

Quarter 1/2001 at a Glance

	1/1/2001 - 3/31/2001 K EURO	1/1/2000 - 3/31/2000 K EURO
Sales and Net income		
Sales	12.281	9.435
Change	30%	
Sales - Consulting	11.136	8.622
Change	29%	
Sales - Software	989	813
Change	22%	
Sales - Hosting	156	--
Change	--	
Earnings before interest, taxes, depreciation and amortization (EBITDA)	307	989
Change	-69%	
Earnings before interest and taxes (EBIT)	-501	290
Change	-273%	
Earnings before taxes (EBT)	-294	357
Change	-182%	
Net income	-521	-150
Change	-247%	
Earnings per share (EURO)	-0,10	-0,03
Change	-233%	
Investments and depreciation		
Investments	241	12.909
Change	-98%	
Depreciation	808	699
Change	16%	
Key figures		
Gross margin (%)	33,6	37,3
EBITDA margin (%)	2,5	10,5
EBIT margin (%)	-4,1	3,1
Cash Flow from operating activities	-399	296
Cash Flow from investing activities	-241	-12.909
Cash Flow from financing activities	-25	-41
	3/31/2001	3/31/2000
Number of employees	549	411
Change	34%	



Dear Shareholders and Business Associates

Following strong growth in the year 2000, which we mainly used to strengthen each of the company's business divisions and to expand our market position, REALTECH successfully increased sales by further 30% during the first quarter of the current fiscal year.

In absolute figures, sales were increased by 2.9 million EURO from 9.4 million EURO last year to 12.3 million EURO in 2001. Despite the currently depressed market, this development matched our expectations. Our plans envisaged total sales for the first quarter of the current fiscal year of 12.1 million EURO.

The company's growth is largely the outcome of the above-average development in sales generated by foreign subsidiaries. Sales rose from 5.0 million EURO in the first quarter of 2000 to 6.8 million EURO - an increase of 35%. At the same time, the share of total sales generated abroad rose from 53% in the same period in 2000 to 55% in the current period.

Operative earnings (EBIT) climbed to minus 501,000 EURO, 50% better than originally anticipated in the plans for the first quarter of 2001 which were based on EBIT of minus 1,000,000 EURO. It is especially pleasing in this context that REALTECH USA was able to make a positive contribution to earnings in March 2001 for the first time in more than a year. This was due not least to the restructuring measures carried out in America.

During the first three months of 2000, the company generated EBIT of 290,000 EURO. The fall in operative earnings was due to the measures introduced in 2000 to build up the company's organizational structure. These were essential in order to gear up REALTECH's organization to cope with the changed general conditions impacting the company and the increase in numbers of employees. The measures focused primarily on building up and expanding sales, marketing and software development activities. The associated outlay accumulated successively during the course of 2000 but only began to show in the results as of the first day of the 2001 fiscal year. The first quarter is usually the weakest period of the year during which software turnover, in particular, tends to be flatter.

Operative earnings before depreciation and amortization (EBTIDA) developed similarly and were reported at 307,000 EURO compared with 989,000 EURO last year.

Positive interest results, ongoing taxes on income and the decision not to capitalize losses brought forward from foreign subsidiaries produced three-month results of minus 521,000 EURO, or 371,000 EURO below the figures for the previous year (minus 150,000 EURO). This is equal to earnings per share for the quarter of minus 0.10 EURO compared to minus 0.03 EURO in the first quarter of 2000.



Rainer Schmidt · Peter Stier · Daniele Di Croce · Roland Weishaupt

In view of the results for the first quarter of 2001 we are optimistic that we will be able to achieve our objectives for the current fiscal year.

REALTECH AG
The Management Board



Business Segments

The internet becomes increasingly important as a sales and communications channel and this is forcing companies to concentrate more and more on the technological aspects of e-business. REALTECH takes on these integration tasks for its customers in the work performed by its three divisions Technology Consulting, and Software and Hosting. As a result, all three areas reported positive development:

The largest division is **Technology Consulting**. In the same period last year this division generated sales worth 8.6 million EURO. During the first quarter of 2001 we were able to boost sales to 11.1 million EURO. This is equivalent to an increase of 29% and represented the biggest surge in sales in both absolute and percentage figures across all the segments.

The **Software** division: Based on a figure of 0.8 million EURO for the first quarter of 2000, sales rose by 22% to around 1.0 million EURO. Nevertheless, the product area fell short of expectations. This was largely due to the delay in deliveries of Release 2.0 of theGuard!. Despite this, we were able to expand our business with strategically important customers and to acquire important new customers – particularly in Switzerland. We are confident that we will be able to reestablish our original rates of dynamic growth in the software field.

REALTECH's youngest division, **Hosting**, is already able to report its first successes for the first quarter of 2001 and has won reputable customers such as Bahlsen Snacks GmbH & Co. This enabled Hosting to make a contribution of 156,000 EURO to the overall sales figures. As this business segment has only recently been launched, it is not possible to compare its performance by drawing on previous years' figures.

The growth in staffing figures was mainly due to the employees recruited by foreign subsidiaries in recent months – particularly in Italy and Spain. The objective is to achieve a sustained and successful development of our market position in these strategically important countries.

In the knowledge era, human capital is the decisive factor defining our success. In terms of our strategy, this means: finding qualified staff and the right instruments to ensure that they stay with the company. Modern, forward-looking topics increase potential employees' awareness of REALTECH and enhance its appeal as an employer. Developments to date have been very satisfactory and this has convinced us that we are pursuing the correct strategy.

Highlights

REALTECH first to offer "Global Alliance Partner Support" for mySAP.com

REALTECH and SAP AG have deepened their strategic cooperation. The objective is to provide companies with global support with the implementation and operation of mySAP applications. The agreement initially applies through to the end of 2003 and encompasses fixed support and technology consultancy supply quotas. "Global Alliance Partner Support" is the highest level of SAP support partnership and guarantees the customer top quality support for the mySAP.com system landscape at the global level.

In the framework of "Global Alliance Partner Support", REALTECH will work with SAP AG preparing, supporting and validating the technological implementation of mySAP solutions. This cooperation will focus in particular on the mySAP components Customer Relationship Management (CRM) and Business Intelligence (BI).



Personal Development

Compared with the figures for 31 March 2000, the number of employees on the company's payroll had increased by 138 or 34% to 549 by the end of the first quarter of 2001. Of these 297 (54%) are employed abroad, equal to an increase of 56% compared to the same quarterly period last year.

Since the beginning of 2001 the number of employees has increased by 35 or 7% from 514 (of which 266 were employed abroad).

Merging individual software components into an integrated solution: theGuard! System Management Solutions

Since 1995, REALTECH has drawn on the lessons learned over a number of years in the field of technology consulting for complex IT systems and invested this experience in the company's own products. REALTECH develops and markets enterprise resource management (ERM) software for high-quality e-business systems. These involve controlling and monitoring solutions which guarantee the smooth operation of systems, mission critical applications and networks.



An integrated solution has been developed from individual software components: theGuard! System Management Solutions is a product family in which all the components fit perfectly and precisely together. As a result, individual solutions now all benefit from intelligent and dynamic knowledge of theGuard!'s Helpdesk, a workflow and internet-based helpdesk solution which proposes optimized solutions, whatever the presenting task.

As a powerful network element or a standalone solution, theGuard! System Management Solutions provides our customers with support controlling their critical IT infrastructures effectively and reliably. In this way, REALTECH software is making a decisive contribution to the essential prerequisite for IT systems: high availability.

Optimizing customer relations with mySAP.com CRM – numerous new customers trust in the technological competence of REALTECH

Key business topics which REALTECH has consistently pursued arose in recent months appeared in the form of successful project acquisitions and satisfied customers. As a result we have been able to implement international projects in the fields of CRM and mobile business. Under the project management and execution of REALTECH, a complete e-business solution was implemented at KSB AG, one of the leading suppliers of modern pumps and valves and fittings technology. This encompassed the implementation of mySAP CRM Internet Sales, interfacing existing procurement systems with later links to virtual market places and, at a still later development stage, call center and mobile sales functions.

These and other projects in the CRM field are evidence of the targeted expansion of our CRM-related business activities, an area in which we have been pressing ahead over a period of months. The consistent development and extension of our competence and expertise has enabled REALTECH to establish itself successfully in this market segment.

Outlook

During the fiscal year 2001 we shall continue to concentrate consistently on our three Technology Consulting, Software and Hosting business activities. The current market environment is conducive to our efforts in this direction: aspects such as security, high availability and reliability are growing in importance all the time. Our strategy of focusing on the SAP environment continues to promise rich rewards.

One key area of activity is in the realm of mySAP.com components such as Customer Relationship Management (CRM), Business Intelligence (BI) or Advanced Planner and Optimizer (APO). We are counting on topics of the future in which we have already provided ample evidence of our expertise and where we have a clear lead over our competitors.

A clear strategic orientation which focuses on our strengths enables us to look forward to the ensuing quarterly periods with confidence. And our topmost priority is - profitable growth.



Air Liquide Deutschland also trusts in REALTECH AG's CRM experts for the evaluation of its future e-business landscape. REALTECH carried out an installation analysis for mySAP CRM and provided the Düsseldorf-based supplier of technical gases consultative support with the advanced planning of its e-business strategies.

Italy's FIAT GSA called in REALTECH consultants to support the company implement a complete CRM scenario. In addition, a showcase for the whole FIAT Group of 50 companies was designed for the FIAT Italy's IT service provider.

Shares and share options of the issuer and members of the company's management bodies as of 31 March 2001

Issuer	REALTECH AG	10,526 own shares
Management Board	Daniele Di Croce	905,500 shares
	Rainer Schmidt	885,500 shares
	Peter Stier	745,500 shares
	Roland Weishaupt	800 shares und 4.000 share options
Supervisory Board	Bernd Blümmel	554 shares
	Robert Kempf	454 shares

Consolidated Statement of Income

for the period:

	1/1/2001 - 3/31/2001	1/1/2000 - 3/31/2000
	EURO	EURO
Net sales	12.281.317	9.435.372
Cost of sales	8.150.637	5.913.666
Gross margin	4.130.680	3.521.706
Research and Development expenses	601.442	200.630
Selling expenses	637.985	307.985
General and administrative expenses	3.634.361	2.678.076
Other operating expenses	494.196	178.018
Other operating income	736.168	133.160
Income from operations	-501.137	290.156
Interest and similar expenses	60.870	161.676
Interest and similar income	267.730	261.472
Expenses for associates	0	32.537
Income before taxes	-294.276	357.416
Income taxes	226.646	534.315
Net income before minority interests	-520.923	-176.899
Minority interests' loss	0	26.441
Net income	-520.923	-150.457



Notes

on the consolidated statement of income

Net sales increased during the first three months of the current fiscal year by 30% compared to the same period last year to 12.3 million EURO. The largest share of this increase was generated by the Technology Consulting division. In this area, sales were boosted by 29% to 11.1 million EURO.

Incoming orders during the first three months of the current fiscal year resulted in a further increase in orders on hand as of 31 March 2001.

Cost of Sales rose by 38% to 8.2 million EURO owing to an increase in the number of highly-qualified employees by the company. At the same time, this led on the one hand to an improvement in **gross margin** of 17% to 4.1 million EURO, and on the other to a reduction in the gross margin from 37.3% to 33.6% of sales.

Research and development expenses increased compared to the same period last year from 2.1% to 4.9% of sales and amounted to 601,000 EURO. The increase compared with the previous year was due in particular to activities related to the development of the "theGuard! System Management Solutions" product suite and the Release 2.0.

Selling and marketing expenses increased by 308,000 EURO during the first quarter of 2001 to 638,000 EURO. This expenditure item thus represents 5.2% of net sales (previous year: 3.3%). This increase was mainly the outcome of higher marketing outlays in Germany as well as the global expansion of the company's sales activities.

General and administrative expenses rose in comparison to the same period last year by 2,678,000 EURO to 3,634,000 EURO. This expenditure item has remained relatively stable and accounted for 29.7% of sales compared with 28.4% in the first quarter of 2000.

The improvement in **net interest income** of 107% to 207,000 EURO is primarily due to the repayment of long-term loans.

Cash flow from current operating activities amounts to minus 399,000 EURO and is thus 695,000 EURO lower than in the same period last year. Based on first quarter results in 2001 of minus 521,000 EURO (371,000 EURO less than in the previous year), this reduction is mainly due to the increase in trade accounts receivable resulting from higher net sales.

Investments during the first three months of the current fiscal year amounted to 241,000 EURO compared to 12,909,000 EURO in the first quarter of 2000. Of this amount, 1,051,000 EURO were invested in property, plant and equipment (previous year: 1,445,000 EURO).

There were no known events of special significance which may affect the results of business activities or circumstances which may have influenced the development of business activities, other than those referred to here.

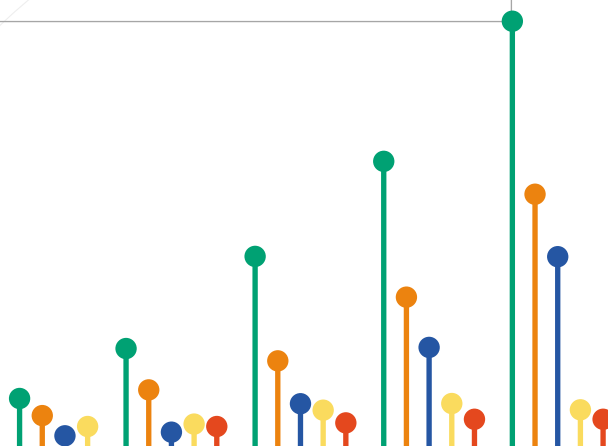
Consolidated Balance Sheet as of 03/31/2001

	3/31/2001 EURO	12/31/2000 EURO
ASSETS		
A. Current assets		
I. Cash and cash equivalents	3.177.150	3.842.471
II. Investment securities	19.216.967	20.019.672
III. Trade accounts receivable and other assets	19.450.844	16.796.090
V. Deferred tax assets	582.685	415.598
IV. Prepaid expenses	218.072	274.447
	42.645.718	41.348.278
B. Noncurrent assets		
I. Long-term investments		
1. Loans to associates	118.192	118.191
2. Investment securities	4.281.687	4.281.687
3. Other loans	28.819	28.835
II. Property, plant and equipment		
1. Land, land rights and buildings	8.612.142	8.510.076
2. Technical equipment and machines	82.673	71.828
3. Other equipment, operating and office equipment	2.735.721	2.604.141
III. Intangible assets		
1. Concessions, industrial rights and similar rights and assets and licenses in such rights and assets	453.352	362.812
2. Software manufactured in-house	1.816.835	1.630.098
3. Goodwill	4.975.399	5.260.970
4. Payments on account	376	414
	23.105.196	22.869.052
IV. Other assets	o	9.767
V. Deferred tax assets	480.996	524.550
Total assets	66.231.910	64.751.647
	3/31/2001 EURO	12/31/2000 EURO
Equity and liabilities		
A. Current liabilities and accruals		
1. Liabilities to banks	o	1.720
2. Trade account payable	1.820.966	1.726.210
3. Other liabilities	4.949.523	3.851.496
4. Tax accruals	3.271.222	2.650.942
5. Other accruals	4.395.168	4.021.249
6. Deferred income	59.627	220.311
	14.496.506	12.471.928
B. Noncurrent liabilities and accruals		
Liabilities to banks	6.135.503	6.135.503
	6.135.503	6.135.503
Total liabilities	20.632.009	18.607.431
C. Stockholders' equity		
I. Capital stock	6.467.414	6.467.414
II. Additional paid-in capital	36.798.418	36.798.418
III. Retained earnings	3.073.647	3.986.972
IV. Net income	-520.923	-913.325
V. Cumulative other comprehensive income	-205.201	-183.772
VI. Own shares	-13.455	-11.491
	45.599.901	46.144.216
Total equity and liabilities	66.231.910	64.751.647

Consolidated Statement of Cash Flows

for the period:

	1/1/2001 - 3/31/2001	1/1/2000 - 3/31/2000
	EURO	EURO
Net income	-520.923	-150.457
Depreciation of tangible and intangible assets	807.708	699.161
Change in accruals	994.198	-146.987
Change in deferred taxes	-123.533	83.579
Change in other assets	-2.588.612	-2.265.538
Change in other liabilities	1.032.099	2.070.144
Change in minority interests	o	-26.441
Net income from associates	o	32.537
Cash Flow from operating activities	-399.063	295.998
Investments in tangible and intangible assets	-1.051.181	-2.518.885
Asset disposals	7.315	25.122
Change in financial assets	802.720	-10.414.963
Cash Flow from investing activities	-241.146	-12.908.726
Change in financial liabilities	-1.720	-1.551
Contribution made towards the approved capital increase	o	-1.160.914
Increase in capital stock	o	1.175.970
Purchase of own shares	-1.963	-1.097
Cumulative other comprehensive income, net	-21.429	-52.915
Cash Flow from financing activities	-25.112	-40.505
Net change in cash and cash equivalents	-665.321	-12.653.233
Cash and cash equivalents at beginning of period	3.842.471	24.302.226
Cash and cash equivalents at end of period	3.177.150	11.648.993



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Financial Calendar 2001

7 June: Annual general meeting, Hotel Palatin, Wiesloch
8 August: 6-month report 2001
7 November: 9-month report 2001

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