THE COURSE OF THE SEASON

6,31

30|07|09

Consolidated Financial Statements

Consolidated Balance Sheets

ASSETS	Notes	31.12.2009 EUR	31.12.2008 EUR
Non-current assets			
Intangible assets	(6)		
Concessions, industrial rights and similar rights and assets		642.318	326.644
Goodwill		4.335.679	4.335.679
		4.977.997	**4.662.323**
Tangible assets	(6)		
Property, plant and equipment		7.462.665	7.433.708
Technical equipment and machines		52.418	68.412
Other equipment and office equipment		1.460.409	1.644.799
		8.975.492	**9.146.919**
Financial assets	(6)		
Other financial assets		**145.256**	**137.334**
Deferred tax assets	(13)	**217.647**	**282.500**
		14.316.392	**14.229.076**
Current assets			
Receivables and other assets			
Trade receivables	(8)	17.989.512	24.028.022
Income tax receivables	(13)	511.149	697.701
Other financial assets	(9)	541.160	371.774
Other assets	(10)	692.556	714.667
		19.734.377	**25.812.164**
Securities		-	**1.118.737**
Cash and cash equivalents		**7.303.952**	**5.317.207**
		27.038.329	**32.248.108**
Total assets		**41.354.721**	**46.477.184**

SHAREHOLDERS' EQUITY AND LIABILITIES

	Notes	31.12.2009 EUR	31.12.2008 EUR
Shareholders' equity	(11)		
Subscribed capital		5.295.952	5.260.452
(Authorized capital EUR 239.200,00; py: EUR 279.600,00)			
Additional paid-in capital		13.455.889	13.334.574
Other comprehensive income		126.354	(443.989)
Retained earnings		8.908.687	10.349.782
		27.786.882	**28.500.819**
Non-controlling interests	(12)	**778.776**	**724.847**
		28.565.658	**29.225.666**
Current liabilities			
Trade accounts payable	(15)	1.925.525	2.335.810
Income tax payable	(13)	445.330	1.067.659
Provisions	(14)	5.682.514	8.842.670
Other financial liabilities	(15)	50.767	126.398
Other liabilities	(15)	4.301.440	4.398.300
		12.826.444	**16.770.837**
Deferred tax liabilities (non-current)	(13)	**383.687**	**480.681**
Total shareholders' equity and liabilities		**41.354.721**	**46.477.184**

Consolidated Statements of Income

	Notes	2009 EUR	2008 EUR
Revenues	(16)	61.675.067	70.822.937
Costs of revenues		40.822.197	43.916.362
Gross profit		**20.852.870**	**26.906.575**
Selling and marketing expenses		8.481.651	9.160.417
General and administrative expenses		6.677.701	7.054.622
Research and development expenses		3.845.068	4.621.664
Other operating expenses	(18)	1.308.554	1.574.576
Other operating income	(19)	2.037.657	2.530.855
Operating income		**2.577.553**	**7.026.152**
Net interest	(20)	45.073	535.062
Income from financial assets and securities		(81.765)	975.862
Foreign currency exchange gains/(loss)		(113.146)	(39.798)
Income before taxes and non-controlling interests		**2.427.715**	**8.497.278**
Income taxes		1.122.328	2.687.754
Income before non-controlling interests		**1.305.386**	**5.809.524**
Income non-controlling interests		102.755	106.362
Net income		**1.202.631**	**5.703.161**
Income from financial instruments available for sale		479.130	(647.645)
Cumulative translation adjustments		91.213	171.105
Comprehensive income		**1.772.974**	**5.226.621**
Other comprehensive income non-controlling interests		(48.826)	174.628
Accumulated profit carried forward		10.349.783	7.276.847
Dividend payment		2.643.726	2.630.226
Retained earnings		**8.908.687**	**10.349.782**
Average number of shares outstanding – basic		5.278.202	5.255.952
Average number of shares outstanding – diluted		5.517.402	5.535.552
Earnings per share – basic		0,23	1,09
Earnings per share – diluted		0,22	1,03

Consolidated Statements of Cash Flows

	2009 EUR	2008 EUR
Net income	**1.202.631**	**5.703.161**
Depreciation of fixed assets	1.133.045	1.012.858
Change in asset disposals	410.949	144.093
Change in convertible bonds (personnel expenses)	13.000	54.241
Other change in shareholders' equity and in minority interests	624.272	(183.587)
Change in income tax payable	(209.623)	1.220.455
Payment for income taxes	(412.706)	(1.567.878)
Change in provisions	(3.160.156)	280.897
Change in trade receivables	6.038.510	(2.868.813)
Change in other assets	104.129	(600.381)
Change in trade accounts payable and in other current liabilities	(679.970)	(415.820)
Proceeds from interests	67.406	550.505
Payment for interests	(22.333)	(15.443)
Cash flow from operating activities	**5.109.155**	**3.314.288**
Purchase of intangible assets	(704.831)	(145.573)
Purchase of tangible assets	(975.349)	(664.936)
Investment in financial assets	(15.983)	(47.859)
Change in current securities	1.073.664	16.526.510
Cash flow from investing activities	**(622.499)**	**15.668.142**
Change in dividends	(2.643.726)	(2.630.226)
Change in convertible bonds	143.815	68.670
Change in repayment of capital	-	(20.989.203)
Cash flow from financing activities	**(2.499.911)**	**(23.550.759)**
Change in cash and cash equivalents	**1.986.745**	**(4.568.330)**
Cash and cash equivalents at beginnig of the period	**5.317.207**	**9.885.536**
Cash and cash equivalents at end of the period	**7.303.952**	**5.317.207**

Consolidated Statements of Changes in Shareholders` Equity

	Common Stock Number	Subscribed capital EUR	Additional paid-in-capital EUR
December 31, 2007	**5.248.452**	**5.248.452**	**34.200.867**
Change in subscribed capital	12.000	12.000	
Net income			
Unrealized profit/loss from securities translations incl. effects from ist realization			
Translation adjustments			
Dividend payment			
Capital increase from company`s own resources		20.989.203	(20.989.203)
Ordninary capital reduction		(20.989.203)	
Execution of stock options and convertible bonds			122.911
Non-controlling interests			
December 31, 2008	**5.260.452**	**5.260.452**	**13.334.574**
Change in subscribed capital	35.500	35.500	
Net income			
Unrealized profit/loss from securities translations incl. effects from ist realization			
Translation adjustments			
Dividend payment			
Execution of stock options and convertible bonds			121.315
Non-controlling interests			
December 31, 2009	**5.295.952**	**5.295.952**	**13.455.889**

Other comprehensive income EUR	Retained earnings EUR	REALTECH AG shareholders' interest of equity EUR	Non-controlling interests EUR	Shareholders' equity EUR
32.551	**7.276.847**	**46.758.716**	**443.893**	**47.202.610**
		12.000		12.000
	5.703.161	5.703.161		5.703.161
(647.645)		(647.645)		(647.645)
171.105		171.105	174.628	345.733
	(2.630.226)	(2.630.226)		(2.630.226)
		(20.989.203)		(20.989.203)
		122.911		122.911
			106.326	106.326
(443.989)	**10.349.782**	**28.500.819**	**724.847**	**29.225.666**
		35.500		35.500
	1.202.631	1.202.631		1.202.631
479.130		479.130		479.130
91.219		91.213	(48.826)	42.387
	(2.643.726)	(2.643.726)		(2.643.726)
		121.315		121.315
			102.755	102.755
126.354	**8.908.687**	**27.786.882**	**778.776**	**28.565.658**

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, 2009 have been taken into account. The figures for the previous year were also determined based on the same standards.

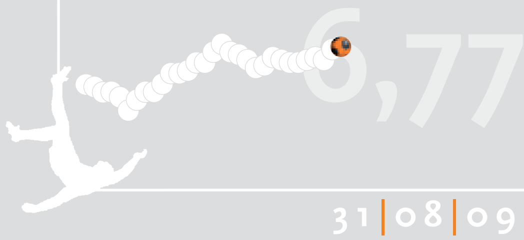
According to Section 315a of the German Commercial Code (Handelsgesetzbuch, HGB), REALTECH AG is required to prepare consolidated financial statements in accordance with IFRS. The consolidated financial statements have been prepared in euros. Where there is no indication to the contrary, all amounts 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 and Japan. 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 Executive and Supervisory Boards decided at their meeting on February 25, 2010 to propose at the next General Meeting the distribution of a dividend of EUR 0.50 per share (EUR 2,647,976.00). The compensation procedure in force since January 1, 2009 leads to a tax burden of 26.98 percent (25 percent withholding tax plus 5.5 percent solidarity surcharge). In addition, church tax must be paid where appropriate.

Mandatory standards and interpretations not yet applied

Up to the date of preparation of the consolidated financial statements as of December 31, 2009, the following new and changed standards and interpretations were passed. However, they take effect at a later point in time and have not been prematurely applied in these consolidated financial statements. The consequences for the company's consolidated financial statements have not yet been fully analyzed, meaning that the expected effects presented in the footnotes to the following table merely represent an initial estimate.



Standard/Interpretation	FN	To be applied for fiscal year as of	Planned initial application as of
IFRIC 12 Service Concession Rights	1,2	March 28, 2009	January 1, 2010
Amendment to IAS 32 Financial Instruments: Presentation: Classification of Rights Issues	1,2	January 1, 2011	January 1, 2011
IFRIC 18 Transfers of Assets from Customers	1,2	November 1, 2009	January 1, 2010
IFRIC 17 Distribution of Non-Cash Assets to Owners	1,2	November 1, 2009	January 1, 2010
Revised IFRS 1 First Time Adoption of IFRS	1,2	January 1, 2010	January 1, 2010
Amendment to IAS 39 Financial Instruments: Recognition and Measurement: Eligible Hedged Items	1,2	July 1, 2009	January 1, 2010
IFRIC 15 Agreements for the Construction of Real Estate	1,2	January 1, 2010	January 1, 2010
Revised IFRS 3 Business Combinations	1,2	July 1, 2009	January 1, 2010
Amendments to IAS 27 Consolidated and Separate Financial Statements	1,2	July 1, 2009	January 1, 2010
IFRIC 16 Hedges of a Net Investment in a Foreign Operation	1,2	July 1, 2009	January 1, 2010
Improvements to IFRSs (issued by the IASB in May 2008), IFRS 5 (Non-Current Assets Held for Sale and Discontinued Operations), IFRS 1	1,2	July 1, 2009	January 1, 2010
Improvements to IFRS 2009	1,2	July 1, 2009	January 1, 2010

1 No noteworthy consequences for the consolidated financial statements are expected.
2 Additional/modified notes to the consolidated financial statements are mainly expected.

The accounting policies applied correspond to the methods used the previous year. The consolidated financial statements are also based on the standards passed by the German Accounting Standards Board (GASB) and announced by the Federal Ministry of Justice in accordance with Section 342, paragraph 2 of the German Commercial Code. It is planned that the consolidated financial statement as at December 31, 2009 will be approved at the Supervisory Board meeting on March 12, 2010 and then approved for publication.

New standards and interpretations applicable in the year under review

The new standards applicable in the year under review
IFRS 2 Share-based Payment
IFRS 8 Operating segments
IAS 1 Presentation of Financial Statements
IAS 23 Borrowing Costs
IAS 32 Financial Instruments: Presentation
IFRIC 13 Customer Loyalty Programs
IFRIC 14 Prepayments of a Minimum Funding Requirement
IFRIC 16 Hedges of a Net Investment in a Foreign Operation
Improvements 2008 (excluding IFRS 5)
did not have any material effects on the company's consolidated financial statements, apart from additional disclosure obligations.

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:

- REALTECH Consulting GmbH (formerly REALTECH Sales GmbH), Walldorf, Germany, 100%
- REALTECH Software Products GmbH (formerly LMC-LAN Management Consulting GmbH), Walldorf, Germany, 100%
- REALTECH Services GmbH (formerly DB-Online GmbH), Walldorf, Germany, 100%
- REALTECH Verwaltungs GmbH (formerly REALTECH System Consulting GmbH), Walldorf, 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, 2008.

Of the German subsidiaries with the legal form of a corporation, REALTECH Consulting GmbH, Walldorf, REALTECH Software Products GmbH, REALTECH Services GmbH and REALTECH Verwaltungs GmbH – each with their headquarters in Walldorf – fulfilled the requirements stipulated in Section 264, paragraph 3 of the German Commercial Code (HGB) 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.

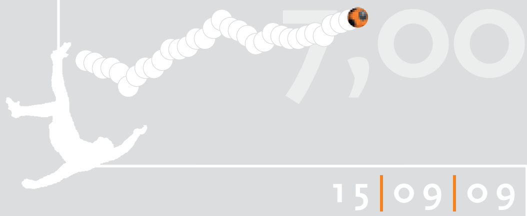
In connection with the rules of IFRS 3, goodwill is accounted for based on the impairment only method and is subject to regular impairment tests.

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. A discounting rate of 12 percent is applied. The data from corporate planning, approved by management and the supervisory bodies, is used. 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. It has been assumed that EBIT will remain constant in subsequent years. The business segments consulting (Germany) and software (Germany) are defined as cash-generating units in accordance with IAS 36.80 (b). As in the previous year, the goodwill of EUR 4,335 thousand recognized on December 31, 2009 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. Borrowing costs are shown as expense, because there are no qualified assets as defined by IAS 23.



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.

Financial assets

The company has financial assets in the loans and receivables and available for sale categories.

Loans and 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. Updating took place on the trading day.

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 financial assets are measured at cost. They are written down to the respective market price.

Allowances

Allowances are shown on a separate allowances account. An asset's carrying amount is reduced, or an asset is derecognized, when the asset is considered to be definitively uncollectable.

Available for sale

Securities are recognized with their cost and market values on the measurement date. Measurement gains and losses are shown in other income. Market values are derived from share prices on the balance sheet date. Securities provide reserve liquidity and are therefore shown in the available for sale category. All securities were sold in fiscal year 2009.

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 short-term securities as available for sale. These items are measured on the balance sheet date at market value, with value changes being recognized under other income with no effect on profit or loss.

Liabilities

Liabilities are carried at amortized cost or redemption values. Liabilities resulting from finance leases are shown at the present value of the future leasing installments.
All financial liabilities have been measured at amortized cost.

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.

The estimates essentially relate to the goodwill presented in the balance sheet (EUR 4,336 thousand, previous year: EUR 4,336 thousand), property, plant and equipment (EUR 8,975 thousand, previous year: EUR 9,147 thousand) and trade receivables (EUR 17,990 thousand, previous year: EUR 24,028 thousand).

The process of determining the recoverable amount for a cash-generating unit involves estimates by management. The methods used for determining the value in use include methods based on discounted cash flows. The estimates, including the methods used, may have a significant effect on the determination of the value in use, and ultimately on the level of amortization of goodwill.

The measurement of property, plant and equipment and intangible assets involves estimating the expected useful lives of the assets. The value in use of assets is determined based on assessments by management.

In conjunction with determining the impairment of property, plant and equipment and intangible assets, estimates are made based on aspects such as the cause, point in time and level of the impairment. Impairment may be necessary due to a large number of factors. The main factors involved are changes in the current competition conditions, expectations regarding growth in the IT sector, increases in cost of capital, a change in the future availability of funds, technological obsolescence, the discontinuation of services, current replacement costs, purchase prices paid in similar transactions and other changes affecting the business environment that point to a decrease in value. As a rule, the recoverable amount and the value in use are determined using the discounted cash flow method, which incorporates appropriate assumptions by market participants. The identification of factors indicating an impairment, the estimation of future cash flows and the determination of value in use of assets involve significant estimates that management has to make with regard to the identification and verification of signs of impairment, expected cash flows, appropriate discount rates, respective useful lives and net book values. If the demand for products and services does not develop as expected, this will reduce revenues and cash flows, and may possibly lead to impairment losses in connection with the depreciation of these investments to the values calculated. This could have a negative effect on the future earnings situation.

The company's management forms allowances for doubtful receivables in order to account for the expected losses resulting from customer inability to pay. The factors used by management as a basis for assessing the appropriateness of allowances for doubtful receivables are the due date structure of receivable balances, experience relating to the derecognition of receivables in the past, the creditworthiness of customers and changes to payment terms. If the financial situation of customers worsens, the level of actual derecognition may exceed the expected derecognition level.

Income taxes must be estimated for every tax jurisdiction in which the Group operates. The expected actual income tax must be calculated for each subject of taxation, and the temporary differences resulting from the differences between the IFRS consolidated financial statements and tax-based accounting with regard to the treatment of certain balance sheet items must be assessed. Where temporary differences exist, they give rise to the recognition of deferred tax assets and liabilities in the consolidated financial statements. The company's management must make estimates when calculating actual and deferred taxes. Deferred tax assets are recognized to the extent that it is probable that they can be utilized. The utilization of deferred tax assets depends on the possibility of obtaining a sufficient level of taxable income in conjunction with the respective tax type and tax jurisdiction, taking account of any legal restrictions regarding the maximum loss carryforward period. When assessing the probability of the future usability of deferred tax assets, various factors such as past earnings, operational planning, loss carryforward periods and tax planning strategies must be taken into account. If the actual results deviate from these estimates, or if these estimates need to be adjusted in future periods, this could have detrimental effects on the company's net assets, financial position and earnings. If the recoverability assessment for deferred tax assets is changed, the level of deferred tax assets recognized must be decreased in the income statement.

Revenues

The revenues essentially involve revenues from service contracts, from granting software licenses (usually for an unlimited period of time) and from the services closely related to this, as well as from maintenance revenues. The breakdown of revenues is determined from segment reporting.

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.

Cost of revenues

The cost of revenues comprises full production-related costs on the basis of normal capacity utilization. Specifically, the cost of revenues includes 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

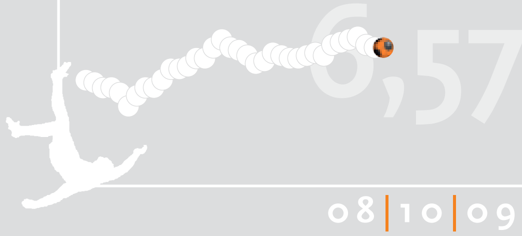
Research and development expenses are treated as an expense in the income statement when they are incurred. During the process of creating and further developing software, the research and development phases are closely connected. This makes it impossible to precisely distinguish between the expenses 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. These expenses remain immaterial with regard to their amount.

NOTES ON THE CONSOLIDATED BALANCE SHEETS AND CONSOLIDATED STATEMENTS OF INCOME

6. Fixed assets

Fixed assets changed as follows:

	Acquisition and manufacturing costs				
	01.01.2009 TEUR	Additions TEUR	Disposals TEUR	Currency translation adjustments TEUR	31.12.2009 TEUR
Concessions, industrial rights and similar rights and assets	2.290	705	391	(1)	2.603
Goodwill	7.075	0	0	0	7.075
Intangible assets	**9.365**	**705**	**391**	**(1)**	**9.678**
Property, plant and equipment	10.140	363	756	(2)	9.745
Technical equipment and machines	222	24	11	(9)	226
Other equipment and office equipment	8.907	588	813	7	8.689
Tangible assets	**19.269**	**975**	**1.580**	**(4)**	**18.660**
Other financial assets	128	16	0	(8)	136
Financial assets	**128**	**16**	**0**	**(8)**	**136**
	28.762	**1.696**	**1.971**	**(13)**	**28.474**



	Accumulated depreciation					Net book values	
	01.01.2009 TEUR	Additions TEUR	Disposals TEUR	Currency translation adjustments TEUR	31.12.2009 TEUR	31.12.2009 TEUR	31.12.2008 TEUR
	1.964	157	160	0	1.961	642	326
	2.739	0	0	0	2.739	4.336	4.336
	4.703	**157**	**160**	**0**	**4.700**	**4.978**	**4.662**
	2.706	334	757	(1)	2.282	7.463	7.434
	154	34	9	(5)	174	52	68
	7.262	608	636	(6)	7.228	1.461	1.645
	10.122	**976**	**1.402**	**(12)**	**9.684**	**8.976**	**9.147**
	(9)	0	0	0	(9)	145	137
	(9)	**0**	**0**	**0**	**(9)**	**145**	**137**
	14.816	**1.133**	**1.562**	**(12)**	**14.375**	**14.099**	**13.946**

7. Interests in associates

On December 31, 2009, REALTECH AG directly held interests of at least 20 percent in the following companies:

Company name and location	Share of capital %	Equity on 31.12.2009 TEUR	Net income 2009 TEUR
REALTECH Verwaltungs GmbH, Walldorf, Germany	100,0	26	1)
REALTECH Consulting GmbH, Walldorf, Germany	100,0	24	1)
REALTECH Services GmbH, Walldorf, Germany	100,0	163	1)
REALTECH Software Products GmbH, Walldorf, Germany	100,0	40	1)
GloBE Technology GmbH, Walldorf, Germany	100,0	243	3
REALTECH Italia S.p.A., Agrate Brianza, Italy	100,0	2.257	(278)
REALTECH System Consulting, S.L., Madrid, Spain	100,0	2.373	450
REALTECH Portugal System Consulting Sociedade Unipessoal Lda, Lissabon, Portugal	100,0	446	161
REALTECH Inc., Malvern, PA, USA	100,0	(464)	(365)
REALTECH Ltd., Auckland, New Zealand	100,0	1.048	99
REALTECH System Consulting Pte. Ltd., Singapore	100,0	310	23
REALTECH Japan Co., Ltd., Tokio, Japan	54,1	917	121

1) A profit and loss transfer agreement exists.
Delivery and service relationships exist between the associates.

8. Trade receivables

	31.12.2009 TEUR	31.12.2008 TEUR
Trade receivables	18.780	24.523
Allowances	790	495
	17.990	**24.028**

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. For years, REALTECH customers have been characterized by a high level of creditworthiness, evidenced by a low bad debt rate.

9. Other financial assets (current)

	31.12.2009 TEUR	31.12.2008 TEUR
Advance payments and deposits	145	219
Deferred revenue	396	153
	541	**372**

10. Other assets

	31.12.2009 TEUR	31.12.2008 TEUR
Advance wage and travel cost payments	121	123
Prepaid expenses	396	393
Other	176	199
	693	**715**

As in the previous year, there were no contingent assets on the balance sheet date.

11. Shareholders' equity

Subscribed capital

The company's subscribed capital has been paid in full. The number of no-par value shares issued as per December 31, 2009 amounted to 5,295,952. Each share has an accounting par value of EUR 1.00. 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 2009 by 35,500. The nominal value of share capital increased accordingly by EUR 35,500.

The company's subscribed capital on the balance sheet date amounted to EUR 5,295,952. The authorized capital lapsed after May 1, 2010.

Retained earnings

	31.12.2009 TEUR	31.12.2008 TEUR
Accumulated profit carried forward	10.349.782	7.276.847
Net income	1.202.631	5.203.161
Dividend payment	2.643.726	2.630.226
	8.908.687	**10.349.782**

Authorized capital

The company's subscribed capital has been conditionally increased by issuing up to 253,500 new shares. Accordingly, the company's contingently issuable capital according to the commercial register extract on February 16, 2010 is EUR 253,500.00. This authorized capital increase will only be implemented to the extent to which the holders of bonds that the Executive and Supervisory Boards were authorized to issue up to May 15, 2007, based on a decision reached by the Annual General Meeting on May 16, 2002, make use of conversion rights/obligations or options.

Due to the expiry of conversion rights in the 2008 and 2009 fiscal years, contingently issuable capital has decreased by a further EUR 14,300.00, which has not yet been entered in the commercial register. The company's contingently issuable capital on the balance sheet date amounted to EUR 239,200.00 (2,392 bonds each consisting of 100 shares).

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

Purchase of treasury shares

Based on a resolution passed by the General Meeting on May 19, 2009, the authorization of the Executive Board to purchase treasury shares was extended until November 18, 2010. According to Section 71, paragraph 1, No. 8 of the German Stock Corporation Act, the company is authorized to purchase treasury shares up to a total of 10 percent of the share capital of EUR 5,260,452.00. This authorization was not utilized in fiscal year 2009.

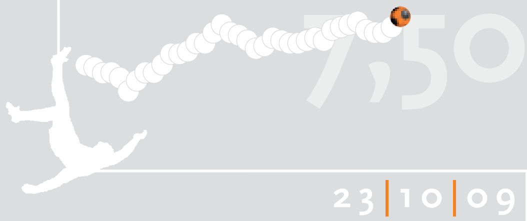
Share-based payment

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 2009 is EUR 13 thousand (previous year: EUR 54 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 percent. 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 percent. The anticipated term of these options is five years. The exercise price is EUR 5.87.

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).



As in the previous year, no convertible bonds were issued in fiscal year 2009. In fiscal years 2005 and 2006, convertible bonds were issued with the following conditions:

	2006	2005
Issue date	31.07.2006	18.07.2005
Face value	1,00 EUR	1,00 EUR
Total face value of the convertible bond	3.000 EUR	450 EUR
Term	30.07.2011	17.07.2010
Interest p.a.	5,0%	5,0%
Original conversion price	8,80 EUR	6,97 EUR
Average closing price	7,34 EUR	5,81 EUR
Adjusted conversion price	5,87 EUR	4,65 EUR
Issued options	300.000	45.000
Earliest time of conversion	31.07.2008	18.07.2007
Latest time of conversion	30.07.2011	17.07.2010

The decision was reached at the REALTECH AG General Meeting on May 29, 2008 to increase and subsequently reduce capital for the purpose of repaying an amount of EUR 3.99 per share to shareholders.

As this distribution decreased the company's total assets, the conversion price has been adjusted accordingly (see above table). The lower limit of the adjustment had fallen as a result of the minimum issue price determined by the decision of the General Meeting on May 16, 2002. Here, the General Meeting had decided that the price must not fall more than 20 percent below the average closing price for REALTECH AG shares in the XETRA electronic trading system on the 10 trading days before the decision to issue convertible bonds was reached.

Issued options

The following table summarizes information about the company's convertible bonds as of December 31, 2009.

Year of issue	Exercise price EUR	Number of exercisable options	Number of outstanding options
2005	4,65	9.000	9.000
2006	5,87	160.200	230.200
		169.200	**239.200**

Development during the fiscal year

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

	2009		2008	
	Number	WAEP EUR	Number	WAEP EUR
Outstanding at the beginning of the reporting period	279.600	5,61	301.00	8,47
Issued in the reporting period	-	-	-	-
Exercised in the reporting period	35.500	4,42	12.000	6,72
Expired in the reporting period	4.900	5,87	9.400	5,87
Outstanding at the end of the reporting period	239.200	5,82	279.600	5,61
Exercisable at the end of the reporting period	169.200	5,81	131.100	5,35

12. Non-controlling interests

The non-controlling interests are the 45.9 percent held by third-party shareholders 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.

13. Income taxes

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

	2009 TEUR	2008 TEUR
Current tax expense	1.196	2.704
Deferred tax revenue (net)	(74)	(16)
	1.122	**2.688**

The Group's income taxes are reconciled in the following table. The corporation tax rate to be applied amounts to 15 percent plus the solidarity surcharge of 5.5 percent. The Group must also make trade tax payments in the amount of 9.8 percent. This amounts to an expected income tax liability of 25 percent.

	2009 TEUR	2008 TEUR
Expected tax expense	606	2.240
Italian IRAP (corporation tax)	255	765
Measurement differences (domestic)	(20)	(206)
Measurement differences – securities	-	(116)
Tax rate difference/measurement differences (abroad)	281	5
	1.122	**2.688**

In fiscal year 2008, an external tax audit was carried out based on REALTECH AG and its German subsidiaries for the years 2002 to 2006. This external audit has been completed. The audit results have been completely incorporated into the annual financial statements as of December 31, 2008, with the exception of an audit result relating to the non-recognition of loan depreciation amounting to EUR 1,812 thousand. In the 2009 financial year the company appealed against tax demands arising from this and a decision had not yet been made at the time the annual and consolidated financial statements as at December 31, 2009 were produced. It is the opinion of the Executive Board that the risk of utilization is minimal so that a provision for additional tax payments of EUR 450 thousand has not been formed.

Deferred tax assets and liabilities are offset if they concern the same taxation authority.

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

	31.12.2009 TEUR	31.12.2008 TEUR
Deferred tax assets (non-current)	218	283
Deferred tax liabilities (non-current)	384	481

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

	31.12.2009 TEUR	31.12.2008 TEUR
Fixed assets	19	-
Allowances	41	-
Tax loss carryforwards	-	36
Goodwill	-	49
Provisions	157	187
Others	1	11
Deferred tax assets (non-current)	**218**	**283**

	31.12.2009 TEUR	31.12.2008 TEUR
Fixed assets	325	325
Goodwill	20	-
Production orders	39	40
Others	-	116
Deferred tax liabilities (non-current)	**384**	**481**

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

14. Provisions

Provisions changed as follows in the year under review:

	On 01.01.2009 TEUR	Usage/ write-back TEUR	Allocation TEUR	On 31.12.2009 TEUR
Provisions for employees	2.258	1.153	633	1.738
Vacation	1.456	877	500	1.079
Bonuses and revenue participation	4.043	4.043	1.735	1.735
Legal and consulting charges	273	273	266	266
Outstanding incoming invoices	243	231	131	143
Salaries and severance payments	171	171	161	161
Others	399	283	445	561
	8.843	**7.031**	**3.871**	**5.683**

In accordance with legal regulations, a provision for EUR 1,160 thousand has been established in the provisions for employees (previous year: EUR 1,395 thousand). The provision is measured in the amount of one month's wages per year of employment. All other provisions are due in the short term within one year. Please also see statement no. 26 on account of the recognition of pending loss provisions.

15. Liabilities

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

	Residual term				
	Up to 1 Year 31.12.2009 TEUR	Over 1 Year 31.12.2009 TEUR	Total 31.12.2009 TEUR	Type of collateral	Up to 1 Year 31.12.2008 TEUR
Trade payables	1.925	-	1.925	Usual retention of title	2.336
Other financial liabilities	51	-	51	-	126
Other liabilities	4.301	-	4.301	-	4.398
in the context of social security	180	-	180	-	190
	6.277	-	**6.277**	-	**6.860**

The remaining liabilities include sales tax, withholding tax and wage tax liabilities in the amount of EUR 1,183 thousand (previous year: EUR 1,703 thousand).

As in the previous year, there were no contingent assets on the balance sheet date.

16. Revenues

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

17. Segment reporting

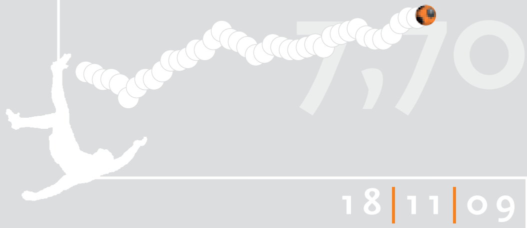
Business units that operate independently carry out the internal control within the REALTECH Group. They have comparable economic attributes. The business segments are grouped together into the segments software and consulting, for which reporting is mandatory, in accordance with IAS 18.12.

Please refer to point 5. Summary of significant accounting policies for more information on the measurement basis. The consulting segment makes a direct contribution of EUR 1,678 thousand (previous year: EUR 3,195 thousand) to the directly assignable overall income of EUR 3,597 thousand (previous year: EUR 6,070 thousand) and therefore 47 percent (previous year: 53 percent). The contribution of the software segment was EUR 1,919 thousand (previous year: EUR 2,875 thousand), equivalent to 53 percent (previous year: 47 percent) of the operative overall income.

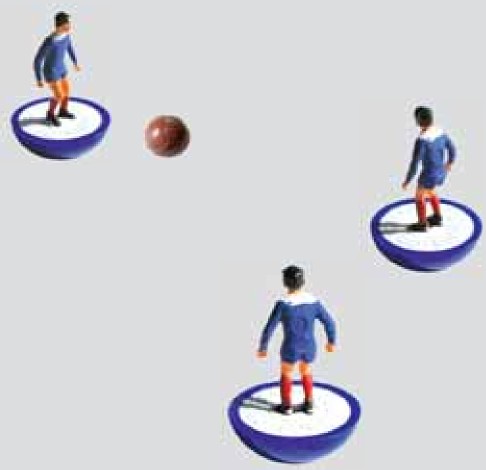
	Consulting		Software	
	31.12.2009 EUR	31.12.2008 EUR	31.12.2009 EUR	31.12.2008 EUR
External revenues	**49.530.438**	**54.049.493**	**12.144.629**	**16.773.444**
Costs of revenues	39.004.716	40.040.622	1.817.480	3.875.740
Selling and marketing expenses	4.590.339	5.216.903	3.520.215	3.943.514
General and administrative expenses	4.257.815	5.597.251	1.251.016	1.457.371
Research and development expenses			3.636.727	4.621.663
Segment income	**1.677.567**	**3.194.717**	**1.919.192**	**2.875.156**
Unallocated expenses and income				
Operating income				
Interest expenses				
Interest income				
Income from financial investments and securities				
Foreign currency exchange gains/(losses)				
Income before taxes and non-controlling interests				
Income taxes	527.494	1.424.510	594.834	1.263.245
Non-controlling interests				
Net income				
Segment assets	23.223.230	24.437.602	5.805.807	10.621.536
Unallocated corporate assets				
Consolidated assets				
Segment liabilities	9.901.911	12.710.862	2.475.478	4.013.956
Unallocated corporate liabilities				
Consolidated liabilities				
Investments	1.344.144	615.987	336.036	194.522
Depreciation	906.436	769.772	226.609	243.086
Non- cash expenses other than depreciation	-	1.141.027	-	360.324

The unallocated income and expenses particularly concern expenses for rent and leasing as well as rental income. The item of unallocated corporate assets primarily includes cash and cash equivalents, while the deferred tax liabilities are presented as unallocated liabilities. Income taxes have been apportioned to the segments according to the profit contributions.

The ratio between segment income, segment assets deployed and segment liabilities is assessed by the company as being typical for the sector and appropriate.



	Total		Group	
	31.12.2009 EUR	31.12.2008 EUR	31.12.2009 EUR	31.12.2008 EUR
	61.675.067	**70.822.937**	**61.675.067**	**70.822.937**
	40.822.197	43.916.362	40.822.197	43.916.362
	8.110.554	9.160.417	8.481.651	9.160.417
	5.508.831	7.054.622	6.677.701	7.054.622
	3.636.727	4.621.663	3.845.067	4.621.663
	3.596.759	**6.069.873**	**1.848.451**	**6.069.873**
			729.102	956.279
			2.577.553	**7.026.152**
			(22.333)	15.443
			67.406	550.505
			(81.765)	975.862
			(113.146)	(39.798)
			2.427.716	**8.497.278**
	1.122.328	2.687.754	1.122.328	2.687.754
			102.755	106.362
			1.202.632	**5.703.161**
	29.029.037	35.059.137	29.029.037	35.059.137
			11.905.115	10.887.809
			40.934.152	**45.946.946**
	12.377.389	16.724.818	12.377.389	16.724.818
			817.173	480.681
			13.194.562	**17.205.499**
	1.680.180	810.509	1.680.180	810.509
	1.133.045	1.012.858	1.133.045	1.012.858
	-	1.501.352	-	1.501.352



No one individual customer accounts for more than 10 percent of REALTECH's revenue in the segment. On a segment basis, the extent to which the company is dependent on specific customers can therefore be considered to be negligible. A certain dependency does, however, exist because of REALTECH's concentration on products from SAP, as this makes the company largely dependent on the market acceptance of solutions offered by this partner.

The figures in the overviews have been taken from internal reporting, used by the company's essential decision-makers for management purposes. This is based on the International Financial Reporting Standards, as applied for the REALTECH Group. Revenue is allocated to segments and regions on the basis of the unit generating the revenue.

Further segment information

	External revenue		Net book value segment assets		Investments in intangible assets and tangible assets	
	2009 EUR	2008 EUR	31.12.2009 EUR	31.12.2008 EUR	2009 EUR	2008 EUR
Germany	25.419.368	30.412.763	20.319.815	21.994.701	1.244.151	422.585
Rest of Europe	27.351.937	30.769.287	15.339.094	19.046.285	384.224	316.888
USA	2.503.838	3.130.154	875.937	917.551	-	21.059
Asia-Pacific	6.399.924	6.510.734	4.399.306	3.988.409	51.805	49.977
	61.675.067	**70.822.937**	**40.934.152**	**45.946.946**	**1.680.180**	**810.509**
of which non-current			14.098.863	13.948.213		
of which Germany			13.256.931	13.250.802		
of which other countries			845.932	697.411		

18. Other operating expenses

This item essentially contains expenses for rent and leasing.

19. Other operating income

The other operating income particularly involves rental income.

20. Net interest

Net interest essentially consists of interest income for fixed-term deposits and interest-bearing securities. Interest income amounted to EUR 67 thousand (previous year: EUR 551 thousand). Interest expense was EUR 22 thousand (previous year: EUR 15 thousand).

In addition, the net income includes price losses resulting from securities.

OTHER INFORMATION

21. Consolidated statements of cash flows

The consolidated 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 cash flow statement 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.

22. 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:

	2009	2008
Income before non-controlling interests	1.305.386 EUR	5.809.524 EUR
Income non-controlling interests	102.755 EUR	106.362 EUR
Net income	1.202.631 EUR	5.703.161 EUR
Average number of shares outstanding – basic	5.278.202 Stück	5.255.952 Stück
Average number of shares outstanding – diluted	5.517.402 Stück	5.535.552 Stück
Earnings per share – basic	0,23 EUR	1,09 EUR
Earnings per share – diluted	0,22 EUR	1,03 EUR

The dilution effect results from the conversion rights for bonds. The dilution effect on the income attributable to the company is minimal.

23. Personnel expenses and scheduled depreciation

Personnel expenses in fiscal year 2009 amounted to EUR 40.716 thousand, compared to EUR 42.705 thousand the previous year. This 5 percent reduction can essentially be attributed to the 8 percent reduction in the number of employees between the two balance sheet dates. Scheduled depreciation was EUR 1.133 thousand (previous year: EUR 1.013 thousand).

24. Other financial obligationsn

Other financial obligations from rent and leasing agreements amount to EUR 12,510 thousand (previous year: EUR 12,886 thousand). These are presented in the following overview:

	TEUR
	3.253
2010	2.471
2011	1.820
2012	1.649
2013	1.687
2014	1.630
2015 and following years	**12.510**

Rental and leasing expenses were EUR 1,990 thousand in the year under review (previous year: EUR 1,891 thousand). Please refer to point 26, Special-purpose entity.

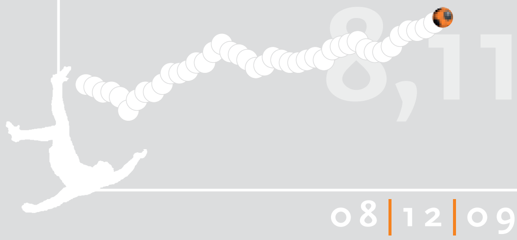
25. Financial instruments and notes on capital management

Assets by class

Financial assets consist of the following classes:

	31.12.2009			31.12.2008		
	Current TEUR	Non-current TEUR	Total TEUR	Current TEUR	Non-current TEUR	Total TEUR
Assets available for sale	-	-	-	1.119	-	1.119
thereof outside capital	-	-	-	1.119	-	1.119
Other financial assets (at amortized cost)	25.835	145	25.890	29.717	137	29.854
	25.835	**145**	**25.890**	**30.836**	**137**	**30.973**

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.

	31.12.2009		31.12.2008	
	Net book value TEUR	Current market value TEUR	Net book value TEUR	Current market value TEUR
Other financial assets (non-current)	145	145	137	137
Trade receivables	17.990	17.990	24.028	24.028
Other financial assets (current)	541	541	372	372
Securities	-	-	1.119	1.119
Cash and cash equivalents	7.304	7.304	5.317	5.317
	25.980	**25.980**	**30.973**	**30.973**

	31.12.2009		31.12.2008	
	Net book value TEUR	Current market value TEUR	Net book value TEUR	Current market value TEUR
Trade accounts payable	1.925	1.925	2.336	2.336
Other financial liabilities (current)	51	51	126	126
	1.976	**1.976**	**2.462**	**2.462**

No restructuring took place in fiscal year 2009. No securities were surrendered from the above assets. The fair value was determined using balance notifications from banks or was derived from invoice values. The transmitted data represents the value that can be realized on the balance sheet date.

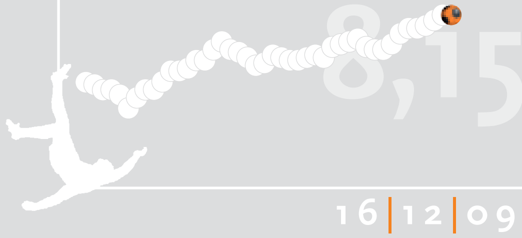
Specification of financial instruments by IAS 39 measurement categories

	31.12.2009 TEUR	31.12.2008 TEUR
Financial instruments measured at amortized cost		
Other financial assets (non-current)	145	137
Trade receivables	17.990	24.028
Other financial assets (current)	541	372
Cash and cash equivalents	7.304	5.317
	25.846	**29.854**

	31.12.2009 TEUR	31.12.2008 TEUR
Assets available for sale		
Securities	-	1.119

Excess funds have been 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 classified these securities as available for sale. These items were 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 479 thousand (previous year: minus EUR 648 thousand). There are no trading securities.

	31.12.2009 TEUR	31.12.2008 TEUR
Financial liabilities measured at cost		
Trade accounts payable	1.925	2.336
Other financial liabilities (current)	51	126
	1.976	**2.462**



Net profits or losses

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

2009	Interest income	Interest expense	Impair-ments	Other
Financial instruments measured at amortized cost	67	22	293	-
Assets available for sale	-	-	-	(82)
Financial liabilities measured at cost	-	-	-	-

The EUR (82) thousand can be attributed to price losses relating to securities. EUR 479 thousand was recycled in fiscal year 2009. Impairments are presented under other operating expenses.

2008	Interest income	Interest expense	Impair-ments	Other
Financial instruments measured at amortized cost	551	16	145	-
Assets available for sale	-	-	-	976
Financial liabilities measured at cost	-	-	-	-

The EUR 976 thousand relate to price increases resulting from securities. EUR 169 thousand was recycled in fiscal year 2008. Gains and losses are calculated on the basis of realized values. Allowances are calculated on the basis of estimates made using the information available.

Financial risks

The Group's main risks involve credit risks based on possible bad debts, liquidity risks and market risks, which essentially consist of currency and interest-rate risks.

Currency and interest-rate 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.

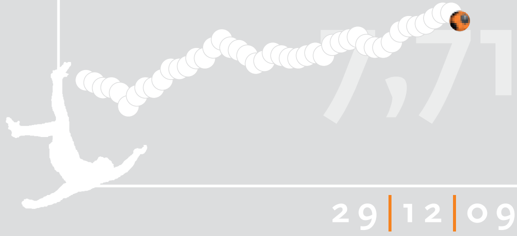
As was the case the previous year, 86 percent of the Group's business activities as a proportion of revenue are in the eurozone. Changes in exchange rates for the other Group currencies (USD, NZD, SGD and JPY) would therefore only have a minor effect on the Group's financial situation.

As during the previous year, the REALTECH Group did not have any net financial liabilities during fiscal year 2009. For this reason, we have refrained from presenting potential interest risks using a sensitivity analysis in accordance with IFRS 7.

Credit risks

Trade receivables have the following age structure:

	31.12.2009 TEUR	31.12.2008 TEUR
Total	17.990	24.028
not yet due	11.142	14.132
0 to 29 days	2.328	5.482
30 to 59 days	2.271	2.193
60 to 89 days	442	966
90 to 120 days	1.608	1.024
more than 120 days	989	728
Allowance for bad debts	790	497



The value of the specific allowance for bad debts is established based on the assessment of the individual risk for each individual receivable. Due to the fact that no REALTECH customer accounts for more than 6 percent of revenue, the liability and credit risks for the Group are negligible. No collateral has been received and there are no other credit enhancements.

Liquidity risks

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

	Residual term			
	31.12.2009		31.12.2008	
	Up to 1 year TEUR	Over 1 year TEUR	Up to 1 year TEUR	Over 1 year TEUR
Trade accounts payable	1.925	-	2.336	-
Other financial liabilities	51	-	126	-
	1.976	-	**2.462**	-

The Group monitors ability to pay based on daily calculations of liquidity status, supplemented by daily updating of liquidity planning.

Derivative financial instruments

The company does not have any derivative financial instruments.

Notes on capital management

The primary goal of the Group's capital management is to ensure that its ability to pay debts and its financial substance are retained in the future.

One key indicator in capital management is gearing, which puts net financial liabilities in proportion to equity according to the consolidated balance sheet. REALTECH uses net financial liabilities as a key indicator for investors and analysts. As this indicator is not covered by the IFRS accounting rules, the way in which it is defined and calculated may differ from the practice at other companies. On December 31, 2009, the company's gearing amounted to minus 0.51 (previous year: minus 0.53):

	31.12.2009 TEUR	31.12.2008 TEUR
Trade accounts payable	1.925	2.336
Income tax payable	445	1.068
Provisions	5.683	8.843
Other financial liabilities (current)	51	126
Other liabilities	4.301	4.398
Gross financial liabilities	**12.405**	**16.771**
Trade receivables	17.990	24.028
Income tax receivables	511	698
Other financial assets (current)	541	372
Other assets	693	715
Securities	-	1.119
Cash and cash equivalents	7.304	5.317
Net financial liabilities	**(14.633)**	**(15.478)**
Equity according to consolidated balance sheets	**28.538**	**29.226**

26. 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 31 December, 2009 these amounted to EUR 4,992 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.

At the present time most of the building is sub-let by REALTECH Verwaltungs GmbH to ICW AG, Walldorf. ICW AG has given notice that it wishes to terminate the rental relationship to take effect on December 31, 2010. The way in which the building will be used in the future has not yet been decided.

27. Bodies of the company

Supervisory Board
Daniele Di Croce (Chairman)
Management consultant

Peter Stier (Deputy Chairman)
Entrepreneur

Rainer Schmidt
Entrepreneur

The supervisory bodies have no further members.

Executive Board
Nicola Glowinski (Chairman)

Dr. Rudolf Caspary (Technology)

The executive bodies have no further members.

28. Remuneration of the Executive and Supervisory Boards

Remuneration received by the Executive Board in fiscal year 2009 totaled EUR 491 thousand (compared to EUR 900 thousand in the previous year). The fixed portion (including non-monetary benefits from company cars and social security allowances) was EUR 444 thousand (previous year: EUR 446 thousand). As it was not possible to achieve the overall company goal for Group EBIT, no success-based remuneration was due (previous year: EUR 454 thousand). Share-based remuneration was EUR 47 thousand (previous year: EUR 0 thousand). As in 2008, no options were granted in fiscal year 2009. 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 2009 totaled EUR 72 thousand (previous year: EUR 81 thousand). The fixed portion was EUR 45 thousand (previous year: EUR 45 thousand), while variable remuneration (including attendance fees and travel expenses) amounted to EUR 27 thousand (previous year: EUR 36 thousand).

29. Directors' dealings

Changes in numbers of REALTECH shares held by members of the Executive Board of REALTECH AG in fiscal year 2009 can be seen in the following table:

	Dr. Rudolf Caspary	Nicola Glowinski
On January 1, 2009	29.000	37.000
Additions	9.000	9.000
Disposals	9.000	31.000
On December 31, 2009	**29.000**	**15.000**

Changes in numbers of REALTECH convertible bonds held by members of the Executive Board of REALTECH AG in fiscal year 2009 can be seen in the following table:

	Dr. Rudolf Caspary	Nicola Glowinski
On January 1, 2009	49.000	88.000
Additions	-	-
Disposals	9.000	9.000
On December 31, 2009	**40.000**	**79.000**

Changes in numbers of REALTECH shares held by members of the Supervisory Board of REALTECH AG in fiscal year 2009 can be seen in the following table:

	Daniele Di Croce	Rainer Schmidt	Peter Stier
On January 1, 2009	885.500	765.500	745.500
Additions	-	-	-
Disposals	-	-	-
On December 31, 2009	**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 2009.

30. 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 percent or more, a place on the Supervisory Board or Executive Board of REALTECH AG, or some other key management position.

In fiscal year 2009, no companies of the REALTECH Group performed transactions that require reporting with members of the Supervisory or Executive Boards (see 28.) 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 (with the exception of the transactions specified under 28.). This is also true of the close family of this group of individuals.

31. Employees

The REALTECH Group had a total of 665 employees on December 31, 2009, while the figure on December 31, 2008 was 721. As an annual average, the company employed 684 people in 2009, and 691 the previous year.

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

The remuneration received by Grant Thornton GmbH and RWS GmbH (a network company) in fiscal year 2009 was EUR 65 thousand for auditing (previous year: EUR 62 thousand) as well as EUR 29 thousand for tax consulting services (previous year: EUR 21 thousand). This has been presented as expense. The company did not draw on any further consulting services or other services as defined in Section 314, paragraph 1, points 9b) and 9d) of the German Commercial Code.

33. Data in accordance with Section 160, paragraph 1, point 8 of the Stock Corporation Act (AktG)

As in the previous year, no reports on the existence of interests were submitted to REALTECH AG in fiscal year 2009.

34. Declaration with respect to the German Corporate Governance Code in accordance with Section 161 of the Stock Corporation Act (AktG)

On December 9, 2009 the Executive and Supervisory Boards submitted their eighth compliance declaration in accordance with Section 161 of the Stock Corporation Act (AktG) and made it permanently available to shareholders on the company's Web site.

Walldorf, February 26, 2010
REALTECH AG
The Executive Board

Balance sheet oath

Responsibility statement by the Executive Board:
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 net assets, financial position and earnings 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.

Auditors` Opinion

Unqualified Auditors` Opinion

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, 2009 to December 31, 2009. 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. The management representations according to Section 289 a HGB have not been subject to audit according to Section 317 Paragraph 2 HGB. The representations according to Section 161 AktG (compliance with German Corporate Governance Codex) included in the management report have not been subject to audit.

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, and the additional requirements of German commercial law pursuant to Section 315a, Paragraph 1 HGB and give a true and fair view net worth, financial position and results of operations of 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 26, 2010

Grant Thornton GmbH
Wirtschaftsprüfungsgesellschaft

Gerstlauer
Wirtschaftsprüfer

Wilhelm
Wirtschaftsprüfer