Financial statements as of 31.12.2011

and management report

RIB Software AG

Stuttgart

CONVENIENCE TRANSLATION

BALANCE SHEET

RIB Software AG, Stuttgart

ASSETS				
			31.12.2011 EUR	**31.12.2010 EUR**
A.	**Non-current assets**			
	I.	Intangible assets		
		1. Commercial and industrial property rights and similar rights and values as well as licenses to such acquired for a consideration	346,048.89	430,366.50
		2. Goodwill	8,271,565.71	9,650,160.00
			8,617,614.60	**10,080,526.50**
	II.	Property, plant and equipment		
		1. Furniture and fixtures	80,941.30	60,461.41
		2. Prepayments for assets under construction	0.00	3,960,760.86
			80,941.30	**4,021,222.27**
	III.	Financial assets		
		1. Investments in affiliated companies	18,852,217.61	6,042,026.16
		2. Investments	1,058,063.75	1,058,063.75
			19,910,281.36	**7,100,089.91**
			28,608,837.26	**21,201,838.68**
B.	**Current assets**			
	I.	Receivables and other assets		
		1. Trade receivables	6,235,805.21	6.327,179.27
		2. Receivables from affiliated companies	4,426,598.01	137,809.28
		3. Other assets	41,121.92	224,178.04
			10,703,525.14	**6,689,166.59**
	II.	Securities		
		Other securities	3,529,916.99	10,042,537.17
	III.	Cash on hand, bank balances	91,467,453.24	657,267.67
			105,700,895.37	**17,388,971.43**
C.	**Prepaid expenses**		**405,358.77**	**146,715.33**
			134,715,091.40	**38,737,525.44**

EQUITY AND LIABILITIES				
			31.12.2011 EUR	31.12.2010 EUR
A.	**Equity**			
	I.	Issued capital	38,715,420.00	28,916,670.00
	II.	Capital reserves	81,652,577.56	812,890.06
	III.	Revenue reserves statutory reserves	47,588.47	47,588.47
	iV.	Retained earnings	3,409,698.71	904,180.92
			123,825,284.74	**30,681,329.45**
B.	**Provisions**			
		1. Pension provisions	2.584,530.00	2,622,105.00
		2. Provisions for taxation	911,000.00	35,680.00
		3. Other provisions	634,800.00	1,346,000.00
			4,130,330.00	**4,003,785.00**
C.	**Liabilities**			
		1. Trade payables	914,225.69	315,420.77
		2. Liabilities to affiliated companies	1,024,450.81	2,728,208.43
		3. Other liabilities	4,254,533.66	459,041.79
		– Of which taxes EUR 0,00 (prior year: EUR 317,803.20)		
		– of which social security liabilities EUR 13.189,29 (prior year: EUR 15,359.01)		
			6,193,210.16	**3,502,670.99**
D.	**Prepaid expenses**		**566,266.50**	**549,740.00**
			134,715,091.40	**38,737,525.44**

INCOME STATEMENT FOR FISCAL YEAR 2011

RIB Software AG, Stuttgart

		2011		2010	
		EUR	**EUR**	**EUR**	**EUR**
1.	Revenues / total performance		32.816.331,46		32.720.662,98
2.	Other operating income		4.730.283,55		3.001.297,91
	▪ of which from currency translation: EUR 1,712,822.87 (prior year: EUR 108,550.91)				
3.	Material costs				
	a) Expenses for auxiliary and process materials and for purchased goods b) Expenses for services purchased	- 1,273,472.38 - 9,919,341.98	- 11,192,814.36	- 1,250,888.24 - 9,000,924.55	- 10,251,812.79
4.	Personnel expenses				
	a) Wages and salaries b) Social security and pension costs - Of which for pension schemes EUR 5,769.48 (prior year: EUR 77,909.02)	- 1,618,740.77 - 238,424,04	- 1,857,164.81	- 1,731,616.86 - 324,327.25	- 2,055,944.11
5.	Amortisation of intangible non-current assets and depreciation on property, plant and equipment		- 1,528,622.28		- 1,517,631.48
6.	Other operating expenses		- 13,980,429.67		- 15,295,510.71
	▪ of which from currency translation: EUR 262,608.20 (prior year: EUR 490.22)				
7.	Other interest and similar income		36,655.82		50,385.21
	▪ of which from affiliated companies EUR 36,655.82 (prior year: EUR 50,385.21)				
8.	Other interest and similar income		869,682.18		492,511.43
9.	Depreciation of current assets		0.00		- 187,007.31
10.	Interest and similar expenses		-180,451.00		- 133,542.00
	▪ of which write-ups: EUR 132,751.00 (prior year: EUR 133,514.00)				
11.	**Net income from ordinary business activities**		9,713,470.89		6,823,409.13
12.	Extraordinary expenses	-5,252,873.17		-4,224,854.33	
13.	**Extraordinary profit**		- 5,252,873.17		- 4,224,854.33
14.	Income tax expense		- 1,949,649.93		- 1,637,427.44
15.	Other taxes		- 5,430.00		- 9,357.97
16.	**Net profit for the year**		2,505,517.79		951,769.39
17.	Profit carried forward from the prior year		904,180.92		0.00
18.	Additions to profit reserves				
	▪ to statutory reserves		0.00		-47,588.47
19.	**Retained earnings**		3,409,698.71		904,180.92

Notes for financial year 2011

RIB Software AG, Stuttgart

A. General information

The financial statements of RIB Software AG, Stuttgart (hereinafter also referred to as "RIB AG" and "the Company") were prepared in accordance with Commercial Code (HGB) Book III in conjunction with the special regulations governing legal organisational form under the German Stock Corporation Act (AktG).

The Company successfully conducted an IPO in February 2011. Since 8 February 2011 the company's shares have traded on the regulated market of the Frankfurt Stock Exchange (Prime Standard). Thus the accounting rules for publicly traded companies were applicable for the first time to the annual financial statements dated 31 December 2011 and the management report for financial year 2011.

Required explanations to the balance sheet and income statement are published in the Notes as permitted by law.

B. Accounting and measurement principles

Intangible assets acquired are capitalised at cost and amortised over their projected useful lives or the term of the underlying contracts. Goodwill is amortised over its projected useful life.

Additions to **tangible fixed assets** are carried at cost. Movable assets are depreciated over their projected useful lives in straight-line fashion. Assets with cost of less than EUR 150.00 are fully depreciated in the year of addition. Asset additions with cost between EUR 150.00 and EUR 1,000.00 are aggregated in an account and amortised over a 5-year period.

Financial assets are carried at cost. Any impairments recordable were taken at the lower of cost or fair value.

Receivables and other assets are carried at nominal value less appropriate specific allowances for known risks; trade receivables are shown net of a global valuation allowance. Non-interest bearing receivables due in more than one year are carried at present value. The discount rate applied reflects the collection horizon and risk.

Securities are carried at the lower of cost or fair value. Foreign currency securities are reported as outlined below regarding foreign exchange translation.

Cash and cash equivalents are carried at nominal value.

Pension provisions and **tax and other provisions** are recognised to take account of all identifiable risks and contingent liabilities.

Pension provisions are calculated applying the projected unit credit method using the 2005 G mortality tables of Prof. Klaus Heubeck. The measurement assumptions for pension provisions are wage and salary increases of 1.75% annually, pension benefit increases of 1.75% annually and staff turnover of 2.5% annually. Pension provisions are discounted at the average market rate for the past seven years corresponding to an assumed maturity of 15 years. The interest rate is 5.14%.

Tax and other provisions are measured at the fulfilment amount deemed necessary on the basis of prudent business judgment. Provisions maturing in more than one year are discounted at the average market rate for the past seven years corresponding to their maturity.

Liabilities are carried at redemption amount.

Deferred liabilities are recognised for income received before the statement date attributable to subsequent periods.

Assets denominated in foreign-currency are carried at the lower of the exchange rate at the time of addition or the statement date. **Currency liabilities** are carried at the higher of the daily closing rate on the transaction date or on the statement date. Superseding the above, foreign currency-denominated assets and liabilities due in one year or less are translated at the average spot rate for the statement date.

C. Notes to the balance sheet

1. Non-current assets

The change in individual non-current assets in financial year 2011 is shown in Section E.

Goodwill shown resulted from the merger of RIB Bausoftware GmbH, Stuttgart, into RIB Software AG, Stuttgart, in financial year 2003. Goodwill is amortised over a 15-year period. At the merger date, RIB Bausoftware GmbH acquired all of the RIB Group's significant intangible assets. In view of the RIB Group's extensive history in the market for construction, engineering and infrastructure management software and expectations concerning the relevant product and technology cycles, depreciation over a period exceeding 5 years is justified.

2. Shareholdings

The Company holds at least a 20% stake in the following firms:

	Nominal capital in national currency	Equity capital	stake held	Result for the financial year
		%	EUR k	EUR k
Germany				
RIB Deutschland GmbH, Stuttgart	EUR 154k	100.00	1,178	150
RIB Engineering GmbH, Stuttgart	EUR 110k	100.00	967	170
RIB Information Technologies AG, Stuttgart	EUR 360k	100.00	1,770	400
RIB Research & Development AG, Stuttgart	EUR 50k	100.00	47	-1
RIB Sales International GmbH, Stuttgart	EUR 50k	100.00	48	-1
STRAPS Bausoftware GmbH, Stuttgart	EUR 38k	100.00	113	0
Other countries				
Guangzhou RIB Software Company Limited, Guangzhou/People's Republic of Ch	CNY 847k	100.00	58	- 39
Guangzhou TWO Consulting Company Limited, Guangzhou/People's Republic of Ch	CNY 441k	100.00	29	- 84
Guangzhou TWO Information Technology Company Limited, Guangzhou/People's Republic of China	CNY 52,056k	100.00	5,126	705
RIB Asia Ltd., Hong Kong/People's Republic of China	HKD 26,000k	49.96	2,585	-1
RIB FZ Limited Liability Company, Fujairah/United Arab Emirates 1)	AED 100k	100.00	31	8
RIB ITWO PTY Limited, Sydney, New South Wales/Australia 1)	AUD 1,500	100.00	- 151	- 136
RIB Limited, Hong Kong/People's Republic of China 1)	HKD 100,000k	100.00	6,757	-3,118
RIB PTE. Limited, Singapore 1)	SGD 1	100.00	- 78	54
RIB Software (Americas) Inc., Wilmington, Delaware/USA 1)	USD 30	100.00	-692	-160
RIB Software (UK) Limited, London/England 1)	GBP 50k	100.00	187	- 88
RIB stavebni Software s.r.o., Prague/Czech Republic	CZK 1000k	100.00	119	45
RIB iTWO Software Private Ltd., Mumbai, Maharashtra/India 1)	INR 100k	100.00	93	90

1) indirect investment via RIB Limited

3. Receivables and other assets

	As of 31/12/2011	As of 31/12/2010	Due in more than one year 31/12/2011	Due in more than one yea 31/12/2010
	EUR k	EUR k	EUR k	EUR k
Trade receivables	6,236	6,327	683	1,655
Receivables from affiliated companies	4,427	138	0	0
Other assets	41	224	0	0
	10,704	6,689	683	1,655

Receivables from affiliated companies include EUR 284k in trade receivables (previous year: EUR 138k).

Other assets include EUR 24k in accruals (previous year: EUR 130k). This involves accrued interest income from fixed income investments and time deposits.

4. Deferred tax

Deferred taxes are recognised for temporary differences between carrying amounts under German GAAP financial and tax accounting respectively for pension and other provisions. Deferred tax liabilities arise from temporary measurement differences in trade receivables.

Deferred tax items are calculated applying an average trade tax rate of 14.7% and corporate tax rate plus solidarity surcharge of 15.8%.

The resulting deferred tax assets and liabilities are offset.

Any remaining positive balance is not capitalised.

5. Equity

Capital stock reported as of 31/12/2011 consists of 38,715,420 registered shares (common stock) with a par value of EUR 1.00.

Authorised capital: The RIB Software AG Board of Directors is authorised by the resoluton of the annual general meeting of 20/05/2011, subject to Supervisory Board approval, to increase the capital stock of the Company once or in several instalments by up to EUR 19,358k total up until the date 19/05/2016 by issuing new par-value registered shares in return for cash or in-kind contributions, and to determine a commencement date for profit participation that differs from the statutory date, in accordance with Art. 7 of the Articles of Incorporation and bylaws. The new shares must be offered to the shareholders for subscription. The Board of Directors is however authorised to preclude shareholders' subscription rights under certain circumstances, subject to Supervisory Board approval. For further details regarding authorised capital, please refer to the comments under Section E.1. of the management report.

The Board of Directors did not make use of this authorisation in the year under review.

In financial year 2011 an amount of EUR 80,840k was allocated to **capital reserves** . This represents the premium on the proceeds from the initial public offering.

In preparing the annual financial statements dated 31/12/2011 an amount of EUR 0k (previous year: EUR 48k) was allocated to the **statutory reserve** as per § 150 (2) of the German Stock Corporation Act (AktG).

6. Pension provisions

Pension provisions in the amount of EUR 312k (previous year: EUR 321k) are for a former member of the Board of Directors.

7. Other provisions

Other provisions consist chiefly of obligations to employees and for outstanding invoices.

8. Liabilities

A breakdown of liabilities is presented in Section F.

Liabilities to affiliated companies include EUR 995k in trade payables (previous year: EUR 2,696k).

9. Off-balance transactions

The Company has agreements with affiliated and related companies for the purchasing of software development services in place. Development services are outsourced to ensure adequate development capacity on economical terms. Outsourcing development services significantly reduces development costs per man-year, delivering a competitive advantage to the Company by shortening product cycles. Outsourcing exposes the Company to patent and trade secret risks and involves licensing requirements in China. There are also certain risks stemming from the prevailing political, legal and economic conditions in China. Plans to integrate currently outsourced software development may furthermore not work out, meaning that existing agreements with related parties would be continued.

These agreements involve from the following financial commitments:

	31/12/2011	31/12/2010
	EUR k	EUR k
due in less than 1 year	5,946	10,072
of which to affiliated companies	5,946	6,072

10. Other financial commitments

The following financial commitments exist in addition to the off-balance transactions noted:

	31/12/2011	31/12/2010
	EUR k	EUR k
Rental and lease contract commitments	1,438	1,083
Purchase commitments for subcontracted services	620	1,125
EOC investment commitments	0	629
Commitments from open transactions connected with the IPO	0	495
Capital proceeds deposit commitment	0	4,814
Other	394	243
	2,452	8,389
Due in less than 1 year	1,531	8,075
of which to affiliated companies	0	4,814

D. Notes on the income statement

1. Revenue

	2011	2010
	EUR k	EUR k
Software	14,389	15,111
Service	14,176	13,746
Consulting	3,488	3,864
Third-party development	763	0
	32,816	32,721

	2011	2010
	EUR k	EUR k
Germany	30,131	30,529
Other countries	2,685	2,192
	32,816	32,721

2. Material income from other periods

	2011	2010
	EUR k	EUR k
Income from reversals of provisions and accruals	299	42
Other operating income	100	56
	399	98

3. Material expenses from other periods

	2011	2010
	EUR k	EUR k
Bad debts, including allocations to allowances for receivables	71	765
Tax expense previous years	177	1
Other expenses from other periods	1	1
	249	767

4. Total Board of Directors and Supervisory Board remuneration

	2011	2010
	EUR k	EUR k
Current Board members		
- for service during the financial year	328	325
- other emoluments provided in the financial year not recorded on any previous annual financial statements	74	74
	402	399
Former Board of Directors members		
- Retirement pensions	23	23
Supervisory Board		
- for service during the financial year	53	42
	478	464

5. Extraordinary expenses

	2011	2010
	EUR k	EUR k
IPO expenses	5,253	3,756
Expenses from initial valuation of pension provisions according under BilMoG	0	468
	5,253	4,224

E. Change in non-current assets

	Acquisition / production cost				Depreciation				Adjusted book value	
	As of 01/01/2011	Additions	Disposals	As of 31/12/2011	As of 01/01/2011	Additions	Disposals	As of 31/12/2011	As of 31/12/2011	As of 31/12/2010
	€	€	€	€	€	€	€	€	€	€
I. Intangible assets										
1. Commercial and industrial property rights and similar rights and values as well as licenses to such acquired for a consideration	4,818,319.71	26,418.92	0.00	4,844,738.63	4,387,953.21	110,736.53	0.00	4,498,689.74	346,048.89	430,366.50
2. Goodwill	20,678,914.32	0.00	0.00	20,678,914.32	11,028,754.32	1,378,594.29	0.00	12,407,348.61	8,271,565.71	9,650,160.00
	25,497,234.03	26,418.92	0.00	25,523,652.95	15,416,707.53	1,489,330.82	0.00	16,906,038.35	8,617,614.60	10,080,526.50
II. Property, plant and equipment										
1. Furniture and fixtures	474,347.02	60,253.71	41,959.91	492,640.82	413,885.61	39,291.46	41,477.55	411,699.52	80,941.30	60,461.41
2. Prepayments for assets under construction	3,960,760.86	638,104.52	4,598,865.38	0.00	0.00	0.00	0.00	0.00	0.00	3,960,760.86
	4,435,107.88	698,358.23	4,640,825.29	492,640.82	413,885.61	39,291.46	41,477.55	411,699.52	80,941.30	4,021,222.27
III. Financial assets										
1. Investments in affiliated companies	6,042,026.16	12,810,191.45	0.00	18,852,217.61	0.00	0.00	0.00	0.00	18,852,217.61	6,042,026.16
2. Investments	1,058,063.75	0.00	0.00	1,058,063.75	0.00	0.00	0.00	0.00	1,058,063.75	1,058,063.75
	7,100,089.91	12,810,191.45	0.00	19,910,281.36	0.00	0.00	0.00	0.00	19,910,281.36	7,100,089.91
Total	37,032,431.82	13,534,968.60	4,640,825.29	45,926,575.13	15,830,593.14	1,528,622.28	41,477.55	17,317,737.87	28,608,837.26	21,201,838.68

F. Breakdown of liabilities

	Book value		Due in up to 1 year	
	31/12/2011	31/12/2010	31/12/2011	31/12/2010
	EUR k	EUR k	EUR k	EUR k
Liabilities				
1. Trade payables	914	315	914	315
2. Liabilities to affiliated companies	1,024	2,728	1,024	2,728
3. Other liabilities	4,255	459	4,251	451
Total	6,193	3,502	6,189	3,494

G. Other disclosures

1. Employees

	Annual average 2011	2010
Employees	30	31

2. Board of Directors

In financial year 2011 the Company's Board of Directors members were:

Thomas Wolf, CEO

Head of strategy, international investments and investor relations

Michael Sauer, CFO
Head of Finance, M&A, Marketing and Sales, Germany

Dr. Hans-Peter Sanio, CTO
Head of Research, Development and Outsourcing

3. Supervisory Board

In financial year 2011 the Supervisory Board members were:

Dipl.-Hist. Sandy Möser
Managing Director, Mühl 24 GmbH
(Supervisory Board Chair)

Dr. Matthias Rumpelhardt
Managing Director, Dacapo Beteiligungs GmbH
(Supervisory Board Vice-Chair)

Eran Davidson
Managing director, Hasso Plattner Ventures GmbH

Keith Chau Kwok Keung
CFO, Comtec Solar Systems Group Ltd.

Barrie David Sheers
Vice President APJ, Quest Software Inc.

Klaus Hirschle
Senior Product Manager, Robert Bosch GmbH
(since 09/05/2011)

Memberships on other supervisory boards and oversight committees:

Eran Davidson is a supervisory board member for the following companies:

- Smeet Communications GmbH, Berlin
- D-Labs GmbH, Potsdam
- Kenesto Corp., Massachusetts, USA
- BrightView Systems Ltd., Petach-Tikva, Israel
- Uwe Braun GmbH, Potsdam
- Venetus Beteiligungen AG, Berlin

Dr. Matthias Rumpelhardt is a supervisory board member for MBB Industries AG, Berlin

4. Transactions with related parties

In financial year 2011 RIB AG conducted the transactions with related parties discussed below: TWO Ltd., Hong Kong, People's Republic of China (hereinafter TWO Ltd.) and Foshan Alliance Ltd., Hong Kong, People's Republic of China (hereinafter Foshan Alliance). TWO Ltd. and Foshan Alliance are companies in which RIB Software AG CEO Thomas Wolf holds a majority stake.

- Purchased software development services

  Between 01/01/2011 and 31/07/2011 RIB AG purchased software development services from TWO Ltd. In providing these services TWO Ltd. utilised its wholly-owned subsidiary Guangzhou TWO Information Technology Company, Guangzhou, People's Republic of China (hereinafter GZ TWO). Payment for the services purchased was based on the number of man-days worked. The fee remitted by RIB AG was EUR 2.2 million.

- Integration of development activities

  In December 2010 we decided to directly invest in the development activities that the RIB Group had outsourced. We thus concluded a non-binding memorandum of understanding with Mr. Thomas Wolf regarding the intended purchase of all shares of GZ TWO and Guangzhou TWO Consulting Company Limited, Guangzhou, People's Republic of China (hereinafter TWO Consulting). Foshan Alliance was the sole shareholder of TWO Consulting.

  The operating assets of GZ TWO include an office building under construction in Guangzhou, People's Republic of China, called EOC I (European Outsourcing Centre). In 2008 RIB AG had engaged TWO Ltd. as general contractor to construct EOC I.

  The memorandum of understanding signed in 2010 was implemented in two agreements dated 29 July 2011 in which RIB Software AG acquired all shares of the companies GZ TWO and TWO Consulting. RIB Software AG waived its claim against TWO Ltd. to the transfer of EOC I owned by GZ TWO, for which RIB Software AG had made prepayments of EUR 4,599k TWO Ltd. The recorded cost of EUR 8.2 million for GZ TWO shares thus includes the carrying amount of advance payments for EUR I totalling EUR 4.6 million, in addition to the EUR 3.6 million acquisition price reported in financial year 2011. In financial year 2011 RIB AG paid the contractual acquisition price of EUR 0.1 million for the TWO Consulting shares.

TWO Ltd. had partially financed GZ TWO via an interest-free shareholder loan in the amount of USD 5.4 million. Following the share acquisition described above, RIB AG acquired this loan receivable against GZ TWO by agreement dated 29 December 2011. The acquisition price was agreed in euros, amounting to EUR 4.2 million when converted at the applicable exchange rate for the agreement signing date. The loan is due for repayment on 31 March 2012, until which date it is interest-free. Transfer of the loan receivable requires approval by the relevant Chinese authority. Approval had not been granted when the consolidated financial statements were prepared. If approval is not granted within 90 days of the date of contract, TWO Ltd is required to take back the loan receivable. RIB AG must pay the purchase price to TWO Ltd for transfer of the loan receivable within 3 working days after official approval has been granted. The purchase price liability is also non-interest-bearing until that time. We believe that assignment of the loan receivable is legally effective, and have recognised both the loan receivable from GZ TWO and the acquisition price payable to TWO Ltd. in the same amount on these annual financial statements.

There were no other significant transactions with related parties within the meaning of § 285 No. 21, Commercial Code (HGB) in financial year 2011.

5. Disclosures regarding the Corporate Governance Code

The Board of Directors and Supervisory Board submitted the Declaration of Conformity in accordance with § 161 of the German Stock Corporation Act for financial year 2011. The declaration is available in the Investor Relations section of the RIB Software AG website.

6. Disclosures per the Securities Trading Act (WpHG)

On 10/02/2011 Gisa Sander, Germany, notified us in accordance with § 21 (1a) WpHG that as of 07/02/2011 she holds 3.47% of voting rights in the Company.

On 10/02/2011 Hans-Joachim Sander, Germany, notified us in accordance with § 21 (1a) WpHG that as of 07/02/2011 he holds 6.38% of voting rights in the Company.

On 10/02/2011 Dr. Hasso Plattner, Germany, notified us in accordance with § 21 (1a) WpHG that as of 07/02/2011 he holds 5.34% of voting rights in the Company.

On 10/02/2011 Hasso Plattner Ventures II GmbH & Co. KG, Potsdam, Germany, notified us in accordance with § 21 (1a) WpHG that as of 07/02/2011 it holds 5.34% of voting rights in our company.

On 10/02/2011 Hasso Plattner Ventures Management GmbH, Potsdam, Germany, notified us in accordance with § 21 (1a) WpHG that as of 07/02/2011 it holds 5.34% of voting rights in our company.

On 08/02/2011 RIB International Ltd., Apia, Samoa, notified us in accordance with § 21 (1a) WpHG that as of 07/02/2011 it holds 36.61% of voting rights in the Company.

On 11/02/2011 SAP AG, Walldorf, Germany, notified us in accordance with § 21 (1a) WpHG that as of 07/02/2011 it holds 5.34% of voting rights in the Company.

On 08/02/2011 Thomas Wolf, Hong Kong, notified us in accordance with § 21 (1a) WpHG that as of 07/02/2011 he holds 36.85% of voting rights in the Company.

On 11/02/2011 Mr. Hans-Joachim Sander, Germany, notified us in accordance with § 21 (1) WpHG that his voting rights in RIB Software AG, Stuttgart, Germany, fell below the 5% voting rights threshold on 10/02/2011, amounting to 4.62% on that date.

On 11/02/2011 UBS AG, Zurich, Switzerland, notified us in accordance with § 21 (1a) WpHG that as of 07/02/2011 it holds 20.25% of voting rights in the Company.

On 14/02/2011 UBS Global Asset Management GmbH, Frankfurt am Main, Germany, notified us in accordance with § 21 (1a) WpHG that as of 07/02/2011 it holds 3.05% of voting rights in our company.

On 14/02/2011 UBS AG, Zurich, Switzerland, notified us in accordance with § 21 (1) WpHG that as of 08/02/2011 its voting rights in the Company fell below the 20%, 15%, 10% and 5% thresholds, presently amounting to 3.83%.

On 10/02/2011 FIL Holdings Limited, Hildenborough, Kent, England, UK notified us in accordance with § 21 (1) WpHG that its voting rights in the Company exceeded the 3% threshold on 08/02/2011, presently amounting to 4.90%.

On 10/02/2011 FIL Investment Management Limited, Hildenborough, Kent, England, UK notified us in accordance with § 21 (1) WpHG that its voting rights in the Company exceeded the 3% threshold on 08/02/2011, presently amounting to 4.90%.

On 10/02/2011 FIL Investments International, Hildenborough, Kent, England, UK, notified us in accordance with § 21 (1) WpHG that its voting rights in the Company exceeded the 3% threshold on 08/02/2011, presently amounting to 4.90%.

On 10/02/2011 FIL Limited, Hamilton, Bermuda, notified us in accordance with § 21 (1) WpHG that its voting rights in the Company exceeded the 3% threshold on 08/02/2011, presently amounting to 4.90%.

On 14/02/2011 Henderson Global Investors Limited, Bishopsgate, London, notified us in accordance with § 21 (1) WpHG that its voting rights in the Company exceeded the 3% threshold on 08/02/2011, presently amounting to 4.047%.

On 14/02/2011 Henderson Global Investors (Holdings) Plc, Bishopsgate, London, notified us in accordance with § 21 (1) WpHG that its voting rights in the Company exceeded the 3% threshold on 08/02/2011, presently amounting to 4.047%.

On 14/02/2011 Henderson Group Plc, Bishopsgate, London, notified us in accordance with § 21 (1) WpHG that its voting rights in the Company exceeded the 3% threshold on 08/02/2011, presently amounting to 4.047%.

On 11/02/2011 RIB International Ltd., Apia, Samoa, notified us in accordance with § 21 (1) WpHG that its voting rights in the Company fell below the 30% threshold on 10/02/2011, presently amounting to 26.44%.

On 11/02/2011 Thomas Wolf, Hong Kong, notified us in accordance with § 21 (1) WpHG that his voting rights in the Company fell below the 30% threshold on 10/02/2011, presently amounting to 26.68%.

On 14/02/2011 Dr. Hasso Plattner, Germany, notified us in accordance with § 21 (1) WpHG that his voting rights in RIB Software AG, Stuttgart, Germany, fell below the 5% voting rights threshold on 10/02/2011, amounting to 3.86% on that date.

On 14/02/2011 Hasso Plattner Ventures Management GmbH, Potsdam, Germany, notified us in accordance with § 21 (1) WpHG that its voting rights in RIB Software AG, Stuttgart, Germany, fell below the 5% voting rights threshold on 10/02/2011, amounting to 3.86% on that date.

On 14/02/2011 Hasso Plattner Ventures II GmbH & Co. KG, Potsdam, Germany, notified us in accordance with § 21 (1) WpHG that its voting rights in RIB Software AG, Stuttgart, Germany, fell below the 5% voting rights threshold on 10/02/2011, amounting to 3.86% on that date.

On 24/02/2011 UBS AG, Zurich, Switzerland, notified us in accordance with § 21 (1) WpHG that its voting rights in the Company exceeded the 5% threshold on 18/02/2011, presently amounting to 5.03%.

On 28/02/2011 UBS AG, Zurich, Switzerland, notified us in accordance with § 21 (1) WpHG that its voting rights in the Company fell below the 5% threshold on 23/02/2011, presently amounting to 4.98%.

On 03/03/2011 UBS AG, Zurich, Switzerland, notified us in accordance with § 21 (1) WpHG that its voting rights in the Company exceeded the 5% threshold on 25/02/2011, presently amounting to 5.04%.

On 10/03/2011 Thomas Wolf, Hong Kong, notified us in accordance with § 21 (1) WpHG that its voting rights in the Company exceeded the 30% threshold on 10/03/2011, presently amounting to 30.12%.

On 14/03/2011 Hans-Joachim Sander, Germany, notified us in accordance with § 21 (1) WpHG that its voting rights in the Company exceeded the 5% threshold on 14/03/2011, presently amounting to 5.21%.

On 30/07/2011 FIL Holdings Limited, Hildenborough, England, UK, notified us on in accordance with § 21 (1) WpHG that its voting rights in the Company exceeded the 5% threshold on 24/06/2011, presently amounting to 5.06%.

On 30/07/2011 FIL Investments International, Hildenborough, England, UK, notified us in accordance with § 21 (1) WpHG that its voting rights in the Company exceeded the 5% threshold on 24/06/2011, presently amounting to 5.06%.

On 30/07/2011 FIL Limited, Hamilton, Bermuda, notified us in accordance with § 21 (1) WpHG that its voting rights in the Company exceeded the 5% threshold on 24/06/2011, presently amounting to 5.06%.

On 30/07/2011 Fidelity Funds SICAV, Luxembourg notified us in accordance with § 21 (1) WpHG that its voting rights in the Company exceeded the 3% threshold on 24/06/2011, presently amounting to 3.02%.

On 18/07/2011 UBS Global Asset Management (Germany) GmbH, Frankfurt am Main, Germany, notified us in accordance with § 21 (1) WpHG that its voting rights in RIB Software AG, Stuttgart, Germany, exceeded the 5% voting rights threshold on 15/07/2011, amounting to 5.04% on that date.

On 17/08/2011 FIL Investments International, Hildenborough, England, UK, notified us in accordance with § 21 (1) WpHG that its voting rights in the Company fell below the 5% threshold on 15/08/2011, presently amounting to 4.99%.

On 17/08/2011 FIL Holdings Limited, Hildenborough, England, UK, notified us in accordance with § 21 (1) WpHG that its voting rights in the Company fell below the 5% threshold on 15/08/2011, presently amounting to 4.99%.

On 17/08/2011 FIL Limited, Hamilton, Bermuda, notified us in accordance with § 21 (1) WpHG that its voting rights in the Company fell below the 5% threshold on 15/08/2011, presently amounting to 4.99%.

Company / Person	Notification date	New voting rights percentage	Date of change	Threshold exceeded/penetrated
Fidelity Funds Sicav	05.07.2011	3.02 %	24.06.2011	3 %
FIL Holdings Limited	14.02.2011	4.90 %	08.02.2011	3 %
FIL Holdings Limited	04.07.2011	5.06 %	24.06.2011	5 %
FIL Holdings Limited	24.08.2011	4.99 %	15.08.2011	5 %
FIL Investment Management Limited	14.02.2011	4.90 %	08.02.2011	3 %
FIL Investments International	14.02.2011	4.90 %	08.02.2011	3 %
FIL Investments International	04.07.2011	5.06 %	24.06.2011	5 %
FIL Investments International	23.08.2011	4.99 %	15.08.2011	5 %
FIL Limited	14.02.2011	4.90 %	08.02.2011	3 %
FIL Limited	05.07.2011	5.06 %	24.07.2011	5 %
FIL Limited	24.08.2011	4.99 %	15.08.2011	5 %
Henderson Global Investors (Holdings) Plc.	14.02.2011	4.047 %	08.02.2011	3 %
Henderson Global Investors Limited	14.02.2011	4.047 %	08.02.2011	3 %
Henderson Group Plc.	14.02.2011	4.047 %	08.02.2011	3 %
Prof. Dr. Hasso Plattner	11.02.2011	5.34 %	07.02.2011	
Prof. Dr. Hasso Plattner	16.02.2011	3.86 %	10.02.2011	5 %
Hasso Plattner Ventures II GmbH & Co. KG	11.02.2011	5.34 %	07.02.2011	
Hasso Plattner Ventures II GmbH & Co. KG	16.02.2011	3.86 %	10.02.2011	5 %
Hasso Plattner Ventures Management GmbH	11.02.2011	5.34 %	07.02.2011	
Hasso Plattner Ventures Management GmbH	16.02.2011	3.86 %	10.02.2011	5 %
RIB International Ltd.	11.02.2011	36.61 %	07.02.2011	
RIB International Ltd.	14.02.2011	26.44 %	10.02.2011	30 %
Gisa Sander	11.02.2011	3.47 %	07.02.2011	
Hans-Joachim Sander	11.02.2011	6.38 %	07.02.2011	
Hans-Joachim Sander	11.02.2011	4.62 %	10.02.2011	5 %
Hans-Joachim Sander	16.03.2011	5.21 %	14.03.2011	5 %

Stuttgart, 01/03/2012

RIB Software AG
The Board of Directors

Thomas Wolf	Michael Sauer	Dr. Hans-Peter Sanio

RIB Software AG

Stuttgart

Management Report for the Fiscal Year 2011

A. Business and general environment

A.1. Summary

The RIB Group (hereinafter also referred to as RIB AG) has operated successfully in the software market for construction, plant engineering and infrastructure management for 50 years. Our company is registered in Stuttgart. Our core activities comprise the development and sale of software, as well as the provision of consulting and training services for implementation projects. Our software solutions are designed to simplify the planning process for construction projects, boost efficiency in project processing, minimise risks relating to costs and deadlines and improve construction quality. We offer our customers an end-to-end software solution to deal with the major processes related to cost and earnings in an integrated approach over the entire lifecycle of the project.

With over 15,000 customers worldwide, we are one of the leading providers of technical ERP systems. Our customers include leading construction groups, the public sector, architects, engineering companies and large industrial and plant engineering companies. Our target groups comprise:

- **Investors & Consultants**
  This group includes architects, engineers, quantity surveyors, investors, project developers, industrial companies and the public sector.
- **Contractors**
  This group includes construction companies, general contractors (buildings and infrastructure) as well as plant planners and engineers.

We decentralised our research and development activities in 2005, and since then we have been using the additional capacities of a development company in China. In July 2011 RIB AG acquired all the shares in this Chinese company. This meant that the previously outsourced development activities could be fully integrated into the RIB Group.

In the past the RIB Group predominantly operated in German-speaking countries. With the objective of internationalising our business activities, the wholly owned subsidiary RIB Limited based in Hong Kong was founded at the end of 2009, which has since then operated the international business with the software iTWO.

We organise the distribution of our products in German-speaking countries under the umbrella of RIB AG via two German subsidiaries, RIB Engineering GmbH and RIB Deutschland GmbH. So far ten international distribution companies have been set up in total under the umbrella of RIB Limited. In the reporting year RIB Limited developed international versions of the software iTWO and concluded the first contracts with customers.

A.2. Key events in the reporting period

IPO in the Prime Standard of the Frankfurt Stock Exchange on 8 February 2011

On 8 February 2011 RIB AG successfully obtained a listing in the Prime Standard of the Frankfurt Stock Exchange to support its growth strategy. A total of 15,681,140 registered shares were placed worldwide at a price of EUR 9.25 per share. The IPO was heavily oversubscribed. More than 99 % of the shares were allocated to institutional investors, of which around 11 % were investors in Germany. The total volume of the capital measure amounted to EUR 145m, EUR 90.7m of which originated from a capital increase resulting from the issue of new shares. The issue was accompanied by UBS, London, as Lead Sole Global Coordinator as well as *equinet* Bank and BERENBERG BANK as Co-Lead.

Takeover of GZ TWO and TWO Consulting

With two contracts of 29 July 2011, RIB AG acquired all the shares in the Chinese companies GZ TWO Information Technology Company Limited.(hereinafter referred to as GZ TWO) and TWO Consulting. The interests were sold by TWO Limited and Foshan Alliance Limited, both headquartered in Hong Kong. The majority of the interests in the selling companies are (indirectly) held by Mr Thomas Wolf.

The interests were acquired on the basis of an agreement in principle concluded in 2010 with the objective of integrating the previously outsourced development activities, including the associated HR and marketing activities, into the Group.

Acquisition costs for GZ TWO amounted to EUR 8,169k. This figure consists of the purchase price (EUR 3,570k) and of the waiver of a claim to the transfer of a site with buildings accounted for in GZ TWO (EUR 4,599k). Acquisition costs for TWO Consulting amounted to EUR 100k

A.3. Profitability at record level

Although sales only increased 0.3% to EUR 32.8m (previous year: EUR 32.7m), RIB Group earnings improved considerably. The 2011 result from ordinary activities was strong, up 42.6% to EUR 9.7m (previous year: EUR 6.8m). This margin thus approached the 30% mark for the first time at 29.6% (previous year: 20.8%).

A.4. Research and development

RIB AG still leads competitors with an R&D spending to revenue ratio of 26%, having again invested significantly in innovation and technology in 2011. There are currently some 240 highly qualified industry specialists and computer scientists working on existing and new software solutions for the RIB Group's three development companies RIB Information Technologies AG, RIB Engineering GmbH and GZ TWO Ltd.

RIB iTWO, the world’s first fully integrated software solution for digital planning and construction (BIM 5D), was expanded significantly in 2011. With the new RIB iTWO Edition 2012, it is now possible to virtually plan, execute, control and simulate infrastructure projects. In addition, as of the reporting date, building work can now also be calculated and billed interactively directly in the virtual model via finished components. With an efficient new controlling component, the first step was taken in the direction of Business Intelligence (BI). RIB iTWO BI supports procedures and processes for the systematic analysis of consolidated project data. The aim is to process and present information which will facilitate improved operating and strategic decisions in terms of corporate goals.

With the new xTWO platform, the first release of which was completed at the end of 2011, the company has taken an important step in the direction of cloud computing. The xTWO platform will offer information services for craftsman's businesses, construction companies, builder's merchants and manufacturers of building materials in a cloud solution from 2012. This information can be presented on the xTWO platform with their performance and solution offer. Via the integration of xTWO and iTWO, providers of building services and building materials can be identified directly in the iTWO application via the xTWO platform and electronic tendering and award processes can be executed.

At the last Supervisory Board meeting of fiscal 2011 the planned strategic development projects for RIB iTWO and the new xTWO platform up to 2015 were presented and approved. An R&D budget of EUR 9.4 million was resolved for 2012 on the basis of this plan and distributed over new products, maintenance and services. The structure of development teams in the development companies working for the RIB AG was adjusted accordingly.

A.5. Marketing and sales

RIB Deutschland GmbH sells the German version of RIB iTWO in the German-speaking area. RIB Limited, Hong Kong, has developed the international versions of RIB iTWO and markets them in the USA, Asia, India, Australia and in the Middle East. Overall, RIB iTWO attracted a large number of new customers in fiscal 2011, including an initial phase II key account in Malaysia with a total order volume for licences, services and maintenance of USD 2.27m.

A.6. Market conditions

Our target groups are still highly interested in digital planning and management processes. Our new product RIB iTWO is a solution that responds to this trend. In our opinion, integrated virtual planning, production and operating processes have the potential to significantly influence the future development of the construction sector; we therefore anticipate an increased willingness to invest in software which offers a rapid implementation of processes of this kind.

However, although these conditions favour us, our target groups' willingness to invest also depends on the general economic environment and the development of the industry in our target segments. In this context, the general conditions were also shaped by the financial and economic crisis in 2011. Owing to the unsolved debt crisis, especially in Europe and the USA, and the continuing weak economic development in both economic regions, the level of uncertainty is high and the markets are very volatile. This led to a persisting reluctance to invest seen in our target groups.

A.7. Strategy

Our primary aim is to take the pole position in our target markets for digital planning and construction software with RIB iTWO. In addition, from 2012, our goal is to interlink the partners participating in the construction in one cloud via our new xTWO internet platform. With xTWO, we want to tap into new customers in the areas of builders' merchants, building materials production and craftsmen. We intend to achieve these goals by taking the steps below:

- Migrate existing customers to RIB iTWO
- Interlink existing and new customers via the xTWO platform
- Expand our international market presence
- Make strategic acquisitions
- Press ahead with innovation and development for new products

On 8 February 2011 the company successfully obtained a listing in the Prime Standard of the Frankfurt Stock Exchange to support this growth strategy. Parts of the issue proceeds are to be invested for the acquisition of existing customer networks of small and medium-sized software companies in our international core markets. A further portion of the funds will be used to further develop iTWO and develop new software products, such as the new xTWO platform. In this way, we want to further extend the lead over our competitors and consolidate our market position worldwide.

B. Results of operations, financial position and net assets

B.1. Earnings

Total revenues up slightly by 0.3% iTWO software revenue in the "mass market" segment (architects and engineers) increased significantly, up 100.0% to EUR 1.8m (previous year: EUR 0.9m). Key account business fell short of last year's figures, as phase II orders expected in Q4 2012 were postponed. Software revenues thus were lower year-on-year at EUR 14.4m (previous year: EUR 15.1m). Service revenue rose by 3,6% to EUR 14.2m (previous year: EUR 13.7m). Consulting revenue came in EUR 4.0m lower year-on-year at EUR 3.5m (previous year EUR 3.9m). Overall, sales revenue was only slightly higher year-on-year up 0.3% to EUR 32.8m (2010: EUR 32.7m).

EBIT margin widens to 27.4% EBIT rose 36.4% to EUR 9.0m (previous year: EUR 6.6m), for an EBIT margin of 27.4% (previous year: 20.1%). Expenses for services purchased increased by EUR 1.0m, due to higher development costs. Personnel expenses were trimmed 9.5% to EUR 1.9m (previous year: EUR 2.1m) through further optimisation measures. Other operating expenses declined by EUR 1.3m to EUR 14.0m (previous year: EUR 15.3m). This mainly reflected last year's debt waiver granted to the UK subsidiary for the amount of EUR 0.8m in addition to other expense reductions. Other operating income increased primarily due to EUR 1.7m in income from currency translation.

Result from ordinary activities up 42.6%. The 2011 result from ordinary activities was up by a substantial 42.6% to EUR 9.7m (previous year: EUR 6.8m). The profit margin neared the 30% mark for the first time, coming to 29.6% (previous year: 20.8%).

The financial result was EUR 0.7m (previous year: EUR 0.2m), chiefly reflecting sharply higher interest on cash and cash equivalents following the IPO.

Extraordinary expenses totalled EUR 5.3m, mainly reflecting IPO preparation and execution costs (previous year: EUR 4.2m). Despite these extraordinary expenses, net income rose 150% by EUR 1.5m to EUR 2.5m (previous year EUR 1.0m).

B.2. Financial position

Cash flow from operating activities up 107.0% (before inter-company payments)

Adjusted for internal RIB Group cash flows, cash flow from operating activities increased 107.0% to EUR 8.9m (previous year: EUR 4.3m).

Excluding cash in/outflows from acquisitions and the maturity and sale of securities, net cash flow from investing activities was EUR -8.9m (previous year: EUR -5.5m). This net increase resulted primarily from a EUR 4.5m capital injection from RIB Limited and purchase of shares in GZ TWO (EUR 3.6m) and TWO Consult (EUR 0.1m).

Cash flow from financing activities increased significantly to EUR +85.4m versus EUR -3.8m last year, resulting from the net inflow from the IPO conducted in the year under review generating EUR 85.4m. At the statement date cash and cash equivalents totalled EUR 91.5m, placed at various banks (previous year: EUR 0.7m). An additional EUR 3.5m was invested in low-risk foreign currency bonds.

B.3. Net assets

Equity ratio up significantly to 91.9% (previous year: 79.1%)

Total assets came to EUR 134.7m (previous year: EUR 38.7m), a year-on-year increase of EUR 96.0m.

Equity totalled EUR 123.8m (previous year: EUR 30.7m). The equity ratio rose to 91.9%, 67.9% of total assets being held in cash (EUR 91.5m). Net retained earnings increased by EUR 2.5m to EUR 3.4m (previous year: EUR 0.9m). As of 1 January 2011 RIB AG had capital reserves of EUR 0.8m. The proceeds generated by the successful capital measures in the scope of the IPO on 8 February 2011 increased capital reserves by EUR 80.9m to EUR 81.7m. This likewise increased the issued capital of RIB AG to EUR 38.7m (previous year: EUR 28.9m).

Pension provisions were unchanged at EUR 2.6m. Tax provisions increased to EUR 0.9m due to lower advance tax payments during the report period (previous year: EUR 0.04m). Other provisions declined by EUR 0.7m to EUR 0.6m, reflecting last year's provisions for IPO charges (previous year: EUR 1.3m). Liabilities to affiliated companies were lower year-on-year at EUR 1.7m (previous year: EUR 2.7m). The EUR 3.8m increase in other liabilities was largely due to acquisition costs payable to TWO Ltd. from the assumption of loans receivable from GZ TWO. Please refer to the comments on affiliated companies below.

Goodwill declined to EUR 8.3m due to amortisation (previous year: EUR 9.7m). Property, plant and equipment decreased by EUR 4.0m due to the purchase of shares in TWO GZ, as discussed in section A.2., "Material events during the report period'.

RIB AG has hidden reserves in the form of non-capitalised, internally created software. At the statement date these reserves were recognised on the Company's IFRS financial statements, carried at EUR 16.8m (previous year: EUR 15.1m). Expenses for internally developed software were incurred in the amount of EUR 3.0m in the year under review (previous year EUR 2.2m).

Trade receivables totalled EUR 6.2m as of the statement date (previous year: EUR 6.3m). Receivables from affiliated companies increased from EUR 0.1m to EUR 4.4m, due mainly to the assumption of a EUR 4.2m loan receivable from GZ TWO. Additional information is provided in the Notes under 'Transactions with related parties' (section G.4.).

Securities holdings were valued at a total EUR 3.5m (previous year: EUR 10.0m). These consist exclusively of low-risk bonds denominated in foreign currency.

Cash and bank balances increased by EUR 90.8m to EUR 91.5m.

Cash and cash equivalents increased significantly by EUR 90.8m to EUR 91.5m (previous year: EUR 0.7m), principally reflecting net inflows from the IPO (EUR 85.4m) and higher cash flow from operating activities.

B.4. Non-financial performance indicators

To us, successful entrepreneurial conduct means ensuring and retaining a close and partnership-based cooperation between our employees and customers long term. Only by doing so, can our employees develop and successfully market market-driven solutions and implement them for our customers. In this way, we create added value for our customers, employees and shareholders and secure the sustainable economic success of the company.

On the basis of our considerable innovative, economic and financial strength, we can offer our employees jobs which are interesting and are secure in the long term. We offer flexible working hours, variable goal-oriented remuneration structures and internal further training schemes. These benefits vary from region to region and are based on actual requirements. Thus, for example, via our subsidiary RIB Limited, we offer comprehensive training and further education schemes in a Centre of Excellence created especially for this purpose for the currently rapidly growing numbers of international employees.

Our clientele includes all partners involved in construction projects, from investors and architects and engineering companies to construction companies carrying out the work.

We offer these customers target-group-oriented solutions based on a fully integrated, model-based technology platform. Our software is geared to making cooperation between the various project participants easier, increasing the efficiency of project management, reducing risks of cost overruns and delays and improving the cost-efficiency and quality of the building work carried out. As a result of the high professional and technical quality of our work, we have been able to build up long-term and stable customer relations and steadily increase our customer base nationally and internationally.

To safeguard our innovative strength long term, we not only work closely with customers, but also get involved in various sponsored research projects and maintain close contact with universities and innovative collaborations with industry, such as the 5D Initiative of the ENCORD Group (http://www.5d-initiative.eu/), which are aimed at actively promoting model-based planning and construction in the building industry.

B. 5. Overall assessment

The management of the RIB AG assumes that the company is excellently positioned in the market with their range of solutions and services based on their high innovative, economic and financial strength. With a high level of liquid funds, the company has financial reserves which can be used for further growth.

C. Subsequent events

There were no events of material significance for the net assets, financial position and results of operations of the company after the balance sheet date.

D. Opportunity and risk report

D.1. Opportunities report

The RIB Group expects a positive environment for fiscal 2012. At present it is difficult to assess the effects of the still existing uncertainty due to the financial market crisis and the potentially negative consequences of the still unsolved debt crisis in Europe and the USA for the global economy and our business.

The RIB AG anticipates good opportunities for positive development and expanding its market position as a leading supplier of integrated ERP solutions by continuing with internationalisation measures, entering into strategic business alliances and making targeted acquisitions. Furthermore, the RIB AG’s growth in existing and new markets should enjoy a sustainable boost from new products, including in particular the new solution RIB ITWO for model-based planning and construction and the new internet platform xTWO.

If things develop as planned, the RIB AG expects considerable growth in revenue and earnings over the next few years, despite the increasing expenses associated with a larger work force for development and sales.

The RIB AG plans to generate growth by the following means:

Migration of existing customers to RIB iTWO. RIB iTWO is the successor of the software solution ARRIBA. In 2011 a large number of customers migrated to RIB iTWO technology. Based on the fact that RIB iTWO not only contains all the functions of ARRIBA, but also offers the possibility of working with 5D construction models, the company expects to be able to convert further sections of the ARRIBA customers to RIB iTWO in the next few years.

Strategic collaborations. Collaborations are to be stepped up in fiscal 2012.

International expansion. The RIB AG plans to strengthen its existing international business relationships through RIB Limited and expand into further foreign markets as one of its major strategic goals. In the process, the RIB Group will primarily pursue the strategy of targeting large construction companies, investors and consultants as new customers. This could mean that many subcontractors and smaller service providers also decide to introduce the software of the company to ensure smooth cooperation with the large companies which are their business partners.

Innovation. The RIB AG has state-of-the-art and highly innovative software solutions, especially for technical and business processes in construction and plant engineering. With the completion of the first stage of RIB iTWO BI and the first version of our new xTWO platform at the end of 2011 we have two further software solutions with good additional potential for the coming years in our product range. With xTWO we want to tap into new customers in the areas of builders' merchants, building materials production and craftsmen and generate additional sales potential in the existing and new target groups. By integrating the development platform in China, we have been able to further intensify the international cooperation between German and Chinese development teams and will also concentrate on innovation and expansion in 2012.

Strategic acquisitions. The RIB AG intends to accelerate its entry to regional markets through targeted strategic acquisitions; this will also help speed up expansion of its international customer base. The strategy is less about acquiring technologies from these competitors and more about securing new customer groups to position the RIB AG’s software as the standard in additional markets. However, in fiscal 2011 it became apparent that the purchase price expectations for potential acquisition targets were much too high. For this reason, no contracts have been concluded so far. However, the company assumes that as a result of the persisting financial market crisis in 2012 the purchase price expectations will be lower and therefore acquisitions might become possible.

D.2. Risk report

D.2.1. Risk management and internal control system

We operate a risk management system to detect, assess and deal with risks in a targeted manner and at an early stage. We base our risk management guidelines on our uniform company definition of risk, i.e., when a situation could significantly hinder the RIB AG's ability to achieve its corporate goals and fulfil its duties immediately or in the future.

General responsibility for identifying risks at an early stage and taking countermeasures if necessary lies with the Board of Directors. When carrying out this task the Board of Directors is supported by the senior management.

The risk areas specified by the Board of Directors are explained in detail in the following section. The individual risks identified in the respective risk areas have been assessed within the scope of a quantitative and qualitative risk analysis. If the risks are not likely to be consciously accepted, appropriate countermeasures have been defined.

The functionality of our risk early warning system is regularly monitored. Reporting on the existing risks is carried out to the Board of Directors on a quarterly basis in the form of cumulative risk overviews.

The risk management system which has been set up as well as the internal control system also cover risks which could have an impact on the accounting process and therefore on the regularity of the financial statements of the RIB AG. In particular, these are risks relating to inaccuracies and infringements, risks in the area of data collection and security, risks of deactivating existing internal controls as well as the inappropriate assessment of facts and scope of discretion.

The main regulations and measures for dealing with accounting-related risks are the clear assignment of responsibilities when preparing quarterly and annual financial statements, the predefinition of binding guidelines for the accounting treatment of business transactions as well as the use of consolidation software which supports monthly analysis and monitoring of the figures of all reporting units. In particular, the process of turnover realisation is already strictly controlled in the contract initiation phase. All customer contracts are subjected to an approval process. Deviations from standardised regulations have to be approved in advance by the Board of Directors of the parent company if defined threshold values are exceeded.

D.2.2. Overview of potential risks

The following risk areas have been defined as part of our risk management system:

- Sales risks
- Development risks
- Financial risks
- Acquisition risks
- Cooperation risks

Sales risks

The main risks that could undermine the RIB AG's financials lie in the market and industry environment. The RIB AG's success also hinges on the economic development in its target industries.

In 2011, the German market still accounted for a major portion of the RIB Group's revenue. Until now we have been able to meet the expectations of our customers with regard to the scale and completeness of our services. In fiscal year 2012 the share of sales in other markets is set to rise through the RIB Limited. In this case, there is a risk that the range of functions of the software in terms of international requirements as well as the quality and availability of consulting services and the hotline service cannot be met in full. This could have a negative impact on the results of operations, financial position and net assets of the company.

The RIB AG's new product RIB iTWO enables end-to-end virtual planning and management of construction processes using a 5D construction model – from the very first planning stages to completion of construction projects. The new model-based approach to work is expected to bring about major changes to the key construction processes. It is possible that the industry will take longer to convert to these new technologies than anticipated. This could have a negative impact on our future revenue and results of operations.

Development risks

The RIB AG is exposed to strong competition when it comes to development and market launch times. In order to hold onto its competitive edge, the RIB AG has to invest heavily, from a monetary and human resources perspective, in product development and product launches in particular in the development companies working for the company. In this case, there is a risk that the range of functions of the software will not be sufficient in terms of customer requirements and regional market conditions, for instance changes in the legal framework or standards, to satisfy customers' needs. This could lead to delivery delays or could necessitate costly product adjustments. In addition, there is a danger that existing or new software providers react quicker and with higher quality to the changes in customer and market needs.

Highly qualified engineers and computer scientists are employed at the majority of the development companies working for the RIB AG. The loss of individual employees from this area would not be expected to have a significant negative impact on the business activities of the RIB Group. However, there could be severe disadvantages if several employees were to leave the development department of the RIB Group simultaneously or in quick succession – for instance as a result of being headhunted by competitors or setting up as competitors in markets of relevance for the company. This could lead to project and delivery delays and place contractual performance with customers at risk.

Financial risks

Following the successful IPO, the RIB AG has a high level of liquid assets at its disposal. Liquid funds are invested in low-risk, short- and medium-term time deposits and fixed-rate securities. A portion of the liquid assets and the securities listed on the reporting date still exist or are traded in foreign currency. The associated risk of price changes is not hedged. Furthermore, price developments and conditions are permanently monitored.

Risks of default attaching to receivables are avoided using active accounts receivable management.

The continuing financial crisis, especially the over-indebtedness of some EU countries could lead to a global economic or euro crisis. As a result, payment default risks could occur with regard to our securities and liquid assets which are invested with various banks. In addition, other risks could occur with regard to the fair value of fixed-interest securities, especially due to changes in interest rates. This could have a negative impact on our financial and asset situation.

Acquisition risks

Expansion is one of the RIB AG's core strategic goals. As a result, we intend to acquire assets from other companies in the software industry. In particular, this should serve to help our expansion efforts for an international alignment of business activities. Should no suitable acquisition opportunities present themselves or should key employees or customers be lost following an acquisition, this could have detrimental effects on profit expectations.

Cooperation risks

The cooperation between the RIB AG and SAP has not yet developed as expected. There is a risk that our expectations will continue to remain unfulfilled. This could have a negative effect on our turnover expectations.

Note on forecast

This section of the management report includes forward-looking statements and information, i.e. statements about events that lie in the future. Such forward-looking statements can be recognised by the fact that they use words such as ‘should’, ‘will’, ‘expect’, ‘intend’, ‘plan’, ‘estimate’, ‘in the opinion of the company’ and other similar terms. Such forward-looking statements are based on current expectations on the basis of certain assumptions, and therefore involve a number of risks and uncertainties. There are many different factors, some of them outside the control of the company, which affect our business, profits, business strategy and the results of the company. Due to these factors, the actual results, profits and performance of the company could differ materially from the forward-looking statements and any implicit or explicit statements on future results, profits or performance.

E. Takeover-related information and explanatory report

E.1. Details on the capital of the company

The capital stock of the company amounts to EUR 38,715,420.00. The capital stock is divided into 38,715,420 ordinary shares with a par value of EUR 1.00 each. The shares are registered shares. The right of shareholders to the securitisation of their shares and to any profit-sharing and renewal coupons is excluded.

There are no restrictions in terms of voting rights or the transfer of shares. There are no shares with special rights that confer controlling powers or voting right controls for employees participating in the capital.

Pursuant to § 160 (1) German Stock Corporation Act (AktG), shareholdings with more than 10% of voting rights are disclosed in the Notes to the RIB AG annual financial statements in section G.6., 'Disclosures per the Securities Trading Act'.

The Board of Directors is authorised, with the Supervisory Board’s approval, to increase the capital stock of the company until 19 May 2016 once or several times by up to a total of EUR 19,357,710.00 by issuing up to 19,357,710 new bearer shares with a par value of EUR 1.00 each against contributions in cash or in kind.

In general, the new shares must offered to the shareholders for subscription, but they may also be acquired by banks on condition that they offer them to the shareholders for subscription. The

Board of Directors is however authorised, with the Supervisory Board's approval, to exclude the shareholders' legal subscription right,

(1) if this is required to balance fractional amounts;

(2) in suitable cases to acquire companies, portions of companies or interests in companies or other capital assets, including receivables, in return for the transfer of shares;

(3) insofar as the interest in the share capital attributable to the new shares for which the subscription right is excluded does not in total exceed ten percent of the share capital both at the time when this authorisation enters into force and at the time when it is exercised and the issue price of the new shares is not significantly below the listed price of the shares of the company of the same category within the meaning of Sections 203 (1 and 2) 186 (3) sent. 4 of the German Stock Corporation Act (AktG).

The share of the share capital attributable to the new shares for which the subscription right pursuant to subsections (1) to (3) above is excluded may not exceed in total 20 percent of the share capital of the company both at the time when this authorisation enters into force and at the time when it is exercised. Furthermore, the Board of Directors decides on the issue of new shares, the content of the share rights and the conditions of the share issue with the Supervisory Board's approval. The Supervisory Board is authorised to adapt the wording of the Articles of Incorporation and bylaws according to the extent of the capital increase arising from the Authorised Capital;

(4) The share capital of the company has been conditionally increased by up to EUR 1,548,616.00 due to the issue of up to 1,548,616 new bearer shares with a par value of EUR 1.00 each. The conditional capital increase will only be carried out to the extent that subscription rights were issued pursuant to the share option scheme 2011 in accordance with a resolution of the annual general meeting of 20 May 2011, holders of the subscription rights make use of their exercise right and the company does not grant any treasury stock to fulfil the subscription rights, whereby only the Supervisory Board is responsible for granting and processing subscription rights to members of the Board of Directors. The new shares shall participate in the profit from the start of the fiscal year in which the issue of shares takes place.

E.2. Particulars of the appointment or dismissal of members of the Board of Directors and of the Supervisory Board

The appointment and dismissal of members of the Board of Directors are dealt with in Sections 84 and 85 of the German Stock Corporation Act (AktG) in conjunction with Article 5 of the Articles of Incorporation and bylaws of the RIB AG. According to these provisions, members of the Board of Directors are appointed by the Supervisory Board for a maximum of five years. Repeated appointment or an extension of the period of office is permitted for a maximum of five years.

The Supervisory Board comprises six members, who are appointed by the annual general meeting. Provided the annual general meeting does not stipulate a shorter term of office, the Supervisory Board members shall be appointed until the end of the annual general meeting which decides on the ratification of the acts of the Supervisory Board for the fourth financial year after the beginning of the period of office. The financial year in which the term of office commences is not counted.

F. Remuneration report

The Supervisory Board members receive an annual fixed remuneration (Remuneration 1). The members of a Supervisory Board committee also receive an annual supplementary remuneration (Remuneration 2) provided the committee has met at least once in the fiscal year. Chairmanship of the Supervisory Board or one of its committees is remunerated with one-and-a-half-times the applicable aforementioned amount. Members of the Supervisory Board who only belong to the Supervisory Board or one of its committees for part of the fiscal year receive a payment that corresponds to the proportion of their length of service compared with the fiscal year as a whole.

The remuneration for the Supervisory Board is comprised as follows:

2011 (figures in EUR k)	Remuneration 1	Remuneration 2	Total remuneration
Sandy Möser	15.5	0.0	15.5
Dr. Matthias Rumpelhardt	10.3	0.0	10.3
Eran Davidson	0.0	0.0	0.0
Keith Chau Kwok Keung	10.3	0.0	10.3
Barrie David Sheers	10.3	0.0	10.3
Klaus Hirschle	6.6	0.0	6.6
Total remuneration	53.0	0.0	53.0

2010 (figures in EUR k)	Remuneration 1	Remuneration 2	Total remuneration
Sandy Möser	12.0	0.0	12.0
Jörg Gertz	10.3	0.0	10.3
Dr. Matthias Rumpelhardt	10.3	0.0	10.3
Jörg Sievert	0.0	0.0	0.0

Eran Davidson	0.0	0.0	0.0
Keith Chau Kwok Keung	6.6	0.0	6.6
Barrie David Sheers	2.8	0.0	2.8
Total remuneration	42.0	0.0	42.0

The remuneration of the Board of Directors comprises a fixed (Remuneration 1) and a performance-based element (Remuneration 2). The fixed element includes the basic salary and other taxable salary components such as the company car. The variable remuneration is dependent on the attainment of profit targets. Upon entry into force of the Act on Appropriateness of Management Board Remuneration (VorstAG) of 5 August 2009 a remuneration component with a long term incentive effect was also called for by the legislators. To implement these requirements, the remuneration system of the Board of Directors is currently being revised accordingly. A decision is to be taken on the implementation of the new system at the first Supervisory Board meeting of fiscal 2012.

The remuneration of the Board of Directors is composed as follows:

2011 (figures in EUR k)	Remuneration 1	Vergütung 2	Total remuneration
Thomas Wolf	0.0	0.0	0.0
Dr. Hans-Peter Sanio	133.7	24.0	157.7
Michael Sauer	194.1	50.0	244.1
Total remuneration	327.8	74.0	401.8

2010 (figures in EUR k)	Remuneration 1	Remuneration 2	Total remuneration
Thomas Wolf	0.0	0.0	0.0
Dr. Hans-Peter Sanio	132.4	24.0	156.4
Michael Sauer	193.0	50.0	243.0
Total remuneration	325.4	74.0	399.4

Remuneration totalling EUR 350k paid to Mr. Thomas Wolf (previous year: EUR 300k) is governed by an employment contract with our subsidiary RIB Limited and is thus not included in RIB AG personnel expenses.

G. Declaration on Corporate Management

G.1. Declaration pursuant to § 161 AktG

The Declaration of Conformity pursuant to § 161 AktG (Companies Act) is published in a separate section of the Annual Report of RIB AG as well as on the Company website under the link http://ir.rib-software.com/en/investor-relations/corporate-governance.

G.2. Statements on corporate governance practices

The trust of our business partners and shareholders in our Company and our image are directly determined by the conduct of our those who work for us all over the world. Each employee directly contributes to the way in which our Company lives up to the responsibilities and values described here and to the positive expectations associated with the RIB brand being completely fulfilled.

In order to provide our employees with guidance in the fulfilment of these criteria, we have drawn up our Code of Conduct that is binding on every employee of our Company worldwide. This code is designed to help them to successfully deal with the legal and ethical challenges encountered in daily work, to provide guidance and to promote confidence in the efficiency and integrity of our Company. We expect our managers to conduct all transactions efficiently and in compliance with the Code of Conduct. We also expect them to create the required working conditions for employees and to ensure that the provisions of the Code of Conduct are adhered to.

G.3. Description of the mode of operation of the Board of Directors and of the Supervisory Board

The corporate management of RIB AG as a publicly quoted incorporated company is determined by the Companies Act (AktG) and the provisions of the German Corporate Governance Code. On the basis of the statutorily prescribed dual management system, under which the Board of Directors and Supervisory Board as management bodies are strictly separated in terms of membership and have separate duties and areas of competence, the Board of Directors and the Supervisory Board closely cooperate with each other in the direction and supervision of the Company on a basis of mutual trust.

The principles for the cooperation of the Board of Directors and the Supervisory Board among and with each other are set out in the respective standing orders.

RIB AG is managed according to the corporate strategy agreed between the Board of Directors and the Supervisory Board. This strategy involves the product positioning, the customer segments, the target markets and the short and medium-term revenue and earnings targets.

Specific annual objectives for product development and sales are derived from the strategic corporate targets and are harmonised in an annual planning process at profit centre level with the holding companies. The annual operational targets are defined on this basis for the development and sales teams in both qualitative and quantitative terms. The annual and medium term planning is approved by the Supervisory Board.

The corporate targets are monitored and adjusted in the course of the year on the basis of detailed reporting on the sales, cost and earnings situation and on the progress of development projects. The key management variables for RIB AG are the sales revenue per product line and the operational results of the individual profit centres.

We refer to the Supervisory Board's annual report concerning the mode of operation of the Supervisory Board.

H. Declaration per § 312 (3) sentence 3, German Stock Corporation Act (AktG)

The Board of Directors issued the following concluding declaration in its report on relations with affiliated companies (§ 312 AktG):

Based on the circumstances known to us at the time transactions were conducted or measures taken or desisted from with regard to the affiliated companies listed in the report, the Company received appropriate consideration in all such transactions/measures and was not thereby adversely affected."

Stuttgart, 1 March 2012

RIB Software AG

Thomas Wolf | Michael Sauer | Dr. Hans-Peter Sanio

Declaration of the legal representatives

“to the best of our knowledge, and in accordance with the applicable financial reporting principles, the financial statements give a true and fair view of the assets, financial position and profit or loss of the company, and the management report gives a true and fair view of the course of business, including the business result, and the position of the company, together with a description of the principal opportunities and risks associated with the expected development of the company.”

Stuttgart, 1 March 2012

RIB Software AG

The Board of Directors

Thomas Wolf

Michael Sauer

Dr. Hans-Peter Sanio

Audit Opinion

We have audited the financial statements prepared by RIB Software AG, Stuttgart, comprising the balance sheet, income statement and the notes to the financial statements, together with the bookkeeping, and the management report for the fiscal year from 1 January to 31 December 2011. The bookkeeping and the preparation of the financial statements and the management report in accordance with German commercial law is the responsibility of the Company's management. Our responsibility is to express an opinion on the financial statements, together with the bookkeeping, and on the management report based on our audit.

We conducted our audit of the financial statements in accordance with Section 317 German Commercial Code (Handelsgesetzbuch) and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (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 financial statements in accordance with the applicable financial reporting framework and in the management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Company 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 financial statements and the management report are examined primarily on a test basis within the framework of the audit. The audit includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements and the 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 financial statements comply with legal requirements of German commercial law and give a true and fair view of the net assets, financial position and results of operations of the Company in accordance with these requirements. The management report is consistent with the financial statements and as a whole provides a suitable view of the Company's position and suitably presents the opportunities and risks of future development.

Stuttgart, 01.03.2012

BW PARTNER

Bauer Wulf Schätz Hasenclever Stiefelhagen Partnerschaft
Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft

Olaf Brank	Philipp Hasenclever
Wirtschaftsprüfer	Wirtschaftsprüfer