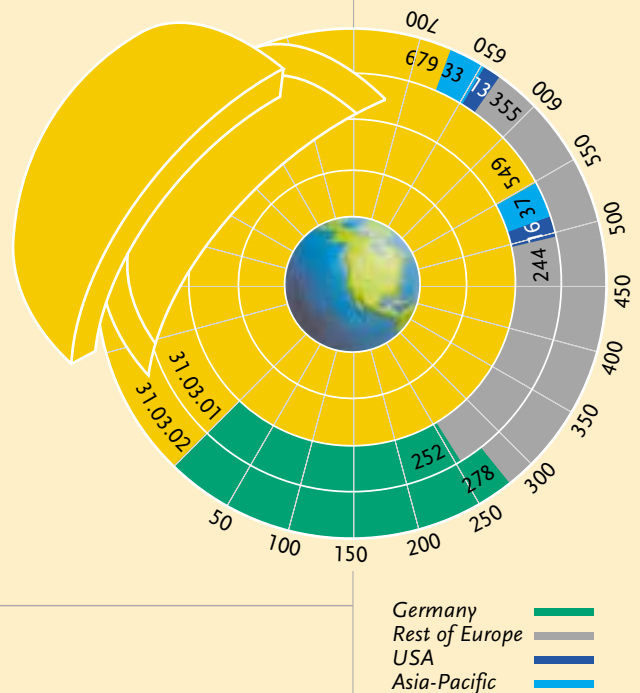
Employees



Employees

Our employee development is characterized by constant “healthy” growth. The number of employees on March 31, 2002, was 679, which constitutes an increase of 130 people, or 24%, compared to the figure of 549 for the previous year. Starting at 640 (of which 372 are employed abroad) at the beginning of 2002, the number of employees increased by 39 people, or 6%.

As in the previous year, growth over the last three months was particularly fast not only in Germany but also in the Italian and Spanish subsidiaries. On March 31, 2002, a total of 401 (59%) employees worked for the company abroad, corresponding to an increase of 35% from the end of March 2001 (297 employees). The figure of 355 employees working for REALTECH in Europe excluding Germany has therefore risen to over half of the total staff for the first time.



Outlook

The current atmosphere on the market is obviously gloom. Companies of all sizes clearly have reservations regarding the coming months. Other voices, on the other hand, anticipate an overall improvement in the economic situation and claim that the economy has already reached rock bottom. The main response of companies is to wait and see and there is not yet much of a recovery to be seen. Investments are either being postponed or undertaken on a piecemeal basis. We cannot, of course, detach ourselves from the current malaise either and are bound to be affected just as much as everyone else.

The feedback that we are receiving from the market, though, shows that the position that REALTECH has assumed in the past and which it has constantly expanded upon continues to be the right position for us and promises much success. Our software solutions meet current customer needs as they control the “pulse” of system environments, detect errors reliably, and

solve problems speedily. Our new product, theGuard! System-ManagementPortal, combines all the advantages of the theGuard! family to form one powerful System Management Suite, while our consulting division deals with all relevant technology issues and puts them into practice for our customers. The interaction and close relationship between these two segments forms the basis of our strategy.

Thus equipped for pending tasks, but with the knowledge that it will take some effort to achieve the planned figures for 2002 that we published in November last year, we are confident that we will be able to meet our goals. The top priority for us is the EBIT target, even if we do not quite reach the intended sales figure. We are treating the current economic situation with the necessary respect, look to the future with cautious optimism, and have no intention of underestimating the risks posed by the general state of affairs on the market.

Analysis of the Financial Situation

Sales revenues rose in the first three months of 2002 from €12.3m to €14.0m, which signifies an increase of €1.7m, or 14%, compared with the same period in the previous year. The growth here was purely organic. The business segment with the most rapid growth was that for software solutions, where sales rose by almost 40% from €1.0m to €1.4m. The share of foreign sales in the group sales as a whole continued to increase and now amounts to 61% (55% in Q1/2001). The largest proportion of this is generated by the region Rest of Europe, which makes up 53% (45% in the previous year).

The current open order quantity should allow the company to reach its planned figures.

Costs of revenues have developed similarly to the sales revenues, increasing by almost 15% to €9.3m.

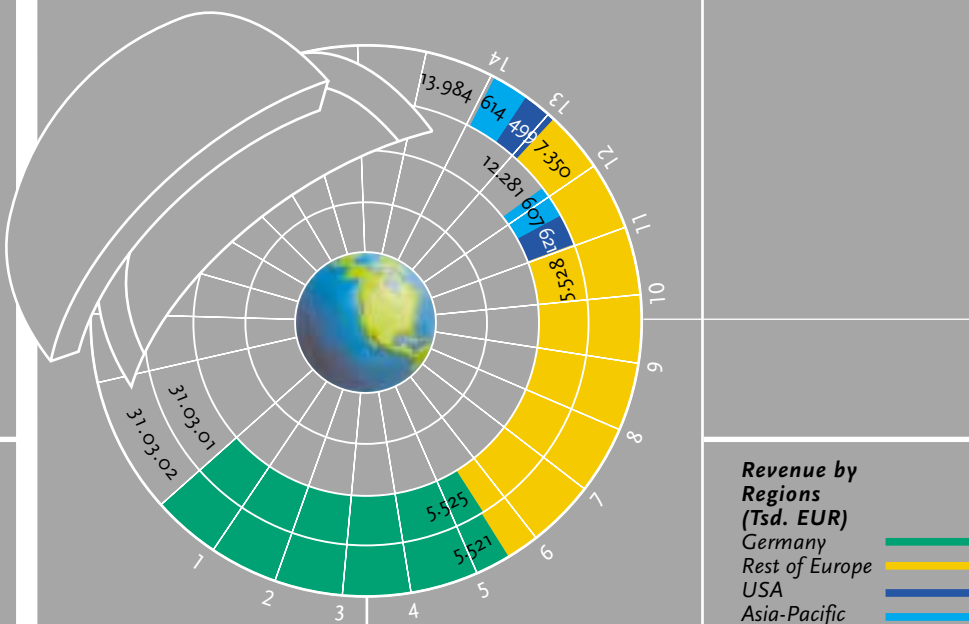
As a result of the development of these two factors, the **gross profit** has risen by 12% to €4.6m. The gross margin of 33.2% for the first three months of this year is practically identical to that for the same period last year, when it amounted to 33.6%.

Expenditure for **research and development** rose from €601,000 last year to €762,000. Based on sales, this area now accounts for 5.5%, which means that it increased slightly from last year's figure of 4.9%.

The development of **selling expenses** is directly related to the development and extension of the distribution structures in Italy and Spain, as well as the launch of a new software solution, the Guard! SystemManagementPortal, and the associated sales and marketing activities. The expenditure was €1.5m in the first three months of this year compared to €0.6 in Q1/2001, thus representing 11.1% of sales compared to 5.2% in the same period of 2001.

The development in the area of the **general and administrative expenses** to be observed in the previous year is being continued in the current fiscal year, manifested in the fact that these costs have decreased both relatively and absolutely compared with the previous year. Whereas the expenditure in the same quarter of the previous year amounted to €3.6m, representing nearly 30% of sales, administrative costs of €3.3m have been accrued for the first three months of 2002, making up just 24.1% of sales. Thus, the trend of the previous year is continuing successfully.

The **net interest income** sank from €207,000 in Q1/2001 to €123,000. While loan repayments continued to be made as planned, this is essentially due to the reduced interest level compared to a year ago.



Consolidated Statements of Income



	01.01.02- 31.03.02 EUR	01.01.01- 31.03.01 EUR
Revenues	13,984,322	12,281,317
Cost of revenues	9,348,008	8,150,637
Gross profit	4,636,314	4,130,680
Research and development	1,545,984	637,985
Selling and marketing expenses	3,358,216	3,634,361
General and administrative expenses	762,086	601,442
Other operating expenses	20,207	208,626
Other operating income	(454,813)	(736,168)
Amortization (and impairment) of goodwill	0	285,571
Depreciation and amortization	0	0
Operating income	(595,366)	(501,137)
Interest income / expenses	123,982	206,860
Income from investments and participations	0	0
Income / expenses from associated companies	0	0
Depreciation of investments	0	0
Foreign currency exchange gains / losses	1,598	0
Other income expenses	0	0
Result before income taxes (and minority interest)	(469,786)	(294,276)
Income taxes	22,404	(226,646)
Other income / expenses	0	0
Result before minority interest	(447,382)	(520,923)
Minority interest	0	0
Net income / loss	(447,382)	(520,923)
Net income per share (basic)	(0.09)	(0.10)
Net income per share (dilluted)	(0.09)	(0.10)
Weighted average shares (basic)	5,078,344	5,081,926
Weighted average shares (dilluted)	5,078,344	5,081,926

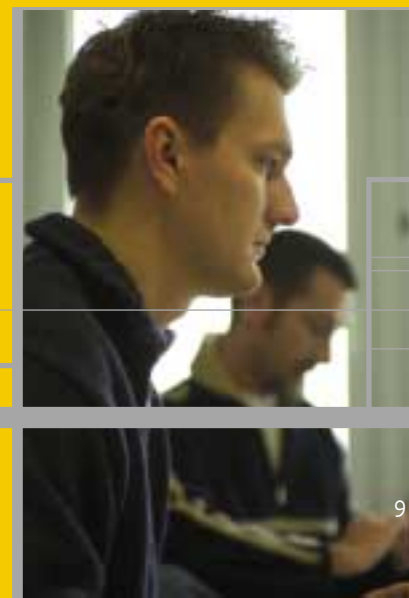
2001 can be seen in terms of **net cash from operating activities**. Whereas this was minus €0.4m in the previous year, the figure for the first quarter of 2002 was improved to €2.7m. One of the main reasons for this is the reduction of receivables. In spite of the 14% sales increase described above, receivables decreased by 8% compared with the key date at the end of the same quarter in the previous year.

€4.8m, compared to €0.2m in Q1/2001. These are essentially made up of investments in intangible assets, property, plant, and equipment to the amount of €1.5m as well as financial investments of €3.3m.

liquid funds amounting to €17.7m, corresponding to a 7% rise since December 31, 2001 (€16.5m) and a 9% rise since March 31, 2001 (€16.3m). This is essentially due to the fact that trade accounts receivable have been reduced since March 31 the previous year while sales have risen.

company result or circumstances that have affected business development are known other than those listed here.

Negative figures are shown in parentheses.



Consolidated Balance Sheets

	31.03.02 EUR	31.12.01 EUR
ASSETS		
Current assets		
Cash and cash equivalents	4.860.686	6.947.856
Marketable securities	18.162.631	14.119.654
Trade accounts receivable	17.682.627	19.183.921
Accounts receivable due from related parties	o	o
Inventories	o	o
Deferred taxes	o	o
Prepaid expenses and other current assets	3.287.530	3.491.133
Total current assets	43.993.474	43.742.564
Noncurrent assets		
Tangible assets	11.802.718	11.393.182
Property, plant and equipment	8.696.166	8.677.318
Technical equipment and machines	26.603	16.095
Other equipment, operating and office equipment	3.079.949	2.699.769
Payments on account and assets under construction	o	o
Intangible assets	2.589.715	2.273.215
Concessions, industrial rights and similar rights and assets and licenses in such rights and assets	815.391	542.569
Software manufactured in-house	1.768.683	1.730.254
Payments on account	5.641	392
Financial assets	831.193	1.567.598
Interests in associates	o	o
Loans to associates	o	o
Investment securities	831.193	1.567.598
Other loans	41.995	35.924
Goodwill	4.118.696	4.118.688
Deferred taxes	1.169.183	778.808
Other assets	o	o
Total noncurrent assets	20.553.500	20.167.415
Total assets	64.546.974	63.909.979
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Current portion of capital lease obligations	o	o
Short term debt and current portion of longterm debt	1.150.407	766.938
Trade accounts payable	2.174.947	2.145.591
Accounts payable to related parties	o	o
Advance payment receive	o	o
Accrued expenses	6.257.164	5.904.571
Deferred revenues	1.585.327	400.863
Income tax payable	2.045.037	1.742.456
Deferred taxes	160.308	173.533
Other current liabilities	3.319.378	4.138.343
Total current liabilities	16.692.567	15.272.294
Noncurrent liabilities		
Longterm debt	4.218.159	4.601.627
Capital lease obligations	o	o
Deferred revenues	o	o
Deferred taxes	o	o
Other liabilities	o	o
Pension accrual	18.781	o
Total noncurrent liabilities	4.236.940	4.601.627
Total liabilities	20.929.507	19.873.921
Minority interest	o	o
Shareholders' equity		
Share capital	6.467.414	6.467.414
Additional paid-in capital	36.798.418	36.798.418
Treasury stock	(18.033)	(18.033)
Retained earnings	486.815	934.197
Accumulated other comprehensive income	(117.147)	(145.939)
Total shareholders' equity	43.617.467	44.036.057
Total liabilities and shareholders' equity	64.546.974	63.909.979

Negative figures are

Consolidated Statements of Cash Flows



	01.01.02- 31.03.02 EUR	01.01.01- 31.03.01 EUR
Net income / loss	(447,382)	(520,923)
<i>Adjustments to reconcile net income to net cash provided by operating activities:</i>		
Depreciation on noncurrent assets	722,297	807,708
Change in minority changes	o	o
Income from associates	o	o
<i>Change in assets and liabilities:</i>		
Change in accrued expenses	655,174	994,198
Change in deferred taxes	(403,601)	(123,534)
Change in other assets	1,704,898	(2,588,613)
Change in other liabilities	413,636	1,032,099
Net cash from operating activities	2,645,022	(399,063)
Investment in noncurrent assets	(1,471,745)	(1,051,181)
Asset disposals	23,405	7,315
Change in investments	(3,312,644)	802,720
Net cash from investing activities	(4,760,984)	(241,146)
Change in financial liabilities	o	(1,720)
Additional paid-in	o	o
Purchase of treasury stock	o	(1,963)
Cumulate other comprehensive income	(4,146)	28,000
Net cash from financing activities	(4,146)	24,316
Net change in cash and cash equivalents	(2,120,108)	(615,893)
Translation adjustments	32,937	(49,429)
Cash and cash equivalents at beginning of period	6,947,856	3,842,471
Cash and cash equivalents at end of period	4,860,686	3,177,150

Statement of Changes in Consolidated Shareholders' Equity

	01.01.02 - 31.03.02 EUR	01.01.01 - 31.03.01 EUR
Net income / loss	(447,382)	(520,923)
Translation adjustments	32,937	(57,233)
Unrealized income / losses on security transactions	(4,146)	46,978
Comprehensive income	(418,590)	(531,178)

Segment Reporting

	01.01.02 - 31.03.02 Tsd. EUR	01.01.01 - 31.03.01 Tsd. EUR
Consulting*		
Revenues	12,612	11,292
Cost of revenues	8,857	7,913
Gross profit	3,755	3,379
*incl. Hosting	181	156
Products		
Revenues	1,372	989
Cost of revenues	491	237
Gross profit	881	752

shown in parentheses.



Financial Calendar

May 16, 2002	Annual general meeting, Kongress- und Kulturzentrum Palatin, Wiesloch
August 08, 2002	Publication of Quarterly Report 2/2002
November 07, 2002	Publication of Quarterly Report 3/2002



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