

Quarterly report
Second Quarter, 2006



www.rtt.ag

HIGHLIGHTS**Earnings statement according to US GAAP**

Preliminary results

2nd Quarter, 2006

_ Turnover	€2,972 thousand
Increase compared to previous year by	+58 percent
_ EBITDA	€278 thousand
Increase compared to previous year by	+32 percent
_ EBT	€188 thousand
Increase compared to previous year by	+20 percent
_ Operative cash flow	€-409 thousand

First Half Year, 2006

_ Turnover	€5,733 thousand
Increase compared to previous year by	+60 percent
_ EBITDA	€623 thousand
Increase compared to previous year by	+25 percent
_ EBT	€477 thousand
Increase compared to previous year by	+23 percent
_ Operative cash flow	€437 thousand
Increase compared to previous year by	+11 percent

Dear Shareholders,

We had a successful first half of the year, and are pleased to inform you about it.

Owing to the constant growth in the number of employees – the Munich team has more than quadrupled in size since July 2002 –, we have moved into larger premises within "Media Works Munich". In the spacious loft surroundings there is now once again greater scope for the future development.

The Annual General Meeting of RTT AG on 27 July 2006 also took place at these new premises. Shareholders and media representatives found the opportunity to inform themselves in person about RTT's business development and alignment. In the course of the AGM, Mr. Roberto Schettler, Managing Partner of Think Team Business Consultants, was elected as a new member of the Board. The Board Chairman, Mr. Roland Dennert, resigned from the office for business reasons after many years on the post.

We are especially proud of our "Lion". RTT has been awarded the "Bavaria's Best 50" prize by the Bavarian State Ministry of Economics, Infrastructure, Transport and Technology. What was, above all, decisive for the conferral of the prize were RTT's innovations and successful corporate strategy which have resulted in the creation of numerous jobs. The award was presented by State Minister Erwin Huber.

A further high spot was RTT's successful appearance at the Siggraph 2006 in Boston. With just under 30,000 visitors, this is the most important and largest trade fair for computer graphics and interactive technologies. RTT was represented on the IBM and NVIDIA stands. By means of impressive demos, together with the two technology leaders on the hardware side, we had the opportunity to present brand-new innovations. Numerous business talks ensued as a result.

Our activities in Asia are continuing at full speed. Thus, at the end of June, the "1st RTT Asia-Pacific Roadshow" took place in Korea, China and Japan. More than 300 participants from the styling and design sectors, as well as marketing experts, IT managers, researchers and students attended the events in the major cities, Seoul, Shanghai and Tokyo. We are pleased with the positive response to the roadshow and will be continuing it next year.



VIRTUAL SHOWROOM

Once again, RTT was automobile manufacturers' first choice this quarter, when it came to presenting new products in an innovative and attractive format. We have successfully completed web specials and comprehensive printed productions with impressive exterior and interior CGIs (computer-generated images) for international companies' global advertising campaigns.



Opel Corsa interior

In addition, our 3D automobile configurator concept has proved to be extremely successful. Our configurator team is currently working on the development of a new image-based web configurator for an Italian sports car manufacturer. Users will be able to inform themselves about the current models by means of first-class photo-realistic pictures, and configure an individual "ideal car" to suit their requirements.

The trend to inform consumers about technical innovations by means of lavish animations is being taken up by more and more companies. So a web special has been prepared for the worldwide first high-performance hybrid limousine that explains and presents the vehicle's technology impressively by means of interactive 3D elements.

VIRTUAL PROTOTYPING

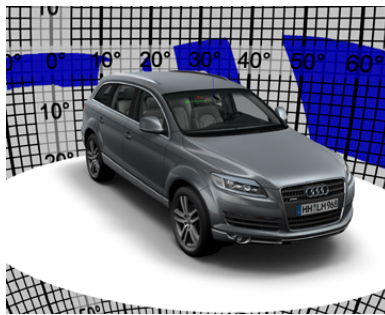
Software

The new RTT DeltaGen 6.0 release has been available since the end of July. Revolutionary innovations make an even more realistic representation and more user-friendliness possible. The highlight is the RTT RealTrace module – the first integrated ray tracing in real time worldwide – that is already being well-received by our customers. Another innovation is the RTT RealLight – a feature that allows an extremely realistic light and shadow calculation in real time.

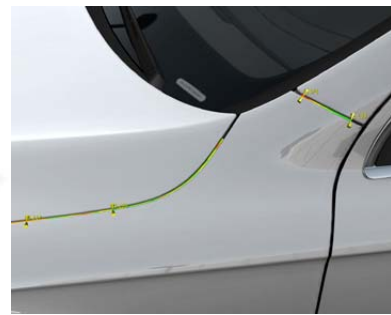


RTT RealTrace

The new "RTT Analyzer" module has been jointly developed together with the Audi company's DesignCheck department. The "RTT Analyzer" permits precise geometric analysis of a model. The module is available as an add-on module for RTT DeltaGen and is being very positively received. We would like to thank Audi AG for the good cooperation.



RTT Analyzer



The new module structure and the innovative features of the new release are the decisive factors for our customers to invest in further RTT licenses. More functionality and, as a result, more flexibility in the design process were fundamental reasons for deciding on RTT DeltaGen, especially for our new customers.

The second version of the digital asset management tool, RTT Portal 2.0, is now also available. RTT Portal provides an overview of the most varied design-relevant data required by departments, teams, and design projects. RTT Portal is already being successfully used by customers. On account of the positive response, the tool is being further expanded and developed.



RTT Portal

With RTT DeltaGen and RTT Portal we offer our customers an integrated software solution to support efficient development processes.

Cooperation agreements

In cooperation with the Art Center College of Design, Pasadena, a new digital material library was presented as part of the Art Center's "Car Classic 2006" this year in California. With the new library, design-relevant materials are converted digitally in order to use them for a striking 3D representation via RTT DeltaGen. The RTT Portal 2.0 is used for the management of the extensive library.

The Art Center College of Design in Pasadena, California, is among the most renowned colleges of design in the USA. For almost 75 years, the Art Center has been an opinion leader acknowledged worldwide in matters of art and design. We are looking forward to the cooperation!

Financial review, 2nd quarter and first half of 2006

The figures for the second quarter and first half of the financial year 2006 very clearly reflect the company's continued massive growth and the investment activity linked with this.

On a quarterly basis, the company's sales increased by 58% (to €2,972 thousand) and in the semi-annually comparison by 60% (to €5,733 thousand). The simultaneous expansion of business activity, international presence and staff, as well as technical capacity is shown, in particular, in the cash funds employed for this. Investments in fixed assets in the half year amount to €738 thousand. In this connection, investments were made primarily in hardware and software. In addition to this, expenditure for the equipment of our international offices and also for the expansion and relocation of the Munich location have left their mark.

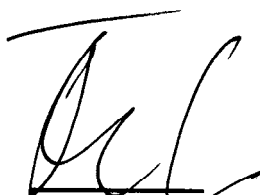
The results from operating activity (EBITDA) increased by 32% in the quarter, and 25% in the half year. The tax burden has increased disproportionately as the initial losses in the international business cannot be set off against positive results in Germany.

All in all, we see a continued dynamic development by the company in keeping with the strategic alignment.

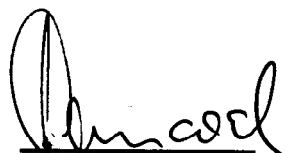
RTT is a worldwide leading supplier of visualizing technology and services for the automobile, aircraft and consumer goods industries.

Munich, August 2006

RTT Board Members



Ludwig Fuchs



Christoph Karrasch

Annex

- _ Earning statement 2nd quarter and first half of 2006, according to US GAAP
- _ Earning statement 2nd quarter and first half of 2006, according to HGB [German Commercial Code]
- _ Balance sheet as of June 30, 2006
- _ Cash flow 2nd quarter and first half of 2006, according to US GAAP

Earning statement 2nd quarter and first half of 2006, according to US GAAP

	Q2, 2005 EUR	Q2, 2006 EUR	1 st HY, 2005 EUR	1 st HY, 2006 EUR
Turnover	1,877,877.99	2,972,409.94	3,583,096.07	5,733,224.16
Misc. operating revenues	18,703.17	28,546.79	37,213.82	67,332.07
Material expenses; expenses for services received	122,241.78	87,947.12	268,071.43	167,283.97
Staffing expenses	1,079,799.35	1,781,191.56	2,065,113.36	3,431,752.82
Misc. operating expenses	481,925.00	853,318.64	787,602.84	1,578,489.64
EBITDA	212,615.03	278,499.41	499,522.26	623,029.80
Write-downs on tangible assets as well as intangible assets	77,491.07	132,883.70	159,746.42	244,591.95
EBIT	135,123.96	145,615.71	339,775.84	378,437.85
Interest revenues and payments	21,777.07	42,007.03	50,311.23	98,590.84
EBT	156,901.03	187,622.74	390,087.07	477,028.69
Income tax	66,597.94	154,316.16	163,420.93	297,176.22
Misc. taxes	294.51	1,003.20	589.02	1,844.64
Preliminary net earnings according to US GAAP	90,008.58	32,303.38	226,077.12	178,007.83
Preliminary earnings per share	0.06	0.02	0.16	0.11

Earning statement 2nd quarter and first half of 2006, according to HGB [German Commercial Code]

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Income tax	66,597.94	154,316.16	163,420.93	297,176.22
Misc. taxes	294.51	1,003.20	589.02	1,844.64
Annual surplus	90,008.58	32,303.38	226,077.12	178,007.83

Balance Sheet as of June 30, 2006

	2005 EUR	2006 EUR
Assets		
Liquid funds	158,780.10	319,284.60
Short-term securities	2,928,305.75	3,786,073.30
Accounts receivable	940,236.96	2,297,637.03
Inventory	95,000.00	190,000.00
Prepayments and misc. assets	166,833.68	297,837.71
Total current assets	4,289,156.49	6,890,832.64
Tangible assets	584,972.89	1,292,222.86
Intangible assets	57,345.38	273,657.17
Total fixed assets	642,318.27	1,565,880.03
Total assets	4,931,474.76	8,456,712.67
Liabilities		
Accounts payable	165,722.70	375,097.25
Reserves and contingencies	440,990.81	1,389,887.73
Accruals and misc. liabilities	848,366.32	915,375.18
Total current liabilities	1,455,079.83	2,680,360.16
Pension reserves	76,171.00	90,481.00
Total long-term liabilities	76,171.00	90,481.00
Signed equity	287,612.00	1,558,000.00
Capital reserve	2,322,274.00	2,731,046.00
Reserve for own shares	13,241.10	13,241.10
Profit reserve	551,019.71	1,205,576.58
Accumulated profit	226,077.12	178,007.83
Total liabilities	4,931,474.76	8,456,712.67

Cash flow 2nd quarter and first half of 2006, according to US GAAP

	Q2, 2005	Q2, 2006	1 st HY, 2005	1 st HY, 2006
	€ thousand	€ thousand	€ thousand	€ thousand
Cash flow from operations				
Annual surplus/deficit	90	32	226	178
Write-downs	78	132	160	245
Increase/decrease in long-term reserves				
Increase/decrease in WIP		-50		-5
Increase/decrease in misc. inventory				-3
Increase/decrease in accounts receivable	91	-460	231	-397
Increase/decrease in receivables from affiliated companies				
Increase/decrease in receivables; misc. assets	14	48	-6	-13
Increase/decrease in reserves	36	7	-169	46
Increase/decrease in accounts payable	-44	127	-375	-66
Increase/decrease in prepayments	32	-57	-61	-92
Increase/decrease in accruals	-364	-188	385	544
Total	-67	-409	391	437
Cash flow from investment activity				
Disposals/investments in intangible assets				
Disposals/investments in tangible assets	-90	-435	-228	-738
Disposals/investments in financial assets				
Total	-90	-435	-228	-738
Cash flow from financing activity				
Change in capital				
Misc. operating revenues				
Increase/decrease in bank loans/overdrafts				
Increase/decrease in misc. liabilities	24	-103	-38	-219
Total	24	-103	-38	-219
Cash at beginning of period	3,220	5,052	2,962	4,625
Increase/decrease	-133	-947	125	-520
Cash at end of period	3,087	4,105	3,087	4,105