Financial statements as of 31.12.2013

and management report

RIB Software AG

Stuttgart

CONVENIENCE TRANSLATION

Contents

Balance Sheet

RIB Software AG, Stuttgart

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ASSETS	31.12.2013	31.12.2012
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	143,216.07	262,605.06
2. Goodwill	5,514,377.14	6,892,971.42
	5,657,593.21	7,155,576.48
II. Property, plant and equipment		
Furniture and fixtures	89,371.10	85,720.03
III. Financial assets		
1. Investments in affiliated companies	54,470,326.19	44,083,633.42
2. Investments	0.00	1,058,063.75
	54,470,326.19	45,141,697.17
	60,217,290.50	52,382,993.68
B. Current assets		
I. Receivables and other assets		
1. Trade receivables	3,782,636.84	4,311,714.65
2. Receivables from affiliated companies	3,139,112.98	5,205,473.52
3. Other assets	30,850.56	527,110.09
	6,952,600.38	10,044,298.26
II. Securities		
Other securities	8,467,623.29	43,789,337.31
III. Cash on hand and		
Bank balances	52,681,303.98	26,103,150.57
	68,101,527.65	79,936,786.14
C. Prepaid expenses	568,207.00	619,206.61
	128,887,025.15	**132,938,986.43**

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EQUITY AND LIABILITIES					
			31.12.2013		31.12.2012
A. Equity					
I. Issued capital					
1. Subscribed capital			38,715,420.00		38,715,420.00
2. Less nominal amount of treasury shares			-1,416,765.00		-43,562.00
				37,298,655.00	38,671,858.00
II. Capital reserves				81,809,021.86	81,652,577.56
III. Retained earnings					
Legal reserves				47,588.47	47,588.47
IV. Retained earnings				2,629,785.40	5,605,042.07
				121,785,050.73	125,977,066.10
B. Provisions					
1. Pension provisions				2,412,922.00	2,416,472.00
2. Provisions for taxation				2,236,337.91	1,940,659.00
3. Other provisions				724,150.00	690,470.00
				5,373,409.91	5,047,601.00
C. Liabilities					
1. Trade payables				283,985.17	503,271.87
2. Liabilities to affiliated companies				593,621.86	837,720.86
3. Other liabilities				370,937.49	129,504.60
- of taxes	€	252,826.20			
(prior year:	€	0.00)			
- of which social security liabilities	€	4,899.31			
(prior year:	€	7,981.50)			
				1,248,544.52	1,470,497.33
D. Prepaid expenses				480,019.99	443,822.00
				128,887,025.15	**132,938,986.43**

Income Statement for the Financial Year 2013

RIB Software AG, Stuttgart

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					2013		2012	
1.	Revenues					33,018,529.58		33,402,765.68
2.	Other operating income					2,844,915.41		3,404,820.37
	-	of which from currency translation:	€	70,961.32				
		(prior year:	€	121,085.88)				
3.	Material costs							
	a)	Expenses for goods			-1,166,829.79		-948,351.08	
	b)	Expenses for services purchased			-9,080,492.13	-10,247,321.92	-9,964,719.02	-10,913,070.10
4.	Personnel expenses							
	a)	Wages and salaries			-1,722,085.46		-1,646,028.41	
	b)	Social security and pension costs			-266,979.39		-247,969,11	
		- Of which for pension schemes	€	47,926.50				
		(prior year:	€	19,567.87)		-1,989,064.85		-1,893,997.52
5.	Amortisation of intangible non-current assets and depreciation on property, plant and equipment					-1,554,884.68		-1,545,462.32
6.	Other operating expenses					-14,706,920.94		-13,959,390.49
	-	of which from currency translation:	€	1,241,260.18				
		(prior year:	€	163,541.31)				
7.	Income from investments					2,906,412.21		42,121.93
	-	of which from affiliated companies	€	2,906,412.21				
		(prior year:	€	42,121.93)				
8.	Other interest and similar income					748,948.28		1,432,749.64
	-	from affiliated companies	€	51,892.04				
		(prior year	€	43,221.91)				
9.	Depreciation of current assets					-935,785.45		-1,418,258.68
10.	Interest and similar expenses					-152,159.48		-143,079.78
	-	of which write-ups:	€	119,690.48				
		(prior year:	€	130,779.78)				
11.	**Net income from ordinary business activities**					**9,932,668.16**		**8,409,198.73**
12.	Income tax expense					-2,905,480.81		-2,954.,984.65
13.	Other taxes					-1,978.00		-3,091.00
14.	**Net profit for the year**					**7,025,209.35**		**5,451,123.08**
15.	Profit carried forward from the prior year					268,900.21		312,465.11
16.	Income from the sale of treasury shares					975,000.00		0.00
17.	Expenses from the acquisition of treasury shares					-5,639,324.16		-158,546.12
18.	**Retained earnings**					**2,629,785.40**		**5,605,042.07**

Notes for the Financial Year 2013

RIB Software AG, Stuttgart, Germany

A. General disclosures

The annual financial statements of the capital market-oriented RIB Software AG, Stuttgart, Germany (hereinafter also referred to as "RIB AG" or the "Company") have been prepared according to the regulations of the Third Volume of the German Commercial Code (HGB) in conjunction with special regulations of the German Stock Corporation Act (AktG) that apply to the specific legal form.

As far as permitted by law, the disclosures required to explain the balance sheet and the income statement have been adopted in the Notes.

Disclosures pursuant to Section 265 (2) sentence 3 of the German Commercial Code (HGB)

In the prior year, ancillary building costs (especially power and water expenses) in the amount of € 171 thousand had been recognised as material costs. These expenses are mainly associated with the field of sales and administration. To present the earnings position more clearly, the expenses incurred in the reporting period (€ 171 thousand) are presented under other operating expenses. To ensure comparability, the prior-year amounts have been adjusted accordingly.

B. Accounting and valuation principles

The acquired **intangible assets** are capitalised at cost and amortised on a straight-line basis over their prospective useful life or distributed over the term of the underlying contracts. The goodwill is amortised over the prospective useful life.

The additions to **property, plant and equipment** are measured at manufacturing cost. The movables are depreciated on a straight-line basis over their prospective useful life. Assets with individual acquisition costs of up to €150.00 are fully depreciated in the year of addition. Additions with acquisition costs of €150 to €1,000.00 are entered in a compound item and depreciated over a period of five years.

Financial assets are recognised at cost. Where necessary, unscheduled depreciation has been performed to the lower fair value.

Receivables and other assets are recognised at the nominal value under consideration of appropriate specific provisions for identifiable risks and, in the case of trade receivables, after deducting a general provision for bad debts. Receivables that do not bear interest and have a residual term of more than one year are recognised at the present value. Discounting is performed with a period and risk-oriented interest rate.

Securities are measured at the lower of their cost or fair value. Concerning the measurement of securities denominated in foreign currency, please refer to the information below on the foreign currency translation.

Cash and cash equivalents are presented at their nominal value.

The assets side presents expenses paid prior to the closing date that concern expenses for a time after this date as **prepaid expenses**.

The **pension provisions** as well as the **provisions for taxes and other provisions** take all identifiable risks and contingent liabilities into consideration.

The pension provisions are determined with the projected unit credit method using the 2005 G mortality tables of Prof Klaus Heubeck. In the measurement of the pension provisions, annual pension increases of 1.75% and an annual fluctuation rate of 2.5% are assumed. The pension provisions are discounted in accordance with their residual term at the average market interest rate of the past seven financial years, which is based on an assumed residual term of 15 years. The interest rate is 4.89%.

Provisions for taxes and other provisions are measured at the settlement amount required on the basis of a reasonable commercial assessment. Provisions with a residual term of more than one year are discounted in accordance with their residual term at the average market interest rate of the past seven financial years.

Liabilities are recognised as expenses at their settlement value.

The liabilities side reports income received prior to the closing date that concerns income for a time after this date as **deferred income**.

Assets denominated in foreign currency are presented at the lower exchange rate at the time of their addition or the exchange rate on the balance sheet date. **Liabilities denominated in foreign currency** are measured at the higher of the daily exchange rate at the time of the business transaction or the exchange rate on the closing date. As an exception to this, assets and liabilities denominated in foreign currency with a residual term of no more than one year are translated at the spot exchange rate on the closing date.

In the financial year 2013, a **share-based remuneration plan** was instituted. This plan comprises liability-based remuneration plans that are to be settled by means of cash payments and equity-based remuneration plans that are to be settled by means of equity instruments. The determination of the fair value of equity-based remuneration plans at the time of issue takes place by means of a Monte Carlo simulation and determines all personnel expenses, which are recognised through profit or loss over the vesting period and offset against the capital reserve. The liability-based remuneration plans are measured at fair value as at every balance sheet date until their settlement, and the liability is recognised as a provision. The fair value is also determined according to the aforesaid measurement model. During the vesting period, the pro-rata expense of the period corresponds to the change of the provision between the balance sheet dates.

C. Explanatory notes on the balance sheet

1. Assets

The development of the individual asset items in the financial year 2013 is presented in section E.

The presented goodwill is the result of the merger of RIB Bausoftware GmbH, Stuttgart, Germany, with RIB AG in the financial year 2003. The goodwill is amortised over a period of 15 years. At the time of the merger, RIB Bausoftware GmbH held all significant intangible assets of the RIB Group. Due to the long-standing successful activity of the RIB Group in the software market for construction, plant engineering and infrastructure management and under consideration of the expectations concerning relevant product and technology cycles, the amortisation over a useful life of more than five years is justified.

2. Shareholding

The company holds a share of at least 20% in the following companies:

	Nominal capital in local currency	Proportion of capital	Equity	Earnings of the financial year
		%	€ thousand	€ thousand
Germany				
RIB Cosinus GmbH, Freiburg, Germany	EUR 80 thousand	80.00	977	191
RIB Cosinus Solutions GmbH, Mannheim, Germany 1)	EUR 75 thousand	70.00	224	106
RIB Deutschland GmbH, Stuttgart, Germany	EUR 154 thousand	100.00	516	49
RIB Engineering GmbH, Stuttgart, Germany	EUR 110 thousand	100.00	387	138
RIB Information Technologies AG,Stuttgart, Germany	EUR 360 thousand	100.00	1.093	139
RIB Research & Development AG, Stuttgart, Germany	EUR 50 thousand	100.00	45	-1
RIB Sales International GmbH, Stuttgart, Germany	EUR 50 thousand	100.00	47	-1
MAC Europe GmbH, Hungen, Germany 2)	EUR 326 thousand	100.00	- 21	- 234
STRAPS Bausoftware GmbH, Stuttgart, Germany	EUR 38 thousand	100.00	113	0

1) Indirect shareholding via RIB Cosinus GmbH, Freiburg, Germany

2) Indirect shareholding via MAC International Company Ltd. and RIB Asia Ltd.

	Nominal capital in local currency	Proportion of capital	Equity	Earnings of the financial year
		%	€ thousand	€ thousand
Other countries				
Guangzhou RIB Software Company Limited, Guangzhou, People's Republic of China [3)]	CNY 847 thousand	100.00	- 7	- 154
Guangzhou TWO Consulting Company Limited, Guangzhou, People's Republic of China	CNY 441 thousand	100.00	0	- 4
Guangzhou TWO Information Technology Company Limited, Guangzhou, People's Republic of China	CNY 86.575 thousand	100.00	10.321	115
MAC International Company Limited Hong Kong, People's Republic of China [4)]	HKD 50.000 thousand	100.00	4.542	54
MAC (Guangdong) Industrial Company Limited, Foshan, People's Republic of China [2)]	CNY 10,567 thousand	100.00	988	- 35
MAC II Limited, Hong Kong, People's Republic of China [2)]	HKD 1.000 thousand	100.00	- 1.276	- 5
RIB Asia Ltd., Hong Kong, People's Republic of China	HKD 26.000 thousand	100.00	2.783	-58
RIB CADX PTY LIMITED, Sydney, New South Wales, Australia [3)]	AUD 6,259 thousand	75.00	2.493	204
RIB Cosinus AG, Lucerne, Switzerland [1)]	CHF 100 thousand	100.00	327	71
RIB FZ Limited Liability Company, Fujairah, United Arab Emirates [3)]	AED 100 thousand	100.00	28	9
RIB ITWO PTY Limited, Sydney, New South Wales, Australia [3)]	AUD 1,500	100.00	- 157	- 2
RIB Limited, Hong Kong, People's Republic of China	HKD 350.000 thousand	100.00	28.565	1.120
RIB Management Computer Controls, Incorporated, Memphis, Tennessee, USA [3)]	USD 680	100.00	1.279	-96
RIB Limited, RIB PTE. Limited, Singapore [3)]	SGD 1	100.00	- 27	13
RIB Software (Americas) Inc., Wilmington, Delaware, USA [3)]	USD 30	100.00	-428	174
RIB Software (UK) Limited, London, England [3)]	GBP 50 thousand	100.00	383	100
RIB stavebni Software s.r.o., Prague, Czech Republic	CZK 1,000 thousand	100.00	94	23
RIB iTWO Software Private Ltd., Mumbai, India [3)]	INR 100 thousand	100.00	26	- 21
RIB U.S. Cost Incorporated, Atlanta, Georgia, USA [3)]	USD 46 thousand	61.68	1.074	34
TWO Hong Kong Limited Hong Kong, People's Republic of China	HKD 10 thousand	100.00	- 23	79

1) Indirect shareholding via RIB Cosinus GmbH, Freiburg, Germany
2) Indirect shareholding via MAC International Company Ltd. and RIB Asia Ltd.
3) Indirect shareholding via RIB Limited
4) Indirect shareholding of 50% via RIB Asia Ltd. and direct shareholding of 50%

3. Receivables and other assets

	As of 31.12.2013	As of 31.12.2012	Residual term more than one year 31.12.2013	Residual term more than one year 31.12.2012
	€ thousand	€ thousand	€ thousand	€ thousand
Trade receivables	3,783	4,312	616	47
Receivables from affiliated companies	3,159	5,206	0	0
Other assets	31	527	0	0
	6,953	10,044	616	47

Receivables from affiliated companies comprise trade receivables amounting to € 953 thousand (prior year: € 1,082 thousand).

The other assets contain accruals and deferrals amounting to € 12 thousand (prior year: € 474 thousand). These consist of deferred interest income from fixed-interest investments.

4. Deferred taxes

Deferred tax assets result from temporary differences between the commercial and tax bases of the pension provisions and the other provisions. Deferred tax liabilities result from the temporary valuation differences of the other securities and the trade receivables.

Deferred taxes are calculated on the basis of an average trade tax rate of 14.7% and a corporation tax rate including solidarity surcharge of 15.8%.

The resulting deferred tax assets and liabilities are netted against each other. The remaining asset surplus has not been capitalised.

5. Equity

The **share capital** reported as of 31 December 2013 is divided into 38,715,420 registered par-value shares (ordinary shares) of € 1.00 each.

Authorised capital: By resolution of the General Meeting of 20 May 2011, the Executive Board of RIB AG is authorised, with the approval of the Supervisory Board, to increase the share capital once or several times by a total amount of up to €19,358 thousand until 19 May 2016 by issuing new registered par-value shares against cash or in-kind contributions and to determine a profit participation commencement date that deviates from the law in accordance with Article 7 of the Articles of Association. The new shares must be offered to the shareholders for subscription. Under certain circumstances, however, the Executive Board is authorised, with the approval of the Supervisory Board, to exclude the shareholders' subscription right. For further details of the authorised capital, please refer to our information in section F.1. of the Management Report.

The Executive Board made no use of this authorisation in the reporting period.

Treasury shares: By resolution of the General Meeting of 24 May 2012, the Executive Board of RIB AG is authorised pursuant to Section 71 (1) no. 8 of the German Stock Corporation Act (AktG) to purchase treasury shares until 23 May 2017 up to a total of 10% of the Company's share capital that existed at the time of the resolution. The exercise may also be performed by group companies or by third parties for its account or for their account under consideration of Section 71d of the German Stock Corporation Act (AktG).

The Company's Executive Board is authorised, with the approval of the Supervisory Board, to sell treasury shares through the stock exchange or through an offer to all shareholders or to use them within the scope of a company acquisition or to fulfil obligations from or in connection with convertible bonds and/or warrants issued by the Company. In this context, the shareholders' subscription right is excluded. The Executive Board has been authorised to retire treasury shares without any further resolution of the General Meeting.

In the financial year 2013, 1,673,203 treasury shares of a par value of €1.00 per share were acquired. Within the scope of the acquisition of interests in MAC International Company Limited, Hong Kong, 300,000 treasury shares of a par value of € 1.00 per share were transferred.

The treasury shares on hand developed as follows in the financial year 2013:

	Number of shares	Date of acquisition/ disposal	Pro-rata amount of the share capital	Proportion of the share capital	Total acquisition costs
	Number		€ thousand	%	€ thousand
Balance as of 01.01.2013	43,562		44	0.11	202
Additions in 2013	1.673,203	January - September 2013	1,673	4.32	7,313
Disposals in 2013	300,000	July 13	300	0.77	1,275
Balance as of 31.12.2013	1,416,765		1,417	3.66	6,240

As of the date of the transfer, the price of the treasury shares transferred in the financial year 2013 amounted to € 4.75. Thus, the sales proceeds amounted to a total of € 1,425 thousand. The transfer of treasury shares in the reporting period resulted in an increase of the net profit by € 975 thousand, which was recognised as "income from the sale of treasury shares" (position 16 of the income statement) in the statement of appropriation of earnings. This amount is made up as follows:

	€ thousand
Proceeds from the transfer of treasury shares	1,425
Cancellation of the open deduction of the par amount of the treasury shares from the subscribed capital	- 300
Appropriation of the amount exceeding the original purchase price to the capital reserve	- 150
Increase of the net profit	975

In the reporting period, the **capital reserves** developed as follows:

	€ thousand
As of 31.12.2012	81,653
Appropriation from the sale of treasury shares	150
Appropriation from the issue of share options	6
As of 31.12.2013	81,809

Share-based remuneration: By resolutions of 20 May 2011 and 4 June 2013, the General Meeting adopted the share option plan 2011/2013 and authorised the Executive Board to issue 1,548,616 subscription rights until 19 May 2016. The term of the subscription rights is seven years. The subscription rights can only be exercised after four years if the beneficiary is employed at this time and the listed price of the share exceeds a certain amount within a period of 12 months after the issue on a total of 60 trading days, namely

- an amount of € 5.88 in the period from 1 July 2013 to 30 June 2014
- an amount of € 7.88 in the period from 1 July 2014 to 30 June 2015
- an amount of € 9.88 in the period from 1 July 2015 to 30 June 2016
- an amount of € 11.88 in the period from 1 July 2016 to 30 June 2017

The strike price of a subscription right amounts to € 1.00. If the performance target is not reached in a particular year, it may be compensated for in the following year by reaching the performance target applicable to this period. Subscription rights for which the performance target has not been reached and that are not compensated for in the following year lapse.

Up to the balance sheet date, 82,300 share options were issued, which are to be settled by means of equity instruments. Of these, 7,500 were issued to employees of the Company, 40,000 to members of the Company's Executive Board and 34,800 to employees of subsidiaries. Additionally, 15,500 virtual options (so-called phantom shares) were issued to employees of subsidiaries, which are to be settled in cash.

6. Pension provisions

A former member of the Executive Board accounts for pension provisions amounting to € 317 thousand (prior year: € 306 thousand).

7. Other provisions

The other provisions mainly comprise personnel obligations and provisions for outstanding invoices.

8. Liabilities

The liabilities are broken down in section F.

The liabilities due to affiliated companies contain trade payables amounting to € 543 thousand (prior year: € 810 thousand).

9. Off-balance sheet transactions

Software development

The Company has concluded contracts with affiliated companies for the procurement of software development services. The purpose of this outsourcing of development services is to secure adequate development capacities at economic conditions. By outsourcing development services, the development costs per man-year have been reduced significantly, providing the Company with competitive advantages through shorter product cycles. Due to the outsourcing, the Company is exposed to risks related to legal protection and licence requirements in China. Moreover, certain risks result from the political, legal and economic conditions prevalent in China.

The following financial liabilities arise from the contracts:

	31.12.2013	31.12.2012
	€ thousand	€ thousand
Due within one year	7,641	8,955
Of which due to affiliated companies	7,641	8,955

10. Other financial liabilities

Apart from the said off-balance sheet transactions, the following financial liabilities exist:

	31.12.2013	31.12.2012
	€ thousand	€ thousand
Liabilities from leases	1,332	1,357
Order commitment from third-party services	50	323
Liabilities from company acquisitions	1,298	0
Payment commitments from adopted capital increases	14,028	18,790
Others	620	322
	17,328	20,792
Of which due within one year	15,163	20,409
Of which due to affiliated companies	14,028	18,790

D. Explanatory notes on the income statement

1. Revenues

	2013	2012
	€ thousand	€ thousand
Software licences	11,598	12,455
Software as a service/cloud	1,988	1,916
Software total	13,586	14,371
Maintenance	15,269	14,649
Consulting	3,433	3,807
Third-party development	731	576
	33,019	33,403

	2013	2012
	€ thousand	€ thousand
Germany	30,798	31,210
Other countries	2,221	2,193
	33,019	33,403

2. Significant income from other accounting periods

	2013	2012
	€ thousand	€ thousand
Income from the reversal of provisions	30	202
Income from the receipt of receivables written off (including change of specific provisions for bad debts)	26	90
Other income from other accounting periods	63	60
	119	352

3. Significant income from other accounting periods

	2013	2012
	€ thousand	€ thousand
Bad debts including additions to provisions for bad debts	82	64
Tax expense prior years	182	0
Other expenses from other accounting periods	0	1
	264	65

4. Unscheduled depreciation of financial assets

	2013	2012
	€ thousand	€ thousand
Due to expected permanent impairment	308	0

5. Total benefits of the Executive Board and Supervisory Board

	2013	2012
	€ thousand	€ thousand
Current members of the Executive Board		
- For the activity in the financial year		
- Share-based remuneration	110	0
- Other remuneration	447	364
	557	364
- Other benefits granted in the financial year, which had not been recognised in any previous annual financial statements	110	74
	667	438
Former members of the Executive Board		
- Retirement benefits	24	23
Supervisory Board		
- For the activity in the financial year	84	71
	775	532

Within the framework of the share-based remuneration plan that was instituted in the reporting period, 25,000 share options were issued to the Executive Board in the financial year 2013. The fair value per option amounted to € 4.40 at the time of the issue. The share-based remuneration granted in the reporting year thus totalled € 110 thousand.

The above disclosures do not include the total benefits of Mr Thomas Wolf, Chairman of the Executive Board, as his remuneration is paid by RIB Limited, Hong Kong.

E. Development of assets

	Acquisition or manufacturing costs				Depreciation/amortisation				Residual carrying amounts	
	As of 01.01.2013	Additions Reclassifications (R)	Disposals Reclassifications (R)	As of 31.12.2013	As of 01.01.2013	Additions	Disposals	As of 31.12.2013	As of 31.12.2013	As of 31.12.2012
	€	€	€	€	€	€	€	€	€	€
I. Intangible assets										
1. Commercial and industrial property rights and similar rights and assets as well as licences to such acquired for a consideration	4,883,682.24	7,306.73	370,172.68	4,520,816.29	4,621,077.18	126,695.72	370,172.68	4,377,600.22	143,216.07	262,605.06
2. Goodwill	20,678,914.32	0.00	0.00	20,678,914.32	13,785,942.90	1,378,594.28	0.00	15,164,537.18	5,514,377.14	6,892,971.42
	25,562,596.56	7,306.73	370,172.68	25,199,730.61	18,407,020.08	1,505,290.00	370,172.68	19,542,137.40	5,657,593.21	7,155,576.48
II. Property, plant and equipment										
Furniture, fixtures and fittings	292,572.81	53,245.75	130,082.12	215,736.44	206,852.78	49,594.68	130,082.12	126,365.34	89,371.10	85,720.03
III. Financial assets										
1. Interests in affiliated companies	44,083,633.42	9,636,692.77 1,058,063.75 (R)	0.00	54,778,389.94	0.00	308,063.75	0.00	308,063.75	54,470,326.19	44,083,633.42
2. Shareholdings	1,058,063.75	0.00	1,058,063.75 (R)	0.00	0.00	0.00	0.00	0.00	0.00	1,058,063.75
	45,141,697.17	9,636,692.77 1,058,063.75 (R)	1,058,063.75 (R)	54,778,389.94	0.00	308,063.75	0.00	308,063.75	54,470,326.19	45,141,697.17
T o t a l	70,996,866.54	9,697,245.25 1,058,063.75 (R)	500,254.80 1,058,063.75 (R)	80,193,856.99	18,613,872.86	1,862,948.43	500,254.80	19,976,566.49	60,217,290.50	52,382,993.68

F. Breakdown of liabilities

	Balance sheet value		Residual term up to one year	
	31.12.2013	31.12.2012	31.12.2013	31.12.2012
	€ thousand	€ thousand	€ thousand	€ thousand
Liabilities				
1. Trade liabilities	284	503	284	503
2. Liabilities due to affiliated companies	594	838	594	838
3. Other liabilities	371	130	371	130
Total	1,249	1,471	1,249	1,471

G. Other disclosures

1. Employee

	Annual average 2013	2012
Employees	27	28

2. Executive Board

Members of the Company's Executive Board in the financial year 2013:

Mr Thomas Wolf, CEO
Responsible for strategy, international shareholdings and investor relations

Mr Michael Sauer, CFO
Responsible for finance, M&A, marketing and sales Germany

Dr Hans-Peter Sanio, CTO
Responsible for research, development and outsourcing

3. Supervisory Board

Members of the Company's Supervisory Board in the financial year 2013:

Ms Dipl.-Hist. Sandy Möser
Managing Director of Mühl 24 GmbH
(Chairwoman of the Supervisory Board)

Dr Matthias Rumpelhardt
Director of Dacapo 2 GmbH
(Vice-Chairman of the Supervisory Board)

Mr Klaus Hirschle
Head of Sales and Marketing Home & Garden USA, Canada and Americas,
Alfred-Kärcher GmbH & Co. KG

Mr Eran Davidson
Director Hasso Plattner Ventures GmbH
(until 4 June 2013)

Mr Keith Chau Kwok Keung
CFO of Comtec Solar Systems Group Ltd.
(until 4 June 2013)

Mr Barrie David Sheers
Vice President APJ, Quest Software Inc.
(until 4 June 2013)

Prof Martin Fischer
Professor of Civil and Environmental Engineering at
Stanford University, California, USA
(since 4 June 2013)

Mr Hans-Peter Lützow
Independent lawyer
(since 4 June 2013)

Prof Dr Achim Preiß
Professor of Architectural History at the Faculty of
Design, Bauhaus University Weimar, Germany
(since 4 June 2013)

Memberships in other supervisory boards and other supervisory bodies:

Mr Eran Davidson is a member of the supervisory boards of the following companies:
- Smeet Communications GmbH, Berlin, Germany
- D-Labs GmbH, Potsdam, Germany
- Kenesto Corp., Massachusetts, USA
- BrightView Systems Ltd., Petach-Tikva, Israel
- Uwe Braun GmbH, Potsdam, Germany
- Venetus Beteiligungen AG, Berlin, Germany

Dr Matthias Rumpelhardt is a member of the Supervisory Board of MBB Industries AG, Berlin, Germany.

Prof Martin Fischer is the Chairman of the Supervisory Board of sfirion AG, Munich, Germany.

4. Related party transactions

Under contracts dated 10 October 2013, RIB AG acquired a further 50.04% of the shares in RIB Asia Ltd., thereafter holding all the shares in this company. The sellers of the shares were the Chairman of the Executive Board of RIB Software AG, Mr Thomas Wolf, as well as two companies in which Mr Thomas Wolf or related parties hold majority interests. A total of € 850 thousand were paid as the purchase price for the acquired shares.

In the financial year 2013, no other major transactions were conducted with related parties as defined in Section 285 no. 21 of the German Commercial Code (HGB).

5. Disclosures on the Corporate Governance Code

The Executive Board and the Supervisory Board have issued the declaration of conformity pursuant to Section 161 of the German Stock Corporation Act (AktG) for the financial year 2013. The declaration can be accessed in the Investor Relations section on the website of RIB AG.

6. Notifications according to the German Securities Trading Act (WpHG)

UBS Global Asset Management (Deutschland) GmbH, Frankfurt/Main, Germany, notified us pursuant to Section 21 (1) of the German Securities Trading Act (WpHG) that its share of voting rights in our Company exceeded the threshold of 5% on 20 February 2013 and amounts to 5.10%.

Prof Dr Hasso Plattner, Germany, notified us pursuant to Section 21 (1) of the German Securities Trading Act (WpHG) that his share of voting rights in our Company fell under the threshold of 3% on 28 February 2013 and amounts to 0.00%.

Hasso Plattner Ventures Management GmbH, Potsdam, Germany, notified us pursuant to Section 21 (1) of the German Securities Trading Act (WpHG) that its share of voting rights in our Company fell under the threshold of 3% on 28 February 2013 and amounts to 0.00%.

Hasso Plattner Ventures II GmbH & Co. KG, Potsdam, Germany, notified us pursuant to Section 21 (1) of the German Securities Trading Act (WpHG) that its share of voting rights in our Company fell under the threshold of 3% on 28 February 2013 and amounts to 0.00%.

FIL Investments International, Hildenborough, UK, notified us pursuant to Section 21 (1) of the German Securities Trading Act (WpHG) that its share of voting rights in our Company fell under the threshold of 3% on 21 March 2013 and amounts to 2.88%. Of this share, 2.88% are attributable to FIL Investments International pursuant to Section 22 (1) sentence 1 no. 6 of the German Securities Trading Act (WpHG).

FIL Holdings Limited, Hildenborough, UK, notified us pursuant to Section 21 (1) of the German Securities Trading Act (WpHG) that its share of voting rights in our Company fell under the threshold of 3% on 21 March 2013 and amounts to 2.88%. Of this share, 2.88% are attributable to FIL Holdings Limited pursuant to Section 22 (1) sentence 1 no. 6 of the German Securities Trading Act (WpHG).

FIL Limited, Hamilton, Bermuda, notified us pursuant to Section 21 (1) of the German Securities Trading Act (WpHG) that its share of voting rights in our Company fell under the threshold of 3% on 21 March 2013 and amounts to 2.88%. Of this share, 2.88% are attributable to FIL Limited pursuant to Section 22 (1) sentence 1 no. 6 of the German Securities Trading Act (WpHG).

UBS Global Asset Management (Deutschland) GmbH, Frankfurt/Main, Germany, notified us pursuant to Section 21 (1) of the German Securities Trading Act (WpHG) that its share of voting rights in our Company fell under the threshold of 5% on 2 September 2013 and amounts to 4.99%.

Based on the notifications we received pursuant to the German Securities Trading Act (WpHG), the shares of voting rights in our Company are as follows:

Company/person	Date of publication	Share of voting rights reached	Date of the change	Threshold exceeded/fallen under
Fidelity Funds Sicav	05.07.2011	3.02%	24.06.2011	3%
FIL Holdings Limited	21.03.2013	2.88%	21.03.2013	3%
FIL Investment Management Limited	14.02.2011	4.90%	08.02.2011	3%
FIL Investments International	21.03.2013	2.88%	21.03.2013	3%
FIL Limited	21.03.2013	2.88%	21.03.2013	3%
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	01.03.2013	0%	28.02.2013	3%
Hasso Plattner Ventures II GmbH & Co. KG	01.03.2013	0%	28.02.2013	3%
Hasso Plattner Ventures Management GmbH	04.03.2013	0%	28.02.2013	3%
Gisa Sander	11.02.2011	3.47%	07.02.2011	3%
Hans-Joachim Sander	16.03.2011	5.21%	14.03.2011	5%
SAP AG	11.02.2011	5.34%	07.02.2011	5%
Schroder Administration Ltd.	21.03.2012	3.005%	20.03.2012	3%
Schroder Investment Management Ltd.	21.03.2012	3.005%	20.03.2012	3%
Schroders Plc.	21.03.2012	3.005%	20.03.2012	3%
UBS AG	08.06.2012	2.52%	02.06.2012	3%
UBS Global Asset Management (Deutschland) GmbH	03.09.2013	4.99%	02.09.2013	5%
Thomas Wolf	14.03.2011	30.12%	10.03.2011	30%

Stuttgart, 18 March 2014

RIB Software AG
The Executive Board

Thomas Wolf Michael Sauer Dr Hans-Peter Sanio

Consolidated Group Management Report and Management Report for the Financial Year 2013

A. Business and general environment

A.1. Summary

The RIB Group operates highly successfully worldwide in the software market for construction, plant engineering and infrastructure management. The parent company RIB Software AG (hereinafter referred to as “RIB AG”) is registered in Stuttgart, Germany. RIB AG has subsidiaries in Germany, Europe, the USA, Australia and Asia. The core activities of the RIB Group comprise the development and sale of software, the provision of consulting and training services for implementation projects and professional services. 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 income in an integrated, model-based approach over the entire lifecycle of the project.

With over 20,000 customers worldwide in the Software Licences and Maintenance segment, we are one of the leading providers of corporate software. Our customers in this segment include construction groups, the public sector, architects, engineering companies and large industrial and plant engineering companies.

In the Software as a Service/Cloud segment, more than 80,000 craftsman’s businesses and medium-sized construction companies are already using our online contract award service iTWOtx. In addition, we offer our customers a collaboration project management platform for communicating with all project participants on the basis of an industry-specific Internet forum with iTWOcx.

In the Professional Services segment, we offer our customers value engineering services for planning large projects in addition to implementation and consulting services in connection with the introduction of new software.

Our research and development activities are organised on a decentralised basis. The RIB Group has development locations in Stuttgart, Atlanta, Memphis, Sydney and Guangzhou. The lead development of the German version of iTWO 5D is undertaken by RIB AG. For this purpose, the company uses development capacities of RIB Information Technologies AG and a Chinese subsidiary. RIB Limited, Hong Kong, develops the international versions of iTWO 5D and uses the development capacities of a Chinese subsidiary for this purpose.

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. International sales is organised under the umbrella of RIB Limited, Hong Kong via subsidiaries in Asia, India, Australia, the Middle East and the USA.

A.2. Business development and position of the RIB Group

A.2.1. Market conditions

Our target groups continue to be highly interested in digital planning and management processes. Many industrial countries of the world now have government initiatives that make it mandatory, or will in the new future make it mandatory, to use model-based ways of working for government construction projects. Our RIB iTWO 5D product 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.

Although these conditions favour us, our target groups’ willingness to invest nonetheless also depends on the general economic environment and the development of the industry in our target segments. In this context, the general conditions in 2013 were still shaped by the financial and economic crisis. Due to the unsolved debt crisis, especially in Europe and the USA, the willingness to invest of our target groups remains restrained.

A.2.2. Business development

The demand for our core product, iTWO 5D, continued to strengthen, which is reflected in the increase in sales in the German mass market as well as in the increase in Phase II orders in the key account division. In addition, the revenues in the Cloud/Software as a Service segment increased significantly by 139.3% to € 6.7 million and accounted for 29.1% of total software sales (prior year: 16.4%). This development is in line with the emerging future market demand in which web-based use is gaining ever greater importance, besides the traditional software licensing model.

The increase in demand in the Cloud and SaaS Software segments as well as the significant increase in international revenue – the foreign shares in sales is now 41.2% (prior year: 20.3%) – laid the foundation for highly stable global growth in 2013. As a result, our dependency on the German market was significantly reduced.

A.2.3. Key performance indicators of RIB AG

EBITDA [1], adjusted by currency effects, of € 10.1 million was at the prior year's level although revenues of € 33.0 million were slightly above that of the prior year by € 0.4 million (€ 33.4 million). The net profit for the year in 2013 amounted to € 7.0 million, compared to € 5.5 million in 2012. The cash flow from operating activities increased by 12.4% to € 10.0 million (prior year: € 8.9 million).

[1] In 2013 the currency losses amounted to € 1,170 thousand; in 2012 the currency losses amounted to € 44 thousand.

A.2.4. Key performance indicators of the RIB Group

Group revenues went up 45.4% to € 57.0 million (prior year: € 39.2 million). Operating EBITDA [2] grew by 20.9% to € 18.5 million (prior year: € 15.3 million). Consolidated net profit for the year [3], adjusted by currency effects, increased by 7.4% and for the first time exceeded the 10 million mark with € 10.1 million (prior year: € 9.4 million).

[2] Operating EBITDA = EBITDA (in € thousand) adjusted by currency effects (2013: Currency losses € 1,495 thousand; 2012: Currency losses € 818 thousand) and by special effects: 2013: + 1,805; 2012: +1,520 (in € thousand) [Re-classifications (2013: 0; 2012:+1,819), PP allocation (2013: +1,825; 2012: 0) and acquisition costs (2013: -20; 2012: -299)].

[3] Consolidated net profit for the year, adjusted by currency effects after taxes.

A.3. Key events in the reporting period

A.3.1. Acquisition of shares in Cosinus Informationssysteme GmbH, Freiburg

The RIB Group acquired the majority shareholding in Cosinus Informationssysteme GmbH (hereinafter referred to as RIB Cosinus) in the reporting period. RIB Cosinus, with registered offices in Freiburg and branches in Mannheim and Lucerne is one of the major German Microsoft Navision system companies. RIB Cosinus has developed and successfully launched a finance, HR, purchasing and logistics solution for building suppliers and the secondary construction trades on the basis of Microsoft Navision. Now, the solution will be fully integrated in the iTWO 5D end-to-end platform technology as an iTWO finance component. For the first time, it will thus be possible to use the model-oriented 5D approach in ERP processes. For economic details of these interests, please refer to the respective information in the Notes to the Consolidated Financial Statements.

A.3.2. Capital increase at Guangzhou TWO Information Technology Company Limited, Guangzhou, People's Republic of China (hereinafter referred to as "GZ TWO")

On 22 January 2013, the cash capital increase of € 4.1 million decided by the sole shareholder RIB AG on 3 December 2012 was paid and used for a loan repayment.

A.3.3. Acquisition of shares in MAC International Company Limited, Hong Kong, People's Republic of China

With contracts dated 26 June 2013, RIB AG acquired 50% of the shares in MAC International Company Limited (hereinafter referred to as MAC International). The purchase price of € 1.4 million was paid by means of transferring 300,000 treasury shares and valued at the share price as of the date of the transfer.

The remaining 50% of the shares in MAC International are held by RIB Asia. With contracts dated 10 October 2013, RIB AG acquired a further 50.04% of the shares in RIB Asia, thereafter holding all the shares in this company. The purchase price of € 0.85 million was paid in the reporting period.

The objective of these share acquisitions is to reposition the e-commerce platform operated by the MAC Group in the market and integrate it fully into the RIB Group. RIB customers should in future directly interact with the MAC platform from iTWO 5D and purchase materials from the web fully integrated in the iTWO 5D process. With its strong market position, the RIB Group in Germany should, in this way, achieve greater market penetration for the MAC platform in Germany in the medium term.

A.3.4. Acquisition and utilisation of treasury shares

RIB Software AG acquired 1,673,203 treasury shares at a cost of a total of € 7,313 thousand. By resolution of the General Meeting of 24 May 2012, the company is authorised to purchase treasury shares representing up to 10% of the share capital until 23 May 2017 and to use them under exclusion of the subscription right of the shareholders for these. According to the resolution of the General Meeting, 300,000 treasury shares were used for the acquisition of company shares.

A.4. Management system

A.4.1. Corporate management

The corporate management of the RIB Group takes place on the basis of a corporate strategy coordinated between the Executive Board and the Supervisory Board. This strategy comprises the features of the product portfolio and target markets and target groups, as well as the medium-term revenue and earnings expectations.

Based on the strategic goals, concrete quantitative and qualitative requirements are derived for the development and sale of our products and broken down to the profit centre level of the operational Group companies. The coordination of the consolidated annual planning takes place in a separate meeting together with the Supervisory Board.

The monitoring and management of the business goals and of the Group companies takes place during the year on the basis of indicators and detailed reporting on the revenue, cost and earnings position.

The main revenue indicators used at Group, company and profit centre level are the Licence revenues, the Software as a Service/Cloud revenues, and the Maintenance revenues, each broken down by segments, regions and target groups. The main cost indicators used at Group, company and profit centre level are the manufacturing costs of the services performed in order to generate the revenues and the research and development costs, each broken down by segments. The main earnings indicator used at Group, company and profit centre level is the operating EBITDA, adjusted by currency effects, and the consolidated net profit for the year. At the segment level we also use the segment earnings, which do not include figures such as the distribution costs, however.

We use further indicators to manage and monitor our profit centres in the Sales, Development and Professional Services departments. These are derived from the key indicators and are compared with quantity and quality targets based on our strategic business goals.

A.4.2. Sales management

Detailed market and target group analyses form the basis of the sales management, both in the national and in the international sales areas. Based on the defined sales strategies for the individual markets, annual, quarterly and monthly plans are prepared for the defined market and target group segments. A distinction is made between sales processes in the key account, mid-size and mass market areas and within the areas between activities for new customers and existing customers.

Potential and existing customers are managed in a central CRM system that creates the needed transparency at all company levels. For each sales segment and sales area, the company management has access to all historical data as well as to the agreed annual, quarterly and monthly targets, enabling a permanent target/as-is comparison. Apart from the achieved revenues, the offer forecast and the individual sales activities are also managed. For the key account sales, the CRM system contains documented sales processes that provide detailed information on the current status of the current sales processes, the planned next steps and the target data for contract negotiations and conclusions.

Clear signature and approval regulations for offers, contracts and orders ensure that the company's defined sales and price strategies are observed and documented. All sales employees have material performance-based income components that secure the company's short, medium and long-term goals.

A.4.3. Development management

The RIB Group involves its large national and international customers in the elaboration of functional concepts for new software solutions. Together with the customers, specifications are prepared for the existing market requirements in which the functionality to be achieved and the derived development goals are clearly described. In this way, the RIB Group is able to determine the time and resources required for the development of new software solutions in a needs-oriented manner. The software projects that can be rolled out with the available development resources and that promise the greatest market potential are coordinated within the scope of the annual business planning. If not all planned projects can be rolled out, the costs for additional development resources and any additional technical equipment that may be needed are either budgeted and included in the business plan or projects with low revenue potential are not approved for rollout or are postponed. Through these measures, the RIB Group ensures that adequate technical, financial and other resources are available in order to complete the development.

The RIB Group uses professional electronic planning and monitoring systems for the monitoring and management of the development projects. The development work performed is allocated to the individual projects on the basis of man-days. The RIB Group is thus able to perform a reliable valuation of the intangible assets during the development phase. The accumulated costs of the development units are recorded on the respective cost centres.

A.5. Research and development

The RIB Group currently employs approximately 220 employees in its research and development centres (prior year: 230).

Due to our strong revenue growth, the R&D ratio of approximately 22% is slightly lower compared to the prior year (prior year: 27%) and is thus still above average. We capitalise expenses for the development of new software, provided we are able to furnish evidence especially of the technical viability and marketability of the intangible asset. The capitalisation ratio was 59.6% (prior year: 61.1%) in the reporting period. The intangible asset is amortised on a straight-line basis over the software's estimated economic useful life of five or 10 years starting from the beginning of the commercial sale. The amortisation of development projects amounted to € 3.4 million (prior year: € 3.4 million) in the reporting period.

A.5.1. Further development of iTWO

iTWO, the world's first fully integrated software solution for digital planning and construction was again expanded considerably in 2013. On the one hand, this involves the possibility of processing the bidding and tender process for construction services via the web-based iTWOtx platform, and, on the other hand, the further development and consolidation of country-specific versions to an international standard. Regionally or technically different construction processes can now be reflected in this platform on the basis of a uniform, multinational database by configuration in the same installation. Besides the different languages that can be set in the programme interface, content can now also be reflected multiregionally, taking various currencies, units and norms into account. In addition, the platform supports a multi-client, cross-project database with historical project data from various application areas of a company. On this basis, various evaluation options were created, both with desktop-oriented reporting tools as well as with mobile apps, e.g. for the Apple iPad.

A.5.2. New product: iTWOcivil

An additional focal point in the reporting period was the iTWOcivil project. The objective of the project is to create a successor product for our STRATIS software. Beyond the primary components for the qualification of infrastructure data for the iTWO process, which were already implemented in the prior year with iTWOinfra, iTWOcivil offers full integration of CAD processing in civil engineering and roadway construction in the iTWO ecosystem. The integration of CAD and ERP processes required in civil engineering and roadway construction will now be met with iTWOcivil and iTWOinfra.

A.5.3. New product: iTWO finance

We started adding Microsoft Dynamics NAV components to the iTWO 5D platform in the reporting period. For the first time, project-related 5D processes and corporate processes will be combined. As of the second quarter 2014 we will position the Microsoft Dynamics NAV components (with the addition of construction-specific expansions) as iTWO finance together with iTWO 5D as an end-to-end corporate solution in the German market.

A.5.4. New iTWO cloud components

With iTWOrun, we will also have a new software solution for the typical processes of subcontractors as from the third quarter 2014, which, as a 100% web-based solution, also represents the technical basis for our new iTWO 5D cloud components. The service-oriented iTWO 5D cloud framework, which we developed in recent years on the basis of Microsoft C# and SQL Server technology, constitutes the technical fundament for this development. Using the iTWO 5D cloud platform, 5D software services are to be offered both in private clouds of large customers and in a public cloud for small and medium-sized customers. The access to the iTWO 5D cloud platform is to be enabled via the Internet and in local networks. Apart from stationary computers, the platform will also support mobile clients. An independent development team was set up in the reporting period for the further development of the new iTWO 5D cloud components.

B. Earnings, financial and assets position of the RIB Group

B.1. Results of operations

Total revenue increases by 45.4% to € 57 million

Total revenue increased by 45.4% from € 39.2 million to € 57.0 million. Revenues from software and Software as a Service/Cloud increased by 34.1% from € 17.0 million to € 22.8 million. This includes software licence revenues in the amount of € 16.2 million compared to € 14.2 million in 2012 (+14.1%) as well as the revenues in the Software as a Service/Cloud segment, which increased by 139.3% to € 6.7 million (prior year: € 2.8 million). Earnings from services, based on annual contracts, grew by 17.2% to € 19.1 million (prior year: €16.3 million).

In the Professional Services segment, revenue increased 155.9% to € 15.1 million (prior year: € 5.9 million), especially due to the initial consolidation of RIB US Cost Incorporated, Atlanta, Georgia, USA (hereinafter referred to as RIB US Cost).

International revenue surges 193.8% from € 8.0 million to € 23.5 million

With a revenue increase of 193.8% to € 23.5 million (prior year: € 8.0 million), the international area could be greatly expanded in 2013 and now accounts for 41.2% of the total revenue (prior year: 20.3%), comprising the following regions:

- EMEA (Europe, Middle East and Africa): € 4.5 million (prior year: € 2.1 million).
- APAC (Asia Pacific) : € 4.9 million (prior year: € 3.2 million).
- North America : € 14.0 million (prior year: € 2.7 million).

The increase in the North America region is primarily due to the first-time full consolidation of the US subsidiary RIB US Cost. In the German market, revenue increased by 7.4% to € 33.5 million (prior year: € 31.2 million).

Phase II Contracts with iTWO 5D increase by 60% – mass market increases by 51.4%

Key accounts (national and international major customers) continued to show positive growth in 2013 due to the 60% increase in the number of Phase II contracts and the first Phase III contract with a result of € 5.3 million, i.e. 29.3% higher than the prior year (€ 4.1 million). iTWO 5D revenues in the mass market in Germany continued to show satisfying growth and rose by 51.4% to € 5.6 million (prior year: € 3.7 million).

Gross profits remains over 60%

In 2013, gross profit again exceeded 60% with 62.0% (prior year: 68.8%). The decline is due in particular to the strong increase in sales in Professional Services.

Other operating income totalled € 2.8 million, slightly less than in the prior year (€ 3.2 million). Sales and marketing expenses increased relatively moderately in relation to the increase in sales by 45.4% from € 9.5 million to € 12.3 million. Administrative expenses rose from € 3.3 million to € 5.4 million (63.6%), in particular due to the first-time full consolidation of the acquired companies.

R&D expenses (not capitalised) rose by 21.4 % to € 5.1 million (prior year: € 4.2 million). Taking the capitalisation of internally developed software into consideration, R&D expenses amounted to € 12.5 million, € 1.7 million above that of the prior year (prior year: € 10.8 million).

Other operating expenses increased by € 0.7 million to € 2.0 million (previous year: € 1.3 million), which was primarily due to an increase in foreign currency expenses from cash and cash equivalents to € 1.1 million (prior year: € 0.3 million).

Operating EBITDA increases 20.9%, operating EBITDA margin 33%

Operating EBITDA grew by 20.9% to € 18.5 million (previous year: € 15.3 million). The financial result including the share of profit and losses of associates came to € -0.4 million, lower than the prior year's figure of € 0.5 million by € 0.9 million. This item includes expenses from the transition consolidation of former associates in the amount of € -0.4 million (prior year: € 0.0 million).

Operating EBIT [4] grew by 17.0% to € 13.1 million (previous year: € 11.2 million).

Consolidated net profit for the year, adjusted by currency effects, increased by 7.4% and for the first time exceeded the 10 million mark with € 10.1 million (prior year: € 9.4 million).

[4] Operating EBIT = EBIT adjusted by special effects.

Sales and EBIT growth in all segments

Sales and EBIT developed positively in all three segments of the RIB Group. Sales in the License/ Software segment grew by 15.7% to € 35.3 million (prior year: € 30.5 million) and the segment EBIT increased correspondingly by 16% to € 23.9 million (prior year: € 20.6 million). In the Software as a Service / Cloud segment, the pleasing development of the prior year continued in 2013. Revenue increased by 139.3% to € 6.7 million (prior year: € 2.8 million) with EBIT even increasing by 144.4% to € 4.4 million (prior year: € 1.8 million). The Professional Services segment generated growth in revenue of 155.9% with € 15.1 million (prior year: € 5.9 million) with a simultaneous significant increase in EBIT of 400.0% to € 2.0 million (prior year: € 0.4 million).

It is particularly noteworthy that the EBIT share in the total segment EBIT in the Software as a Service/ Cloud segment increased from 7.9% to 14.5% with an increase in the EBIT margin from 64% to 66%. The share of revenue of the Professional Services segment in the total segment revenue increased from 15% to 26.4% with a simultaneous EBIT margin improvement from 6% to 13%.

B.2. Financial position

Capital structure

The capital structure of RIB AG continues to be characterised by a very high equity ratio of 80.2 % of the balance sheet total. In the reporting period, RIB Software AG acquired 1,673,203 treasury shares (prior year: 43,562) to the value of € 7.3 million and transferred 300,000 shares as a purchase price payment for the acquisition of 50% of the shares in MAC International.

Investments

In 2013, significant investments were made in Research & Development in the amount of € 7.5 million, which due to the capitalisation of self-created software and through the increase in other intangible assets offset against the scheduled amortisation in the amount of € 3.4 million, represent an amount of € 4.0 million to € 32.4 million (prior year: € 28.7 million)

Without the cash paid and received for the maturity and sale of securities, net cash flows used in investing activities came to € -10.0 million (prior year: € -22.3 million). Most of the payments made concerned the purchase of the acquired companies (offset against the cash and cash equivalents obtained) in the amount of € -1.5 million and the payments for intangible assets, mainly for capitalised internally developed software in the amount of € -7.5 million (prior year: € -6.7 million).

Liquidity

Cash flow from operating activities increases to € 16.4 million (+17.1%)

Net cash flow from operating activities has risen by 17.1% to € 16.4 million (previous year: € 14.0 million). Net cash flows used in financing activities amounted to € -12.9 million (previous year: € -8.6 million) resulting from the dividend payment in the amount of € 5.3 million and the acquisition of treasury shares in the amount of € 7.5 million.

Concerning the principles and goals of the Group's financial management, please refer to the Notes to the Consolidated Financial Statements, Section 45.

B.3. Net assets

In 2013, the net assets of € 177.9 million remained almost the same as the previous year (prior year: € 181.5 million). Goodwill increased € 0.7 million to € 38.2 million (prior year: € 37.5 million) and accounts for 21.5% of the balance sheet total.. This reflects the acquisitions made in 2013 in 2012.

Other intangible assets increased € 3.7 million to € 32.4 million (prior year: € 28.7 million). The item mainly includes internally developed software amounting to € 25.6 million (prior year: € 21.6 million), followed by customer relationships amounting to € 4.9 million (prior year: € 4.3 million) and purchased software amounting to € 1.9 million (prior year: € 2.9 million). The increase of the internally developed software by € 4.0 million is the result of the capitalisation during the reporting period (€ 7.5 million) less amortisation (€ 3.4 million). The customer relationships increased by € 1.5 million mainly due to the initial consolidation of the acquired companies.

The carrying amount of the investment properties (EOC II) rose from € 4.8 million to € 5.0 million due to investments made in the expansion. Trade receivables increased from € 9.4 million to € 10.2 million due to significant increases in revenue in the last month of the reporting period.

The portfolio of fixed-interest securities fell from € 39.8 million to € 3.8 million in accordance with the end maturities. The balance of cash and cash equivalents increased correspondingly from € 49.3 million to € 78.4 million in 2013. The securities are all low-risk government and corporate bonds.

The balance of cash and cash equivalents and freely available securities totalled € 82.1 million, compared to € 89.1 million in the prior year.

Equity totalled € 142.7 million (prior year: € 148.4 million). At 80.2%, the equity ratio remained at a very high level (prior year: 81.8%). Non-current liabilities remained almost at the previous year’s level with € 22.1 million (prior year: € 22.2 million). Current liabilities amounted to € 13.1 million, compared to € 11.0 million in the prior year.

B.4. Non-financial performance indicators

To us, successful entrepren€ial action means ensuring and retaining a close and cooperative partnership between our employees and customers on a long-term basis. Only in this way can our employees develop and successfully sell market-oriented solutions and implement these for our customers. We thereby create added value for our customers, employees and shareholders and secure the sustainable economic success of the RIB Group.

Most of our employees are highly qualified academics whose qualification profiles are aligned to our business activities, for example engineers, computer scientists and business administrators. On the basis of our considerable innovative, economic and financial strength, we can offer them jobs which are interesting and are secure in the long term. We offer flexible working hours, variable target-oriented remuneration structures and internal training programmes. These benefits vary from region to region and are based on the actual requirements. For example, 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 through our subsidiary RIB Limited.

Our range of customers includes all partners involved in construction projects, from investors, 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 on a long-term basis, we not only cooperate closely with customers, but are also involved in various sponsored research projects and maintain close contact with universities and innovative industry initiatives, such as the 5D Initiative of the ENCORD Group (http://www.5d-initiative.eu/), which aim at actively promoting model-based planning and construction in the building industry.

C. Earnings, financial and assets position of RIB Software AG

C.1. Results of operations

Operating EBITDA at prior year's level

Despite a slight decrease in revenue of -1.2% to € 33.0 million (prior year: € 33.4 million), operating EBITDA remained at the prior year's level with € 10.1 million (prior year € 10.1 million). The operating EBITDA margin again increased slightly with 30.6% compared to the prior year (30.2%).

A Phase II contract gained in 2012 in the amount of € 1.6 million was compensated for at 50% in 2013 by smaller Phase II contracts. Software revenues (licences and cloud) amounted to € 13.6 million, € 0.8 million less than in the prior year (€ 14.4 million).

Total revenue with iTWO 5D increased by 40.9% to € 15.5 million (prior year: € 11.0 million) and accounts for 47% of total revenue (prior year: 32.9%).

Consulting income of € 3.4 million was € 0.4 million lower than in the prior year (€ 3.8 million). Income from services, in contrast, increased by € 0.7 million to € 15.3 million (prior year: € 14.6 million) with the result that total revenue only decreased slightly by € 0.4 million.

The financial result amounted to € 2.6 million (prior year: € -0.1 million) and, besides income from associates in the amount of € 2.9 million (prior year: € 0.0 million), in particular includes interest income in the amount of € 0.7 million (prior year: € 1.4 million) and write-downs on current securities in the amount of € -0.6 million (prior year: € -1.4 million). In addition the recognition of the interest in RIB Asia was adjusted in the amount of € 0.3 million.

The net profit for the year amounted to € 7.0 million, 27.3% more than in the prior year (€ 5.5 million).

Retained earnings in 2013 of € 5.6 million include expenses from the acquisition of treasury shares. The result is that despite the significant increase in the net profit for the year, the retained earnings available for dividends amounts to € 2.6 million, significantly less than the amount of the prior year (€ 5.6 million).

C.2. Financial position

The capital structure of RIB AG is characterised by a very high equity ratio of 94.5% (prior year: 94.8%) of the balance sheet total. The balance sheet total declined from € 132.9 million to € 128.9 million. Liquid funds and freely available securities amounted to € 61.2 million (prior year: € 69.9 million). Financial assets increased by € 10.4 million from € 44.1 million to € 54.5 million. The reason for this, was, on the one hand, the capital increase for GZ TWO (€ 4.1 million), the acquisition of 80% of the shares in RIB Cosinus (€ 3.2 million) as well as the topping up of shares to 100% in MAC International and RIB Asia (€ 2.3 million).

Due to scheduled amortisation, intangible assets fell from € 7.2 million to € 5.7 million.

Cash flow from operating activities up 12.4% to € 10.0 million

The cash flow from operating activities increased by 12.4% to € 10.0 million (prior year: € 8.9 million).

Without the cash received and paid for the sale and purchase of securities, net cash flows used in investing activities came to € -4.1 million (prior year: € -29.5 million). This amount includes € -8.2 million in payments made for investments in financial assets and € +4.1 million from payments received from financial assets in the context of short-term financial management.

Net cash flows used in financing activities amounted to € -12.8 million (prior year: € -3.1 million) resulting from the acquisition of treasury shares in the amount of € -7.5 million and the dividend payment to our shareholders in the amount of € -5.3 million.

Cash and cash equivalents came to € 57.7 million as of the end of the reporting period (prior year: € 31.1 million). This item includes € 52.7 million in cash and bank balances (prior year: € 26.1 million) and € 5.0 million in cash and cash equivalents (prior year € 5.0 million). The significant increase in cash and cash equivalents is mainly due to the cash inflow from the sale of securities offset against the payments made for the capital increase for GZ TWO, the acquisition of RIB Cosinus and the acquisition of a further 50% of the shares in RIB Asia.

C.3. Net assets

Equity ratio of 94.5% continues to be very high (prior year 94.8%)

The balance sheet total amounted to € 128.9 million (prior year: € 132.9 million), a year-on-year decline of 3%.

Equity totalled € 121.8 million (prior year: € 126.0 million) and declined by 3.3% compared to the prior year primarily due to the share buybacks/sales (€ -4.7 million) and the dividend payment (€ -5.3 million) offset against the net profit for the year in the amount of € +7.0 million. The equity ratio of 94.5% is at the level of the prior year (94.8%). Goodwill declined to € 5.5 million due to scheduled amortisation (prior year: € 6.9 million).

The company has hidden reserves in the form of non-capitalised, internally created software.

The shares in affiliated companies increased to € 54.5 million (prior year: € 44.1 million). The difference of € 10.4 million is a result of the capital increase for GZ TWO, the acquisition of the shares in RIB Cosinus and the acquisition of additional shares in RIB Asia and MAC International.

On the balance sheet date, trade receivables dropped € 0.5 million to € 3.8 million (prior year: € 4.3 million). The average DSO in 2013 was 34.8 days (prior year: 38.6 days).

Securities holdings reduced by € 35.3 million to € 8.5 million (prior year: € 43.8 million). With the proceeds from the sale and/or repayment of the securities on maturity in the amount of € 34.7 million and the cash inflows from operating activities offset against the payments made for investment, the acquisition of treasury shares and the dividend payment, cash and cash equivalents increased from € 31.1 million by € 26.6 million to € 57.7 million in the reporting period.

D. General statement on the business performance and position of the RIB Group and RIB AG

The management of the RIB Group assumes that RIB AG and the companies in the RIB Group are excellently positioned in the market with their range of solutions and services based on their high innovative, economic and financial strength. The market position of the RIB Group developed positively in particular in the sales regions outside of Germany. The business with Software as a Service / Cloud also developed very well. In this segment, the RIB Group is taking a leading position in its target groups with its new iTWO Cloud components. With a high level of liquid funds, the RIB Group has financial reserves which can be used for further growth.

E. Subsequent events

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

F. Takeover-related information and explanatory report

F.1. Disclosures on the capital of RIB AG

The share capital of RIB AG amounts to € 38,715,420.00. The capital stock is divided into 38,715,420 ordinary shares with a par value of € 1.00 each. The shares are registered shares. Each share grants one vote and has the same rights and obligations. The right of shareholders to the securitisation of their shares and to any profit-sharing and renewal coupons is excluded.

In the reporting period, the company took over 1,673,203 treasury shares (prior year: 43,562) and used 300,000 shares as a purchase price payment for the acquisition of 50% of the shares in MAC International. As of the balance sheet date, this gives the company 1,416,765 shares for which it does not have any voting rights in accordance with Section 71b of the German Stock Corporation Act (AktG). Apart from this, 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 who hold interests in the capital.

As far as we are aware, based on the notifications we have received pursuant to the German Securities Trading Act (WpHG), only Mr Thomas Wolf, Hong Kong, held direct or indirect interests in the capital that exceeded 10% of the voting rights as of the reporting date.

Pursuant to Section 160 (1) of the German Stock Corporation Act (AktG), interests in the capital that exceed 10% of voting rights are disclosed in section G.6. “Disclosures According to the German Securities Trading Act” of the Notes to the Annual Financial Statements of RIB AG.

By resolution of the General Meeting of 20 May 2011 and 4 June 2013, the Executive Board is authorised, subject to the approval of the Supervisory Board, to increase the share capital of RIB AG until 19 May 2016 once or several times by up to € 19,357,710.00 by issuing up to 19,357,710 new registered shares of a par value of € 1.00 per share against cash and/or in-kind contributions.

The new shares must be offered to the shareholders for subscription, though they may also be acquired by banks on condition that they offer them to the shareholders for subscription. However, the Executive Board is authorised, subject to the approval of the Supervisory Board, to exclude the shareholders’ legal subscription right

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

(2) in order to acquire companies, operations or interests in companies or other capital assets, including receivables, in return for the transfer of shares, where this is suitable;

(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 10 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 RIB AG of the same category as defined in Sections 203 (1) and (2), 186 (3) sentence 4 of the German Stock Corporation Act (AktG).

The portion of the share capital that is attributable to the new shares for which the subscription right pursuant to subsections (1) to (3) above is excluded may not exceed a total of 20 percent of the share capital of RIB AG both at the time when this authorisation enters into force and at the time when it is exercised. Other than this, the Executive Board decides on the issue of new shares, the scope of the share rights and the conditions of the share issue, subject to the approval of the Supervisory Board. The Supervisory Board is authorised to adapt the wording of the Articles of Association according to the extent of the capital increase from the authorised capital.

The share capital of the company has been conditionally increased by up to € 1,548,616 by issue of up to 1,548,616 new registered shares of a par value of € 1.00 per share. The conditional capital increase will only be carried out to the extent that holders of the subscription rights issued make use of their right to purchase shares of the company and the company does not grant any treasury shares to fulfil the subscription rights, whereby only the Supervisory Board is responsible for granting and processing subscription rights to members of the Executive Board. The shares are issued from the conditional capital at the exercise price determined as the issue price in accordance with the resolutions of the General Meeting of 20 May 2011 and 4 June 2013. The new shares carry dividend rights from the beginning of the financial year in which they arise through the exercise of subscription rights. From the share option plan 2011 / 2013, 82,300 share options settled in equity instruments and 15,500 phantom shares settled in cash were granted for the first time on 5 December 2013.

By resolution of the General Meeting of 24 May 2012, the company is authorised to purchase treasury shares representing up to 10% of the share capital until 23 May 2017 and to use them under exclusion of the subscription right of the shareholders for these.

The details are specified in the resolution proposal announced under agenda item 7 in the German Federal Gazette dated 12 April 2012.

F.2. Disclosures on the appointment or dismissal of Executive Board members and amendments to the Articles of Association

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

Amendments to the Articles of Association are subject to the statutory regulations (Sections 119 (1) no. 5, 133, 179 (1) and (2) of the German Stock Corporation Act (AktG)). According to Article 11 of the Articles of Association, the Supervisory Board is authorised to adopt amendments to the Articles of Association that merely concern the wording.

G. Corporate governance declaration

G.1. Declaration pursuant to Section 161 of the German Stock Corporation Act (AktG)

The Executive Board and Supervisory Board recently issued the following declaration of conformity:

The Board of Directors and the Supervisory Board of RIB Software AG declare that the recommendations of the “Government Commission on the German Cor-porate Governance Code” (German Corporate Governance Code – GCGC) as amended 15 May 2012 (published in the Federal Gazette on 15 June 2012) have been complied with since the issuance of the previous declaration of compliance, and, as amended 13 May 2013 (published in the Federal Gazette on 10 June 2013) will be complied with in the future, in each case with the following exceptions:

1. Section 3.8 GCGC: The D&O insurance for the Supervisory Board does not include a deductible. In the opinion of the Board of Directors and Supervisory Board, the agreement of a voluntary deductible is neither suitable nor necessary in order to ensure that the members of the Supervisory Board duly perform the duties incumbent upon them.

2. Section 4.2.3 para. 2 GCGC: The variable remuneration for the Board of Directors does not reflect potential negative developments in such a way that the income might also be subject to real losses. This does not appear necessary in view of the Board's compensation structure in order to ensure that the Board of Directors does not take any undue risks when managing the company.

   To the extent members of the Board of Directors receive share options as a variable component of their remuneration, such component is limited with respect to the number of options but not according to amount. Since the ex-ercisability and the value of the options depend on the achievement of am-bitious performance targets, a maximum limit according to amount would run contrary to the purpose of this remuneration component to provide a special performance incentive.

   Section 4.2.3 para. 4 GCGC: The management contracts do not provide for a severance cap in the event of early termination. Such an arrangement does not appear necessary in addition to the statutory provisions applicable in cases of early termination in order to protect the interests of the company and its shareholders.

3. Section 4.2.5 GCGC: The remuneration of the Board of Directors is disclosed in accordance with the statutory provisions. More comprehensive disclosure in a remuneration report, which outlines or itemises the remuneration system for Board members and the nature of any fringe benefits provided by the company in a manner that goes beyond the statutory requirements does not appear necessary to satisfy the justified information interest of the shareholders and investors to the due extent.

4. Section 5.1.2 GCGC: The Supervisory Board has not fixed an age limit for Board members. Setting an age limit is not in the interests of the company and its shareholders, since there is no compelling connection between a Board member's age and his performance.

5. Section 5.4.1 paras. 2 and 3 GCGC: The Supervisory Board does not specify concrete goals for its composition and does not publish them and the status of their implementation in the Corporate Governance report. The Supervisory Board is of the opinion that in its composition, due attention should be paid in particular to the company-specific situation, the company's international activity, potential conflicts of interest, diversity and an adequate involvement of women and shall also bear this in mind in its proposals to the responsible electoral bodies. However, the Supervisory Board should in each case be optimally staffed. The specification of concrete goals for its composition would appear neither suitable nor expedient to achieve this.

   Section 5.4.1 para. 4 GCGC: The Supervisory Board does not disclose the personal and business relations of each candidate with the enterprise, the bodies of the company and any shareholder having a significant share in the company when making its election proposals. The recommendation of the Code implies more than merely insignificant legal risks; hence, to comply with it, is not in the interest of the company.

6. Section 5.4.6 para. 1 GCGC: According to the formerly applicable remuneration policy, the deputy chair-man of the Supervisory Board was not treated separately. This seemed, at that time, appropriate, since the deputy chairman only takes on special du-ties in the event that the chairman is unavailable. Since coming into effect of the remuneration policy resolved upon by the ordinary general meeting 2013, the recommendation to treat the deputy chairman of the Supervisory Board separately for remuneration purposes is complied with.

G.2. Disclosures on corporate governance practices

The trust of our business partners and shareholders in our company and our image are directly affected by the conduct of our employees 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 complete fulfilment of the positive expectations associated with the RIB brand.

In order to provide our employees with guidance in fulfilling these criteria, we have drawn up our Code of Conduct that is binding on every employee of our company worldwide. It is designed to help them to successfully deal with the legal and ethical challenges they encounter in their day-to-day work, to provide guidance and to promote confidence in the efficiency and integrity of our company. We expect our executives 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 Executive Board and of the Supervisory Board

The corporate governance of RIB AG as a listed German stock corporation is determined by the German Stock Corporation Act (AktG) and the company's Articles of Association. On the basis of the statutorily prescribed dual management system, under which the Executive Board and Supervisory Board as management bodies are strictly separated in terms of membership and have separate duties and areas of competence, the Executive Board and the Supervisory Board closely and trustingly cooperate with each other in the direction and supervision of the company.

RIB AG is managed according to the corporate strategy agreed between the Executive Board 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 business goals and are harmonised in an annual planning process at profit centre level with the affiliates. 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 parameters for RIB AG are the revenue per product line and the operating earnings of the individual profit centres.

G.3.1. Principles of the cooperation of the Executive Board and the Supervisory Board

G.3.1.1. Rules of procedure of the Executive Board

The rules of procedure of the Executive Board of RIB AG essentially govern the basis of the management, the cooperation with the Supervisory Board, especially the transactions that are subject to approval and the cooperation within the Executive Board. The company's Executive Board consists of one or several persons. The number of Executive Board members is determined by the Supervisory Board. Executive Board resolutions are adopted with the simple majority of the Executive Board members. In the event of a tie, the Chairman has a decisive vote, provided that this is permissible by law. The company is legally represented by two members of the Executive Board or by one member of the Executive Board together with an authorised signatory. If the Executive Board consists of only one person, this person represents the company alone. The Supervisory Board may grant individual members of the Executive Board the right to represent the company alone. The members of the Executive Board can be exempted from the restrictions of Section 181, 2nd alternative of the German Civil Code (BGB). The Supervisory Board may appoint one of the members of the Executive Board as Chairman of the Executive Board and another member as Vice-Chairman. The Chairman is responsible for the coordination in the Executive Board and shall ensure the uniform focus of the Executive Board on the defined goals.

G.3.1.2. Rules of procedure of the Supervisory Board

The rules of the procedure of the Supervisory Board of RIB AG mainly regulate the mode of operation of the committee. They are not bound by any orders and instructions. The Supervisory Board meetings are convened by the Chairman. The Chairman determines the order of discussion of the agenda items and the type and order of the votes. If no Supervisory Board member objects, resolutions can be adopted in writing, by fax, phone or telegraph. As a matter of principle, resolutions of the Supervisory Board require the majority of the votes cast, unless other majorities are prescribed by law. In the event of a tie, the Chairman's vote, or, if the Chairman does not participate in the resolution process, the Vice-Chairman's vote is decisive. The Supervisory Board has quorum if all members have been duly invited at the last known address and half of its members participate in the resolution process. At any rate, at least three of its members (including the Chairman or, if the Chairman does not participate, the Vice-Chairman) must participate in the resolution process.

According to the rules of procedure of the Supervisory Board, the Supervisory Board shall form a nomination and remuneration committee, an audit committee and, if necessary, additional committees according to the specific circumstances of the company. The office term of the committee members corresponds to their office term as members of the Supervisory Board, unless a shorter office term has been determined upon election by the Supervisory Board. The respective committee elects a committee member as chairman of the committee and another member as vice-chairman, unless the law or the rules of procedure of the committee provide otherwise. The committees have quorum when all members participate in the resolution process. Quorum is also on hand if one or several members participate in the resolution process by telephone or video conference. The meetings of the committees are convened in writing by the particular chairman subject to observation of a period of notice of two weeks. In urgent cases the period of notice can be shortened and the convocation be made by telephone. At least one meeting shall be held in every financial year. Currently the committees have the following members:

Remuneration and nomination committee

- Sandy Möser (Chairwoman)
- Klaus Hirschle
- Dr Matthias Rumpelhardt

Audit committee

- Dr Matthias Rumpelhardt (Chairman)
- Klaus Hirschle
- Sandy Möser

H. Remuneration report

H.1 Remuneration report of the Supervisory Board

By resolution of the General Meeting of June 2013 regarding agenda item 6, the composition of the Supervisory Board was changed. In addition, by resolution regarding agenda item 8, the Articles of Association of RIB AG with respect to the remuneration of the Supervisory Board were amended. However, the following disclosures are provided on the remuneration of the Supervisory Board.

Period up to 4 June 2013

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 that the committee has met at least once in the financial 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 belong to the Supervisory Board or one of its committees for only part of the financial year receive the remuneration in proportion to the duration of their membership to the entire financial year.

Period after 4 June 2013

The Supervisory Board members receive an annual fixed remuneration (Remuneration 1). The chairman of the Supervisory Board receives double this amount and the Vice-Chairman one and a half times this remuneration. The members of a Supervisory Board committee also receive an annual supplementary remuneration (Remuneration 2), provided that the committee has met at least once in the financial year. Chairmanship of a committee is remunerated at one and a half times the aforementioned amount. Members of the Supervisory Board who belong to the Supervisory Board or one of its committees for only part of the financial year receive the remuneration in proportion to the duration of their membership to the entire financial year.

The remuneration for the Supervisory Board is comprised of the following:

2013 (figures in € thousands)	Remuneration 1	Remuneration 2	Total remuneration
Sandy Möser	18.5	5.0	23.5
Dr. Matthias Rumpelhardt	13.1	5.0	18.1
Klaus Hirschle	10.9	1.1	12.0
Eran Davidson (up to 4 June 2013)	0.0	0.0	0.0
Keith Chau Kwok Keung (up to 4 June 2013)	4.4	0.8	5.2
Barrie David Sheers (up to 4 June 2013)	4.4	0.8	5.2
Hans-Peter Lützow (from 4 June 2013)	6.6	0.0	6.6
Prof. Martin Fischer (from 4 June 2013)	6.6	0.0	6.6
Prof. Dr. Achim Preiß (from 4 June 2013)	6.6	0.0	6.6
Total remuneration	71.1	12.7	83.8

2012 (figures in € thousands)	Remuneration 1	Remuneration 2	Total remuneration
Sandy Möser	15.5	5.0	20.5
Dr. Matthias Rumpelhardt	10.3	5.0	15.3
Klaus Hirschle	10.3	0.0	10.3
Eran Davidson	0.0	0.0	0.0
Keith Chau Kwok Keung	10.3	2.0	12.3
Barrie David Sheers	10.3	2.0	12.3
Total remuneration	56.7	14.0	70.7

H.2 Remuneration report of the Executive Board

The remuneration of the Executive Board of the parent company comprises a fixed (Remuneration 1), a performance-based element (Remuneration 2) and a share-based portion (Remuneration 3). The fixed element includes the basic salary and other taxable salary components such as a company car. The performance-based element depends on the achievement of targets. These targets have both short-term as well as medium-term components. The amount of the performance-based element is based on the operating EBITDA of the RIB Group, the development of group revenue, the use of iTWO 5D by reference customers, the conclusion of acquisitions and the development of the share price.

The short-term targets are calculated after submission of the audited consolidated financial statements for the respective financial year. The target profit shares are added on reaching several targets. The long term targets are calculated after submission of the audited consolidated financial statements for the individual financial years in a 3-year period, for the first time after submission of the consolidated financial statements for financial year 2015.

With respect to the structure of the share-based remuneration program started in financial year 2013, we refer to the explanations in Section C.5 of the Notes to the annual financial statements of RIB AG and Section 30 of the Notes to the consolidated financial statements. In the scope of this program, the members of the Executive Board were offered subscription rights in accordance with the conditions of the share option plan 2011/2013, which were taken up by all the members of the Executive Board.

The remuneration of the Executive Board is composed as follows:

2013 (figures in € thousands)	Remuneration 1	Remuneration 2	Remuneration 3	Total remuneration
Thomas Wolf [5]	324.0	128.0	66.0	518.0
Dr Hans-Peter Sanio	146.8	62.0	44.0	252.8
Michael Sauer	219.7	128.0	66.0	413.7
Total remuneration	690.5	318.0	176.0	1,184.5

2012 (figures in € thousands)	Remuneration 1	Remuneration 2	Remuneration 3	Total remuneration
Thomas Wolf [5]	324.0	50.0	0.0	374.0
Dr Hans-Peter Sanio	145.0	24.0	0.0	169.0
Michael Sauer	218.9	50.0	0.0	268.9
Total remuneration	687.9	124.0	0.0	811.9

The share-based remuneration of the Executive Board is detailed as follows:

	Thomas Wolf [5]	Dr Hans-Peter Sanio	Michael Sauer
Options granted in the reporting period (units)	15,000	10,000	15,000
Options outstanding at the end of the reporting period (units)	15,000	10,000	15,000
Share in the recognised total cost of the share-based remuneration (€ thousand)	1.2	0.8	1.2

[5] Mr Thomas Wolf receives his remuneration from RIB Limited, Hong Kong.

I. Forecast, opportunity and risk report

I.1. Target achievement of the forecasts for financial year 2013

Despite the continuing uncertainties as a result of the financial market crisis and the continuing unresolved debt crisis in Europe and the United States, the RIB Group expected positive underlying conditions on the whole for financial year 2013 due to the further market penetration with iTWO (nine additional Phase II contracts were planned) and the acquisitions undertaken in 2012.

Against this background, revenue growth higher than 30% compared to the prior year was forecast for financial year 2013. This target was clearly exceeded with revenue growth of 45.4%.

Of the nine Phase II contracts forecast, seven were achieved. In addition, a Phase III contract was concluded, which, with a total volume of more than US$ 5 million corresponds to ten times the volume of an average Phase II contract.

In accordance with our forecast, in 2013 we focused on developing our existing and new international iTWO customers into reference customers and have built up further resources as required in the areas of development and consulting. Our goal was to invest in gaining a high level of customer satisfaction even if this were at the cost of our result. If things develop as planned, we expected a consolidated net profit for the year in the range of € 7 million to € 13 million. Despite very high currency losses of € 1.5 million, we nevertheless achieved a consolidated net profit for the year of € 9.1 million and thus closed financial year 2013 in the middle range of our forecast.

I.2. Forecast report for financial year 2014

In 2014, we expect the demand for 5D technologies and Cloud software in the construction industry to continue to grow. We therefore expect significant revenue growth due to the further market penetration with iTWO 5D and iTWO Cloud and due to the services to be provided in connection with the introduction of software in customer projects. As the market launch for the new iTWO Cloud components planned for 2014 will only occur in the third and fourth quarter, we expect a growth rate of more than 25% in the Software as a Service/Cloud segment. In the reporting period, we generated more than 100% revenue growth through the acquisition of CADX. In the business with software licenses, our goal is to reach 14 Phase II contracts. USA and Australia gain particular importance as regions in that we expect the first Phase II contracts there after the completion of the localised iTWO versions.

In the area of Research & Development we placed our development focal points on iTWO Cloud. In this area we made new appointments, which resulted in an increase in the development costs in the Group by around € 0.9 million in 2014. The costs for the services for generating the revenues will increase in proportion to the revenue growth.

Against this background, and assuming the same underlying conditions in the market as in 2013, we are planning an approximate 25% revenue growth and 16% growth in the operating EBITDA for the RIB Group. For RIB AG, we are planning revenue and an operating EBITDA at the prior year's level.

I.3. Opportunities report

The RIB Group anticipates good opportunities for positive business performance and expanding its market position as a leading supplier of integrated ERP solutions by continuing with internationalisation measures and further systematic acquisitions. Furthermore, the RIB Group's growth in existing and new products is to be increased effectively by means of new products, especially RIB iTWO for model-based planning and construction and our new cloud platforms. In this area, we have identified the following focal points:

Migration of existing customers to RIB iTWO. The migration of our existing ARRIBA customers to iTWO 5D still offers great potential in Germany, Austria and Switzerland. Based on the fact that RIB iTWO 5D offers the full functionality of ARRIBA and enables the use of 5D construction models, the RIB Group expects to be able to migrate most of the ARRIBA customers to RIB iTWO 5D in the next few years.

International expansion. The RIB Group plans to strengthen its existing international business relationships and expand into further foreign markets as one of its major strategic goals. The RIB Group continues to pursue a key account strategy that focuses on gaining mainly large construction companies, general contractors, investors and consultants from the Top 1000 of the respective target groups as customers. This could mean that many subcontractors and smaller service providers also decide to introduce the software of the RIB Group to ensure smooth cooperation with the large companies which are their business partners.

Innovation. The RIB Group has state-of-the-art and highly innovative software solutions, especially for technical and business processes in construction and plant engineering. With the existing en-to-end corporate solution, iTWO 5D, and with our new cloud software solutions, we have a comprehensive and modern solution offer in our product portfolio, which effectively meets the current technology trends of 5D and cloud computing.

Strategic acquisitions. The RIB Group 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 Group's software as the standard in additional markets. Our goals for 2014 are, amongst others, to integrate the companies acquired in the last two years within the Group, and to gain large customer contracts for iTWO 5D via these companies in particular in the USA, Australia and in Germany, Austria and Switzerland.

I.4. Risk report

I.4.1. Risk management and internal control system

The RIB Group operates 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 Group's ability to achieve its corporate goals and fulfil its duties immediately or in the future.

The general responsibility for identifying risks at an early stage and taking any necessary countermeasures lies with the Executive Board. The senior management supports the Executive Board in performing this task.

The risk areas determined by the Executive Board are explained in detail in the following section. The individual risks identified in the respective risk areas are classified as follows within the scope of a quantitative and qualitative risk analysis.

Severity of loss	Amount of loss (€ thousand)	Probability of occurrence
Severe	>= 1.000	>= 90%
Significant	>= 250 and < 1.000	>= 65% and < 90%
Medium	>= 100 and < 250	>= 35% and < 65%
Minor	< 100	<35%

The functionality of our risk early warning system is regularly monitored. Existing risks are reported to the Executive Board on a quarterly basis in the form of cumulative risk overviews. The Executive Board and Supervisory Board discuss the risk situation of the company and the Group at regular intervals and continuously engage with the further development of the control and risk early warning system. Appropriate countermeasures have been taken, except in the case of risks that are deliberately taken.

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 Group. In particular, these are risks relating to inaccuracies and infringements, risks in the field of data collection and security, risks of deactivation of existing internal controls as well as the inappropriate assessment of facts and scopes of discretion.

The main regulations and measures for dealing with accounting-related risks comprise the clear assignment of responsibilities when preparing quarterly and annual financial statements, the implementation 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. Especially the revenue realisation process is strictly controlled right from the contract initiation phase. All customer contracts are subjected to an approval process. Deviations from standardised regulations must be approved in advance by the Executive Board of the parent company if defined threshold values are exceeded.

I.4.2. Overview of individual 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

Special segment-specific risks do not exist.

Sales risks

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

In 2013, 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 on this market with regard to the scope and completeness of our services. In other markets, there is still the 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 as yet be fully met. This could have a negative impact on the results of operations, financial position and net assets of the RIB Group.

The RIB Group'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 model-based approaches are expected to bring about major changes to key construction processes. It is possible that the industry will take longer than anticipated to migrate to these new technologies. This could have a negative impact on our future revenue and earnings position.

Development risks

The RIB Group is exposed to strong competition when it comes to development and market launch times. In order to hold onto its competitive edge, the RIB Group 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 RIB Group. This is associated with 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 as yet be fully met.

Highly qualified engineers and computer scientists are employed at the majority of the development companies working for the RIB Group. 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 recruited by competitors or setting up as competitors in markets of relevance for the RIB Group. This could lead to project and delivery delays and put contractual performance for customers at risk.

Financial risks

As a result of the successful IPO in 2011, the RIB Group has a high balance of liquid funds. These are invested in low-risk short and medium-term time deposits and fixed-income securities. A portion of the liquid assets and the securities listed on the reporting date exist or are listed in foreign currency. The associated risk of price changes is not hedged. Furthermore, price developments and conditions are permanently monitored.

In the field of receivables, we endeavour to avoid risk of default through active accounts receivable management.

The continuing financial crisis, especially the overindebtedness 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 funds, 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 assets situation.

For further information on the financial risk management and policy of the RIB Group, please refer to the corresponding explanations in the Notes to the Consolidated Financial Statements (Section 45).

Acquisition risks

Expansion is one of the RIB Group's core strategic goals. For this reason, 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 orientation 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

There are currently no cooperation risks of material significance for the further business development.

I.4.3. Summary of the risk situation

Various finance and risks have been reassessed and downgraded from "severe" or "significant" to "medium" based on changed revenue, changed interest rates and increased business in foreign currencies. Due to the reassessment of the risks, the quantifiable amount of loss has on the whole reduced compared to the last risk assessment.

There are currently no severe risks whose occurrence is probable or highly probable. Significant risks whose occurrence is probable or highly probable, as in the prior year, are posed by the need to make product adjustments as a result of changed legal framework conditions, new operating systems and server environments or due to individual requirements on a customer-by-customer basis. This may delay the completion of planned new software components.

The risks are continually updated, and the countermeasures continually checked. The countermeasures indicated in the risk reports were reviewed for adherence and implemented. Due to the minor changes compared to the previous version, the formal recording and summary of the risks was performed in late 2013 as planned. We currently do not see any risks that would endanger the company as a going concern.

Note on forecasts

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 RIB Group’ 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, many of them outside the control of the RIB Group, which affect our business, profits, business strategy and the results of the RIB Group. Due to these factors, the actual results, profits and performance of the RIB Group could differ materially from the forward-looking statements and any implicit or explicit statements on future results, profits or performance.

Stuttgart,18 March 2014

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

Declaration of the legal representatives

We hereby confirm that to the best of our knowledge, the interim consolidated financial statements give a true and fair view of the net assets, financial position and results of operations of the Group and the interim Group management report gives a true and fair view of the business performance, including the results of operations and the situation of the Group, and describes the main opportunities and risks and anticipated development of the Group in the remaining financial year, in accordance with the applicable framework for interim financial reporting.

Stuttgart, 18 March 2014

RIB Software AG

The Executive Board

Thomas Wolf	**Michael Sauer**	**Dr Hans-Peter Sanio**

Audit opinion

We have audited the consolidated financial statements prepared by RIB Software AG, Stuttgart, Germany, consisting of the statement of financial position, statement of comprehensive income, statement of changes in equity, statement of cash flows and notes as well as the group management report, which is combined with the management report of the parent company, for the financial year from 1 January 2013 to 31 December 2013. The preparation of the consolidated financial statements and the combined group management report in accordance with IFRS as adopted by the EU, and the additional requirements of German commercial law pursuant to Section 315a (1) of the German Commercial Code (HGB), is the responsibility of the company's legal representatives. Our responsibility is to submit an opinion on the consolidated financial statements and on the combined group management report on the basis of our 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 [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 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 (1) HGB and give a true and fair view of the net assets, 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.

Stuttgart, 18.03.2014

BW PARTNER
Bauer Schätz Hasenclever Partnerschaft
Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft

Philipp Hasenclever	Magnus M. Gill
Wirtschaftsprüfer	Wirtschaftsprüfer