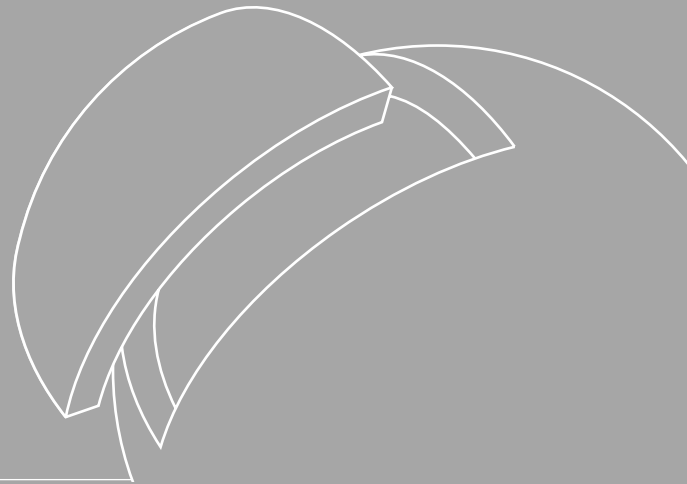
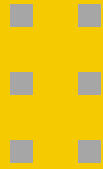


*Dear Shareholders,  
dear Business Friends,  
dear Sir or Madam,*



*Report of  
the Executive Board*



The company's business development in 2001 demonstrates that REALTECH AG has found the right way forward



we look back on a year during which the IT sector suffered considerable setbacks. Numerous suppliers were confronted with substantial losses in 2001 or were forced to make drastic price adjustments. Yet this was not the case for REALTECH AG, which benefited in these difficult times from its clear strategy. We successfully concentrated on two core competencies. On the one hand, we supported customers through an extensive range of services for all aspects of enterprise software on the basis of mySAP.com. Customers from the mechanical engineering and automotive industries make particular use of our range of services, which encompass strategic business process consultancy through to the implementation and integration of software applications and the operation of entire IT systems. On the other hand, REALTECH develops and operates products of its own with which our customers are able to monitor and control their complex IT infrastructures. Our complete family of software, theGuard!, automates a number of system support tasks and allows customers to minimize expense – in terms of both human resources and time – while at the same time guaranteeing maximum performance and availability.

### *Focus on organic growth*

The company's business development in 2001 demonstrates that REALTECH AG has found the right way forward and is now continuing consistently along its chosen path step by step. For example, we were one of few companies in our industry to achieve pure organic growth over the past year. The additional sales are due not to acquisitions and investments but to customer confidence in our proven strengths, namely in our employees, products, and services.

The positive development in the consulting division, in which we increased our sales by 28 per cent, was particularly pleasing, and growth was further promoted by our foreign subsidiaries in Spain and Italy. In the fiscal year 2001, REALTECH already generated more than half of its sales outside its domestic market of Germany, which means that business risks will be even better distributed in the future. In addition, we have achieved a further goal in the past year that will allow us to make our company considerably more profitable in the future in that REALTECH has succeeded in achieving a substantial lasting decrease in its administrative costs.

### *Optimum further training has top priority*

However, there has been a clear increase particularly in those company values that cannot be measured directly in figures. In the fiscal year 2001, REALTECH AG purposefully extended its know-how as well as its range of products and services. A substantial part in our business success was played by a human resources policy that attaches considerable value to ongoing further training and satisfied employees. This is because we know that good products and successful consultancy projects are always based on the qualifications and commitment of people. Over the past year, therefore, we have regularly invested in high-level training and targeted recruitment measures. As a result, the expertise of our consultants and know-how of our developers have been considerably enhanced once again. Yet this is not all. Our employees have input their specialist qualities with a high degree of dedication to the success of our company. In this way, REALTECH AG has been able to tailor its range of products and services even more closely to the needs of its customers.

Our Software division has been particularly successful in the fiscal year 2001 in that it has further developed the range of theGuard! products to form a complete solution, compiling individual components to create an integrated family of applications whose various modules can be combined with total flexibility in a way that is tailored to meet the specific requirements and wishes of our customers. The high degree of integration between the various theGuard! applications gives rise to maximum efficiency in everyday use. To be more precise, this means for example that all solutions access a central knowledge database that reflects the wealth of experience gathered by our consultant team in countless customer projects. The same is the case for reporting all critical company IT data. On top of this, the considerable harmony between the individual theGuard! applications allows workflows to be defined that initiate and control a complete process chain for dealing with system errors – from detecting possible weaknesses at an early stage and immediately notifying the relevant employees to diagnosing the causes of error and specifying how errors can be rectified quickly and efficiently. This forms the basis for effective helpdesk functions that constitute a speedy and professional aid for IT employees round the clock with regard to all aspects of system maintenance.



### ***Unprecedented practical experience with mySAP.com***

The Consulting division has made use of the fiscal year 2001 to enhance its competencies with regard to mySAP.com. This was done in line with the REALTECH aim of choosing focuses in such a way as to set our consultancy services apart from those of our competitors through superior technology know-how. In the past year, we concentrated primarily on applications for customer relationship management (CRM) and business intelligence (BI). Our qualification measures all revolved around Internet-based software applications that optimize all customer-oriented business processes and purposefully prepare and distribute company knowledge with a view to establishing sound planning and decision processes. Thus, REALTECH now has a large number of management and technology consultants whose in-depth practical knowledge regarding the implementation of mySAP CRM and mySAP BI is unparalleled throughout the industry, as we have demonstrated in numerous successful customer projects completed over the past year. Fiat GSA, KSB, and Air Liquide are just three of the companies in which REALTECH has implemented a modern customer relationship management solution based on mySAP CRM. Our excellent skills in customizing, implementing, and operating this software solution have been recognized by SAP AG, which has made REALTECH one of the first consultancy companies worldwide to achieve the status of "Special Expertise Partner mySAP CRM".

### ***Strong together***

Nevertheless, the consultancy partnership for mySAP CRM is certainly not the only highlight of the past year that emphasizes our greatly intensified cooperation with our big neighbor SAP. REALTECH attained the status of a "Global Alliance Partner Support" for mySAP.com as early as February 2001, followed in the fall by the status of a "Global Technology Partner" of SAP. This results in a global strategic alliance including not only collaboration in maintaining running mySAP.com applications but also early integration of REALTECH software into SAP solutions.

The positive development of REALTECH AG in the fiscal year 2001, has also been promoted by other partnerships. Our new cooperation with Nexus Technology, an established SAP service provider in North America, is enabling us to market our theGuard! software solutions quickly and effectively on the US market. And our close cooperation with EMC, a database specialist, has given rise to an innovative product that can be used to control entire system infrastructures – including the data storage devices – from a central monitoring unit.



**SAP AG has made REALTECH one of the first consultancy companies worldwide to achieve the status of "Special Expertise Partner mySAP CRM"**

# Report of the Executive Board



## Success in other European countries

Due to its global presence, REALTECH AG had to market its range of products and services in a wide variety of markets in the fiscal year 2001. Weak demand for SAP consultancy had a particularly detrimental effect on our oldest foreign branch, in the USA, where numerous companies have reduced their IT budgets substantially over the past year and, especially after the events of September 11th, have temporarily postponed important software projects. REALTECH USA used this phase for consolidation and, as a result, now presents itself with a considerably enhanced profile. In the meantime, the three REALTECH international subsidiaries in the Asia-Pacific region have done well despite a temporarily weak SAP market and won important orders from new and existing customers.

In the past year, REALTECH was particularly successful in other European countries – especially Italy and Spain, where we completed further successful projects and are now considered to be the number one technology consultancy when it comes to any aspect of SAP products. This was sufficient reason for REALTECH to extend

## Equipped for the challenges of the future

On the basis of these successes, achieved despite the difficult situation, we are confident that REALTECH AG should continue to proceed in this direction in the future, too, defying the difficulties presented by the market climate. We are aware that many companies are being cautious with their IT investments due to the uncertain economic prospects in the foreseeable future. For this reason, we consider ongoing further training of our employees to be one of our essential tasks in 2002 – because staying on the ball is much more important in our sector than in most other industries. Only by investing now in the know-how of tomorrow will REALTECH continue to be in a position to aid companies and provide above-average consultancy services in their most demanding projects.

Another challenge to be faced this year is the extension of the company's product business. Due to the fact that the complex integration of the individual software components has tied up more human resources than first expected, we had to delay the launch of the completely integrated application family theGuard! until the beginning of 2001. Today, however, we have an innovative complete solution for managing complex IT systems that can now be positioned offensively on the market.

The strategy of REALTECH AG for the fiscal year 2002 is thus based on two proven pillars – on the system management software the Guard! and on technology consulting for mySAP.com. Although we hope to see clear increases in the product business, our fundamental goal is to achieve organic, and thus especially healthy, growth. In this process, we are keeping our options open to tap further foreign markets through acquisitions. This means that REALTECH AG will in future continue to concentrate on its traditional strengths, giving utmost priority to providing top-class education and further training as well as to ensuring employee satisfaction. Finally, of course, open communications with investors and analysts will remain an elementary component of our company philosophy in 2002 and we will always have an open ear for any questions or suggestions.

Warm regards,  
Your Executive Board



Danilo Rainer Schmidt  
DiBove Michael Jung

# Report of the Supervisory

# Board



The Supervisory Board carefully and regularly monitored the management of the Managing Board in the year under review and provided advice with regard to the strategic further development of REALTECH AG and essential individual measures. In all meetings and by means of additional written reports, the Managing Board has informed the Supervisory Board of the business and financial situation, the personnel situation, the course of the group's business, intended investments, and fundamental issues of business policy. Even outside meetings of the Supervisory Board, the Chairman of the Supervisory Board approached the Managing Board to be updated on the latest development of the business situation and essential processes. The issues dealt with by the Supervisory Board in the past fiscal year were characterized by the strategic development of REALTECH AG, whereby we were highly impressed by the large degree of commitment with which the company faced the challenges presented by the market.

## *Dear Shareholders,*

in the fiscal year 2001, too, the business environment in which our company operates has been subject to diverse, and sometimes far-reaching, change. REALTECH AG views this change as an opportunity to shape the company's future and pave the way for further profitable growth. The value of the REALTECH Group has increased greatly over the past year, primarily as a result of the consistent orientation of its business policy towards the interests of its customers, partners, employees, and stockholders. In line with its strategic goals, REALTECH AG has continued to strengthen its central fields of business and optimized its portfolio. This development was supplemented in the fiscal year 2001 by sustained high growth, in terms of both sales and employees, as well as increased profitability.



## *Meetings and committees*

In fiscal year 2001, the Supervisory Board of REALTECH AG attended seven periodic meetings at each of which all the Board members were present. During these meetings, the Supervisory Board drew on the detailed information provided by the Managing Board to analyze the company's current and future business development. In as far as the law or Articles of Association required decisions from the Supervisory Board for individual business transactions and measures of the Managing Board, we discussed these issues and reached a decision during the meetings of the Supervisory Board.

At its constituent meeting on June 8th, 2001, the Supervisory Board formed committees for the first time, with the aim of thus further increasing the efficiency and effectiveness of its activities. A balance sheet auditing committee and a personnel committee were founded. The balance sheet auditing committee will concentrate on

**The value of the REALTECH Group has increased greatly over the past year**



checking the annual and consolidated financial statements, on looking through the quarterly financial statements, and on working with the auditors to define the points on which the audit is to focus. The personnel committee will primarily discuss management personnel matters and provide advice with regard to other important issues in this area.

**Members of the Supervisory Board and Managing Board**

At the annual general meeting on June 7th, 2001, Mr. Markus Adam and Mr. Dieter Matheis were appointed as members of the Supervisory Board of REALTECH AG. Simultaneously, Supervisory Board members Mr. Bernd Blümmel and Mr. Robert Kempf resigned their seat as of the end of this general meeting.

At its constituent meeting on June 8th, 2001, in which the newly elected members of the Supervisory Board took part, Mr. Dieter Matheis was appointed Chairman of the Supervisory Board and Mr. Markus Adam was appointed Deputy Chairman of the Supervisory Board.

In a resolution on August 24th, 2001, the Supervisory Board accepted the departure of Mr. Roland Weishaupt, Sales and Marketing Manager, as of August 31st, 2001 and agreed for his previous tasks to be transferred to Mr. Daniele Di Croce, whose position as Chief Financial Officer will be assumed by Mr. Michael Knopp. Likewise, the Supervisory Board accepted the departure of REALTECH co-founder Mr. Peter Stier as of December 31st, 2001 in a resolution on August 24th, 2001. The Supervisory Board wishes to express its genuine gratitude to the two men for the work they have performed and wishes them all the best for a successful future.

**Annual and consolidated financial statements**

The REALTECH AG annual financial statements for the year 2001 and the management report have been audited – including the accounting of external auditing

company Grant Thornton GmbH, Heidelberg, chosen in the annual general meeting on June 7th, 2001 and commissioned as auditor by the Supervisory Board – and granted an unqualified audit approval.

The same applies for the US-GAAP consolidated financial statements, to which a group management report has been added. According to § 292a of the German Commercial Code, these US-GAAP consolidated financial statements exempt the company from the obligation to present consolidated financial statements in line with German law.

All committee documents, the Managing Board's proposal for the appropriation of net profits, and the auditing reports of the auditors have been presented to the Supervisory Board in good time. These have been audited by the balance sheet auditing committee and the Supervisory Board. The auditors participated in both meetings, provided oral reports on the essential results of their audit, and were available to both committees to answer any questions. 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 14th, 2002, the Supervisory Board acknowledged the consolidated financial statements, approved and thus determined the REALTECH AG annual financial statements for 2001, and agreed to the Managing Board's proposal for the appropriation of net profits.

The Supervisory Board wishes to take this opportunity to thank all members of the Managing 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 2002  
The Supervisory Board



**Dieter Matheis**  
Chairman

