Financial statements as of 31.12.2015

and management report

RIB Software AG

Stuttgart

CONVENIENCE TRANSLATION

Contents

Balance Sheet 31.12.2015
RIB Software AG

ASSETS

Figures in €	31. December 2015	31. December 2014
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	192,079.37	81,176.94
2. Goodwill	2,757,188.57	4,135,782.85
	2,949,267.94	4,216,959.79
II. Property, plant and equipment		
Furniture and fixtures	217,332.05	193,781.63
III. Financial assets		
1. Investments in affiliated companies	99,008,668.38	93,850,343.88
2. Interests in companies	12,450.00	0.00
	99,021,118.38	93,850,343.88
	102,187,718.37	**98,261,085.30**
B. Current assets		
I. Receivables and other assets		
1. Trade receivables	6,361,713.43	3,394,256.31
2. Receivables from affiliated companies	1,687,819.24	3,439,016.57
3. Other assets	58,452.94	66,010.52
	8,107,985.61	6,899,283.40
II. Securities		
Other securities	4,997,027.80	4,997,027.80
III. Cash on hand Bank balances	137,971,680.45	93,215,400.30
	151,076,693.86	**105,111,711.50**
C. Prepaid expenses	**544,366.35**	**584,628.24**
	253,808,778.58	**203,957,425.04**

	Figures in €	31. December 2015	31. December 2014
A.	**Equity**		
	I. Issued capital		
	1. Subscribed capital - conditional capital: € 1,548,616.00	46,845,657.00	43,466,961.00
	2. Less nominal amount of treasury shares	-1,093,167.00	-1,257,453.00
		45,752,490.00	42,209,508.00
	II. Capital reserves	184,121,364.10	137,173,751.04
	III. Retained earnings		
	Legal reserves	47,588.47	47,588.47
	IV. Retained earnings	12,310,542.10	10,460,937.18
		242,231,984.67	**189,891,784.69**
B.	**Provisions**		
	1. Pension provisions	2,423,638.00	2,347,196.00
	2. Provisions for taxation	3,654,115.00	4,293,600.00
	3. Other provisions	942,100.00	948,690.00
		7,019,853.00	**7,589,486.00**
C.	**Liabilities**		
	1. Trade payables	486,887.84	427,267.72
	2. Liabilities to affiliated companies	238,318.64	1,614,521.74
	3. Other liabilities	3,382,374.43	4,055,946.29
	- of taxes: € 2,728,835.29 (prior year: € 1,392,707.07)		
	- of which social security liabilities: € 5,376.28 (prior year: € 6,395.86)		
		4,107,580.91	**6,097,735.75**
D.	**Prepaid expenses**	**449,360.00**	**378,418.60**
		253,808,778.58	**203,957,425.04**

Income Statement for the Financial Statement 2015, RIB Software AG

	Figures in €		2015	2014
1.	Revenues		38,770,816.94	39,976,535.69
2.	Other operating income		7,197,429.10	7,047,798.29
	- of which from currency translation: (prior year:	€ 4,239,179.85 € 4,277,762.34)		
3.	Material costs			
	a) Expenses for goods		-1,579,321.83	-1,284,748.90
	b) Expenses for services purchased		-10,403,362.14	-11,100,041.09
			-11,982,683.97	-12,384,789.99
4.	Personnel expenses			
	a) Wages and salaries		-2,283,316.11	-2,066,763.09
	b) Social security and pension costs		-427,387.41	-300,284.05
	- Of which for pension schemes: (prior year:	€ -151,675.26 € -34,472.13)		
			-2,710,703.52	-2,367,047.14
5.	Amortisation of intangible non-current assets and depreciation on property, plant and equipment		-1,564,990.10	-1,552,405.54
6.	Other operating expenses		-17,654,161.21	-15,897,555.81
	- of which from currency translation: (prior year:	€ -78,947.08 € -119.22)		
7.	Income from investments		265,730.13	20,538.60
	- of which from affiliated companies (prior year:	€ 265,730.13 € 20,538.60)		
8.	Other interest and similar income		194,256.60	210,454.32
	- from affiliated companies (prior year:	€ 161,948.40 € 123,598.64)		
9.	Depreciation of current assets		-100,000.00	-251,185.80
10.	Interest and similar expenses		-105,078.98	-220,647.64
	- of which write-ups (prior year:	€ -105,078.98 € -115,658.64)		
11.	**Net income from ordinary business activities**		**12,310,614.99**	**14,581,694.98**
12.	Income tax expense		-4,255,152.09	-5,048,972.46
13.	Other taxes		-3,475.82	-2,126.00
14.	**Net profit for the year**		**8,051,987.08**	**9,530,596.52**
15.	Profit carried forward from the prior year		3,707,415.90	391,866.10
16.	Income from the sale of treasury shares		551,139.12	538,474.56
17.	**Retained earnings**		**12,310,542.10**	**10,460,937.18**

Notes for the 2015 Financial Year

RIB Software AG, Stuttgart

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 the 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.

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

The Company purchases software development services from domestic and foreign subsidiaries. If, in individual cases, the purchased services relate to software products owned by other Group companies, the amounts charged for these are passed on to the respective companies. Up to and including 2014, these transactions were recognised in the income statement of RIB AG under the revenue and cost of materials item (2014: EUR 502 thousand). For a more clear presentation of the results of operations, the income and expenses relating to the purchase and passing on of development services have been offset against each other since the reporting year. The amounts recognised in the income statement for the previous year were not adjusted.

C. Accounting and valuation principles

The **intangible assets** acquired 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. Goodwill is amortised on a scheduled basis over the prospective useful life.

The additions to **property, plant and equipment** are measured at the acquisition or manufacturing cost. Movable assets are depreciated on a scheduled, 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 between € 150.00 and € 1,000.00 are entered in a collective 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 an appropriate interest rate in terms of risk and maturity.

Securities are measured at their acquisition cost or lower fair value.

Cash and cash equivalents are presented at their nominal value.

The **assets side reports 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 by means of the projected unit credit method using the 2005 G mortality tables compiled by Prof Klaus Heubeck. In the measurement of the pension provisions, annual pension increases of 1.5% and an annual employee turnover rate of 2.5% are assumed. The pension provisions are generally discounted at the average market interest rate of the past seven financial years published by the Deutsche Bundesbank, which is based on an assumed residual term of 15 years. The interest rate is 3.94%.

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 of the 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 a foreign currency with a residual term of no more than one year are translated at the spot exchange rate on the closing date.

The Company instituted a **share-based remuneration plan**. 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 fair value of equity-based remuneration plans at the time of issue is determined by means of a Monte Carlo simulation and determines all the Company's personnel expenses 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. If this expense is attributed to the employees or management bodies of RIB AG subsidiaries, the expense is charged on to the respective company.

D. Explanatory notes on the balance sheet

1. Assets

The development of the individual asset items in the 2015 financial year is presented in a separate assets analysis which is attached as an appendix to these Notes.

The presented goodwill is the result of the merger of RIB Bausoftware GmbH, Stuttgart, Germany, with RIB AG in financial year 2003. The goodwill is written off over a period of 15 years. At the time of the merger, RIB Bausoftware GmbH held all the significant intangible assets of the RIB Group. Given 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 functional currency		Share in capital	Equity	Results of the financial year
			%	€ thousand	€ thousand
Germany					
iTWO Baufabrik 4.0 F&E GmbH, Stuttgart (formerly: RIB Sales International GmbH, Stuttgart)	EUR thousand	50	24.9	53	2
MAC Europe GmbH, Hungen 1)	EUR thousand	326	100.0	-24	-3
RIB Cosinus GmbH, Freiburg	EUR thousand	80	80.0	3,078	1,385
RIB Deutschland GmbH, Stuttgart	EUR thousand	154	100.0	978	288
RIB Engineering GmbH, Stuttgart	EUR thousand	110	100.0	470	-2
RIB Information Technologies AG, Stuttgart	EUR thousand	360	100.0	1,529	142
RIB Research & Development AG, Stuttgart	EUR thousand	50	100.0	44	-1
xTWO GmbH, Hungen	EUR thousand	125	75.0	1,697	-1,147
xTWOmarket GmbH, Hungen	EUR thousand	25	75.0	412	-113
Other countries					
3D Prodigy PTE Limited, Singapore 2)	SGD thousand	273	48.0	170	-7
Guangzhou RIB Software Company Limited, Guangzhou, People's Republic of China 2)	CNY thousand	847	100.0	163	38
Guangzhou TWO Consulting Company Limited, Guangzhou, People's Republic of China	CNY thousand	441	100.0	16	0
Guangzhou TWO Information Technology Company Limited,Guangzhou, People's Republic of China	CNY thousand	86,575	100.0	11,520	57
i-PBS Production Business Solution GmbH,Vienna, Austria 5)	EUR thousand	100	74.0	-558	-436
MAC International Company Limited, Hong Kong, People's Republic of China 3)	HKD thousand	50,000	100.0	3,924	-176
MAC (Guangdong) Industrial Company Limited, Foshan, People's Republic of China 1)	CNY thousand	10,567	100.0	936	-2
MAC II Limited, Hong Kong, People's Limited, Guangzhou, People's Republic of China 1)	HKD thousand	1	100.0	-1,600	-7
RIB A/S, Copenhagen, Denmark (formerly: Byggeweb A/S, Copenhagen,Denmark) 2)	DKK thousand	556	100.0	3,549	1,756

	Nominal capital in functional currency		Share in capital	Equity	Results of the financial year
			%	€ thousand	€ thousand
RIB Asia Ltd., Hong Kong, People's Republic of China	HKD thousand	26,000	100.0	2,432	-3
RIB Cosinus AG, Lucerne, Switzerland 4)	CHF thousand	100	100.0	395	101
RIB iTWO Software Inc., Manila, Philippines 2)	PHP thousand	226	100.0	-4	-8
RIB iTWO PTY Limited, Sydney, Australia 2)	AUD	0	0.0	0	163
RIB iTWO Software Private Ltd., Mumbai, India 2)	INR thousand	100	100.0	-100	74
RIB Limited, Hong Kong, People's Republic China	HKD thousand	700,000	100.0	66,032	-3,057
RIB Management Computer Controls, Incorporated, Memphis, USA 2)	USD	680	100.0	2,022	552
RIB PTE. Limited, Singapore 2)	SGD	1	100.0	12	44
RIB Software (Americas) Inc., Wilmington, USA 2)	USD	30	100.0	-70	243
RIB Software Pty Ltd., Sydney, Australia 2)	AUD thousand	6,259	100.0	2,901	180
RIB Software (UK) Limited, London, England 2)	GBP thousand	50	100.0	644	100
RIB stavebni Software s.r.o., Prague, Czech Republic	CZK thousand	1,000	100.0	113	71
RIB U.S. Cost Incorporated, Atlanta, USA 2)	USD thousand	46	100.0	2,276	255
RIB SAA Software Engineering GmbH, Vienna, Austria	EUR thousand	36	75.0	1,183	689
RIB Spain S.A., Madrid, Spain 2)	EUR thousand	181	100.0	3,236	822
TWO Hong Kong Limited, Hong Kong, People's Republic of China	HKD thousand	10	100.0	382	62
Williams International Group LLC, Dubai, United Arab Emirates 2)	AED thousand	3,673	100.0	601	9

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

2) Indirect shareholding via RIB Limited

3) Indirect shareholding of 50% via RIB Asia Ltd. and direct shareholding of 50%

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

5) Indirect shareholding via RIB SAA Software Engineering GmbH

3. Receivables and other assets

	As of 31 December 2015 € thousand	As of 31 December 2014 € thousand	Residual term more than one year 31 December 2015 € thousand	Residual term more than one year 31 December 2014 € thousand
Trade receivables	6,362	3,394	0	410
Receivables from affiliated companies	1,688	3,439	0	0
Other assets	58	66	0	0
	8,108	6,899	0	410

Receivables from affiliated companies include trade receivables of € 1,541 thousand (prior year: € 834 thousand).

Other assets include deferred interest receivables amounting to € 9 thousand (prior year: € 0 thousand).

4. Deferred tax

As in the prior year, deferred tax assets result from temporary differences between the commercial and tax bases of the pension provisions and the other provisions. Similarly to the preceding year, there were no deferred tax liabilities.

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 option to capitalise deferred tax assets was not exercised.

5. Equity

The **share capital** reported as of 31 December 2015 is divided into 46,845,657 registered par-value shares (ordinary shares) of € 1.00 each.

Authorised capital: By resolution of the Annual General Meeting of 10 June 2015, 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 € 21,733 thousand until 09 June 2020 by issuing new registered par-value shares against cash or in-kind contributions. 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.

Capital increases: The Executive Board made use of its aforementioned authorisation in the reporting year, and decided on 03/04 September 2015, with the approval of the Supervisory Board, to increase the share capital of the Company by € 3,379 thousand from € 43,467 thousand to € 46,846 thousand by issuing 3,378,696 new par-value registered shares with full profit participation from 01 January 2015. The shareholders' subscription right was precluded as per § 4 (4) sentence 3 no. 3 of the Articles of Association. The capital increase was entered in the commercial register on 07 September 2015.

Contingent capital - 2015 share option plan: By means of the resolution dated 10 June 2015, the Annual General Meeting resolved the 2015 share option plan and for this purpose, re-recognised the existing contingent capital in the amount of € 1,549 thousand. At the same time, the cancellation of the **2011/2013 share option plan** was decided.

The Executive Board is subsequently authorised to issue 1,548,616 subscription rights until 09 June 2020. The new shares will participate in profit from the beginning of the financial year in which the issue occurs. Insofar as members of the Executive Board are affected, the Supervisory Board alone was authorised accordingly. The contingent capital increase will only be carried out to the extent that holders of the subscription rights issued make use of their right to purchase company shares and the Company does not grant any treasury shares to fulfil the subscription rights.

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:

- in the period from 01 July 2015 to 30 June 2016, an amount of € 11.88
- in the period from 01 July 2016 to 30 June 2017, an amount of € 13.88
- in the period from 01 July 2017 to 30 June 2018, an amount of € 15.88
- in the period from 01 July 2018 to 30 June 2019, an amount of € 17.88
- in the period from 01 July 2019 to 30 June 2020, an amount of € 19.88

— in the period from 01 July 2020 to 30 June 2021, an amount of € 21.88
— in the period from 01 July 2021 to 30 June 2022, an amount of € 23.88
— in the period from 01 July 2022 to 30 June 2023, an amount of € 25.88
— in the period from 01 July 2023 to 30 June 2024, an amount of € 27.88

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 of 31 December 2015, a total of 470,714 share options were issued, which are to be settled by means of company shares. Of these, 31,800 subscription rights expire by termination of the employment relationship. Of the remaining subscription rights, 22,000 subscription rights were issued to employees of the Company, 200,000 subscription rights to members of the Company's Executive Board and 216,914 subscription rights to employees of subsidiaries.

Treasury shares: By resolution of the Annual General Meeting of 24 May 2012, the Executive Board of RIB AG is authorised pursuant to § 71 (1) no. 8 of the German Stock Corporation Act (AktG), with approval from the Supervisory Board, 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. This corresponds to an amount of 3,871,542 shares. The exercise may also be performed by Group companies or by third parties for its account or for their account under consideration of § 71d of the German Stock Corporation Act (AktG).

The Company's Executive Board was 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 Annual General Meeting.

The treasury shares on hand developed as follows in the 2015 financial year:

	Number of shares	Date of acquisition/ disposal	Pro rata share capital	Share in the share capital	Acquisition costs
	Number		€ thousand	%	€ thousand
Balance as of 01 January 2015	1,257,453		1,257	2.89	5,543
Disposals	164,286	July 2015	164	0.35	723
Balance as of 31 December 2015	1,093,167		1,093	2.33	4,820

In the 2015 financial year, 164,286 treasury shares with a par value of € 1.00 per share were used as part of the acquisition of 100% of the shares in Soft SA, Madrid, Spain. As of the date of the transfer, the price of the treasury shares transferred amounted to € 16.43 per share. This provided proceeds on disposal of € 2,700 thousand in total. The transfer of treasury shares in the reporting period resulted in an increase of net profit by € 551 thousand, which was recognised as 'income from the sale of treasury shares' (item 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	2,700
Cancellation of the open deduction of the par amount of the treasury shares from the subscribed capital	-164
Transfer of the amount exceeding the original purchase price to the capital reserve	-1,985
Increase of the net profit	551

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

	€ thousand
As of 31 December 2014	137,173
Allocation of premium from cash capital increase	44,768
Transfers from the sale of treasury shares	1,985
Transfers from the issue of share options	195
As of 31 December 2015	184,121

The capital reserve includes amounts pursuant to § 272 (2) no. 1 HGB in the amount of € 183,818 thousand. These relate to premiums from the issue of shares as well as differences as defined in § 272 (1b) sentence 3 HGB from the sale of treasury shares. The amount exceeding the capital reserve of € 303 thousand is a result of transfers in connection with the issue of option rights for the purchase of shares (§ 272 (2) no. 2 HGB).

6. Pension provisions

A former member of the Executive Board accounts for pension provisions amounting to € 238 thousand (prior year: € 308 thousand).

7. Other provisions

Other provisions mainly comprise personnel obligations (€ 432 thousand, previous year: € 428 thousand) and provisions for outstanding invoices (€ 105 thousand, previous year: € 138 thousand).

8. Liabilities

A breakdown of liabilities is displayed in a separate list of liabilities which is attached as an appendix to these Notes.

The liabilities due to affiliated companies contain trade payables amounting to € 591 thousand (prior year: € 1,571 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 cost-effective terms. 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 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 December 2015	31 December 2014
	€ thousand	€ thousand
Due within one year	8,433	8,574
Of which due to affiliated companies	8,433	8,574

10. Other financial liabilities

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

	31 December 2015 € thousand	31 December 2014 € thousand
Liabilities from rental and lease agreements	1,772	2,030
Order commitment from third-party services	225	98
Liabilities from company acquisitions	5,687	2,023
Payment commitments from reserve allocations	2,000	0
Other	516	576
	10,200	4,727
Of which due within one year	1,383	1,321
Of which due to affiliated companies	2,000	0

11. Contingent liabilities

As of the closing date, guarantee obligations amounted to a maximum of € 1,000 thousand. These relate to a conditional purchase price agreement as part of a company acquisition by RIB Limited, Hong Kong, People's Republic of China. We regard the probability of an availment of this guarantee as very low due to the financial position of the beneficiary; there are currently no indicators that we are aware of that may necessitate a different assessment.

E. Explanatory notes on the income statement

1. Revenue

	2015 € thousand	2014 € thousand
Software licences	15,009	18,049
Software as a service/cloud	2,252	2,335
Software total	17,261	20,384
Maintenance	16,800	15,707
Consulting	4,710	3,384
Third-party development	0	502
	38,771	39,977
Germany	36,017	37,305
Other countries	2,754	2,672
	38,771	39,977

2. Unscheduled depreciation of financial assets

	2015 € thousand	2014 € thousand
Due to expected permanent impairment	100	225

3. Auditor's fees

Information concerning the auditor's fee is omitted in compliance with § 285 No. 17 last clause of the German Commercial Code (HGB) as this information is mentioned in the consolidated financial statements of RIB AG.

4. Total remuneration of the Executive Board and Supervisory Board

	2015 € thousand	2014 € thousand
Current members of the Executive Board		
- For the activity in the financial year		
- Share-based remuneration	809	497
- Other remuneration	528	553
	1,337	1,050
- Other remuneration granted in the financial year, which had not been recognised in any previous annual financial statements	0	60
	1,337	1,110
Former members of the Executive Board		
- Retirement benefits	25	24
Supervisory Board		
- For the activity in the financial year	102	104
	1,464	1,238

Within the framework of the share-based remuneration plan, 60,000 share options were granted to the Executive Board in the 2015 financial year (previous year: 45,000). The fair value per option amounted to € 13.49 at the time of issue. the share-based remuneration paid during the year thus amounted to a total of € 809 thousand.

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

F. Other disclosures

1. Employees

	Annual average 2015	2014
Employees	30	30

2. Executive Board

Members of the Company's Executive Board in the 2015 financial year:

Mr Thomas Wolf
Responsible for strategy and international marketing and sales
(Chairman of the Executive Board)

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

Dr Hans-Peter Sanio
until 24 March 2015: Responsible for research, development and outsourcing
since 25 March 2015: Responsible for national and international business development

Mr Helmut Schmid (since 01 September 2015)
Responsible for research, development and technology strategy

3. Supervisory Board

Members of the Company's Supervisory Board in the 2015 financial year:

Ms Sandy Möser
Managing Director of Mühl 24 GmbH, Hungen,
Germany and Mühl24 Baubedarf GmbH,
Hungen, Germany
(Chairwoman of the Supervisory Board)

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

Mr Klaus Hirschle
Sales Director Consumer Channels,
Alfred Kärcher Vertriebs GmbH, Winnenden, Germany

Prof. Martin Fischer
Professor of Civil and Environmental Engineering
at Stanford University, California, USA

Mr Hans-Peter Lützow (until 07 April 2015)
independent attorney

Prof. Achim Preiß
Professor of Architectural History at the Faculty
of Design, Bauhaus University Weimar, Germany

Mr Steven Swant (since 10 June 2015)
Executive Vice President, administration and
finance at Georgia Institute of Technology,
Atlanta, USA

Memberships in other supervisory boards and other supervisory bodies:

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

4. Disclosures on the Corporate Governance Code

The Executive Board and the Supervisory Board have issued the declaration of conformity pursuant to § 161 of the German Stock Corporation Act (AktG) for financial year 2015. The declaration can be accessed in the Investor Relations section on the website of RIB AG.

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

Lagoda Investment Management LLC, New York, USA, notified us pursuant to § 21 (1) of the German Securities Trading Act (WpHG) that its share of voting rights in our Company exceeded the threshold of 3% on 04 November 2014 and amounts to 3.19%.

Credit Suisse AG, Zurich, Switzerland, notified us pursuant to § 21 (1) of the German Securities Trading Act (WpHG) that its share of voting rights in our Company fell below the threshold of 5% on 18 June 2015 and amounts to 3.29%.

Credit Suisse Group AG, Zurich, Switzerland, notified us pursuant to § 21 (1) of the German Securities Trading Act (WpHG) that its share of voting rights in our Company fell below the threshold of 5% on 18 June 2015 and amounts to 3.29%.

Threadneedle Asset Management Limited, London, United Kingdom, notified us pursuant to § 21 (1) of the German Securities Trading Act (WpHG) that its share of voting rights in our Company exceeded the threshold of 3% on 11 September 2015 and amounts to 3.13%.

TC Financing Limited, London, United Kingdom, notified us pursuant to § 21 (1) of the German Securities Trading Act (WpHG) that its share of voting rights in our Company exceeded the threshold of 3% on 11 September 2015 and amounts to 3.13%.

TAM UK Holdings Limited, London, United Kingdom, notified us pursuant to § 21 of the German Securities Trading Act (WpHG) that its share of voting rights in our Company exceeded the threshold of 3% on 11 September 2015 and amounts to 3.13%.

Threadneedle Asset Management Holdings SARL, Luxembourg, Luxembourg, notified us pursuant to § 21 (1) of the German Securities Trading Act (WpHG) that its share of voting rights in our Company exceeded the threshold of 3% on 11 September 2015 and amounts to 3.13%.

Threadneedle Holdings Limited, London, United Kingdom, notified us pursuant to § 21 of the German Securities Trading Act (WpHG) that its share of voting rights in our Company exceeded the threshold of 3% on 11 September 2015 and amounts to 3.13%.

Threadneedle Asset Management Holdings Limited, London, United Kingdom, notified us pursuant to § 21 of the German Securities Trading Act (WpHG) that its share of voting rights in our Company exceeded the threshold of 3% on 11 September 2015 and amounts to 3.13%.

Ameriprise International Holdings GmbH, Zug, Switzerland, notified us pursuant to § 21 (1) of the German Securities Trading Act (WpHG) that its share of voting rights in our Company exceeded the threshold of 3% on 11 September 2015 and amounts to 3.13%.

Ameriprise Financial Inc., Minneapolis, United States of America, notified us pursuant to § 21 (1) of the German Securities Trading Act (WpHG) that its share of voting rights in our Company exceeded the threshold of 3% on 11 September 2015 and amounts to 3.13%.

Mr Thomas Wolf, Singapore, notified us pursuant to § 21 (1) of the German Securities Trading Act (WpHG) that his share of voting rights in our Company fell below the threshold of 20% on 10 March 2015 and amounts to 19.34%.

Joh. Berenberg Gossler & Co. KG, Hamburg, Germany, notified us on 11 September 2015 pursuant to Section 21 (1) of the German Securities Trading Act (WpHG) that its share of voting rights in our Company fell below the threshold of 5% and 3% on 11 September 2015 and amounts to 0%.

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 disclosure	Share of voting rights reached	Date of the change	Threshold exceeded/fallen below
Gisa Sander	11 February 2011	3.47%	07 February 2011	3%
Henderson Global Investors (Holdings) Plc.	14 February 2011	4.047%	08 February 2011	3%
Henderson Global Investors Limited	14 February 2011	4.047%	08 February 2011	3%
Henderson Group Plc.	14 February 2011	4.047%	08 February 2011	3%
FIL Investment Management Limited	14 February 2011	4.90%	08 February 2011	3%
Hans-Joachim Sander	16 March 2011	5.21%	14 March 2011	5%
Fidelity Funds Sicav	05 July 2011	3.02%	24 June 2011	3%
UBS AG	08 June 2012	2.52%	02 June 2012	3%
FIL Holdings Limited	21 March 2013	2.88%	21 March 2013	3%
FIL Investments International	21 March 2013	2.88%	21 March 2013	3%
FIL Limited	21 March 2013	2.88%	21 March 2013	3%
RIB Software AG	13 February 2014	3.03%	12 July 2013	3%
SAP AG	26 March 2014	4.80%	25 March 2014	5%
UBS Global Asset Management (Deutschland) GmbH	15 April 2014	2.99%	10 April 2014	3%
Credit Suisse Fund Management S.A.	02 June 2014	3.030%	27 May 2014	3%
Capital Research and Management Company	26 June 2014	5.19%	21 March 2014	3%; 5%
The Capital Group Companies	26 June 2014	5.19%	21 March 2014	3%; 5%
SMALLCAP World Fund Inc.	17 July 2014	6.40%	15 July 2014	3%; 5%
Thomas Wolf	10 March 2015	19.34%	10 March 2015	20%
Schroder Administration Ltd.	08 August 2014	3.001%	05 August 2014	3%
Schroders Plc.	08 August 2014	3.001%	05 August 2014	3%

Company/person	Date of disclosure	Share of voting rights reached	Date of the change	Threshold exceeded/fallen below
Schroder Investment Management Ltd.	11 August 2014	3.001%	05 August 2014	3%
Invesco Limited	13 October 2014	2.95%	22 September 2014	3%
Lagoda Investment Management LLC	04 March 2015	3.19%	04 November 2014	3%
Credit Suisse AG	24 June 2015	3.29%	18 June 2015	5%
Credit Suisse Group AG	24 June 2015	3.29%	18 June 2015	5%
Threadneedle Asset Management Limited	17 September 2015	3.13%	11 September 2015	3%
TC Financing Limited	17 September 2015	3.13%	11 September 2015	3%
TAM UK Holdings Limited	17 September 2015	3.13%	11 September 2015	3%
Threadneedle Asset Management Holdings SARL	17 September 2015	3.13%	11 September 2015	3%
Threadneedle Holdings Limited	17 September 2015	3.13%	11 September 2015	3%
Threadneedle Asset Management Holdings Limited	17 September 2015	3.13%	11 September 2015	3%
Ameriprise International Holdings GmbH	17 September 2015	3.13%	11 September 2015	3%
Ameriprise Financial Inc.	17 September 2015	3.13%	11 September 2015	3%

Stuttgart, 09 March 2016

RIB Software AG

The Executive Board

Thomas Wolf	Michael Sauer	Dr Hans-Peter Sanio	Helmut Schmid

Development of assets

	Acquisition or manufacturing costs				Amortisation/depreciation				Residual book values	
	As of 01 January 2015	Additions Reclassifications (R)	Disposals	As of 31 December 2015	As of 01 January 2015	Additions	Disposals	As of 31 December 2015	As of 31 December 2015	As of 31 December 2014
	€	€	€	€	€	€	€	€	€	€
I. Intangible assets										
1. Industrial property rights acquired for a consideration and similar rights and assets as well as licences to such	4,560,337.69	184,257.61	0.00	4,744,595.30	4,479,160.75	73,355.18	0.00	4,552,515.93	192,079.37	81,176.94
2. Goodwill	20,678,914.32	0.00	0.00	20,678,914.32	16,543,131.47	1,378,594.28	0.00	17,921,725.75	2,757,188.57	4,135,782.85
	25,239,252.01	184,257.61	0.00	25,423,509.62	21,022,292.22	1,451,949.46	0.00	22,474,241.68	2,949,267.94	4,216,959.79
II. Property, plant and equipment										
Furniture, fixtures and fittings	400,296.37	136,591.06	23,429.32	513,458.11	206,514.74	113,040.64	23,429.32	296,126.06	217,332.05	193,781.63
III. Financial assets										
1. Interests in affiliated companies	94,383,407.63	5,308,324.50 -12,450.00 (R)	37,550.00	99,641,732.13	533,063.75	100,000.00	0.00	633,063.75	99,008,668.38	93,850,343.88
2. Shareholdings	0.00	0.00 12,450.00 (R)	0.00	12,450.00	0.00	0.00	0.00	0.00	12,450.00	0.00
	94,383,407.63	5,308,324.50 0.00 (R)	37,550.00	99,654,182.13	533,063.75	100,000.00	0.00	633,063.75	99,021,118.38	93,850,343.88
I n t o t a l	120,022,956.01	5,629,173.17 0.00 (R)	60,979.32	125,591,149.86	21,761,870.71	1,664,990.10	23,429.32	23,403,431.49	102,187,718.37	98,261,085.30

Breakdown of liabilities

	Total		Residual term Up to one year	
	31 December 2015 € thousand	31 December 2014 € thousand	31 December 2015 € thousand	31 December 2014 € thousand
1. Trade payables	487	427	487	427
2. Liabilities due to affiliated companies	238	1,615	238	1,615
3. Other liabilities	3,383	4,056	3,383	4,056
Total	4,108	6,098	4,108	6,098

Consolidated Group Management Report and Management Report for Financial Year 2015

RIB Software AG

Stuttgart

Consolidated Group Management Report and Management Report for Financial Year 2015

A. Business and general environment

A.1 Summary

The RIB Group operates highly successfully worldwide in the software market for the construction industry, 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 e-commerce.

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 plan and control the major processes related to cost and income in an integrated, model-based approach over the entire lifecycle of the project.

Our e-commerce platforms can be used to execute electronic purchasing processes and to monitor supply chains. Whereby the demand can be determined from 5D building models, among other things. Then building products can be purchased online via a web shop. Our software and e-commerce solutions thus form an integrated and comprehensive B2B platform through which our clients can plan, implement and control procurement processes with their business partners.

With over 100,000 customers worldwide, we are one of the leading providers of corporate software for the construction industry. Our customers include approximately 6,000 large construction groups and medium-sized construction companies. We have approximately 9,000 customers in the public sector, architecture and engineering consultants, as well as large industrial and plant engineering firms. More than 85,000 customers use our online services, such as iTWOtx or our collaboration project management platform iTWO cx for communicating with all project participants on the basis of an industry-specific internet forum.

For management purposes, the Group is organised into reporting segments. These were redefined in financial year 2015 for the consolidated financial statements. The business segments Licence/Software, Software as a Service / Cloud, and Consulting (previously referred to as Professional Services) were amalgamated into the reporting segment iTWO. The field e-commerce was previously within the Software as a Service / Cloud segment and will now continue as an individual reporting segment xTWO. Thus our business activities are divided into the following reporting segments:

In the **iTWO reporting segment**, we supply our customers with non-exclusive software usage rights of unlimited duration based on licence contracts. Alternatively we also offer our software for a limited period of time for an on-going fee within our customers' in-house IT structures (Private Cloud) or in IT centres operated by third parties. Irrespective of the selected utilisation model, our customers can also contractually agree additional hotline services and the provision of the latest software versions (maintenance) or commission consulting and training services in conjunction with the implementation of the software.

In the **xTWO reporting segment** we offer our customers web-based platforms for the electronic mapping of their e-commerce processes with business partners (B2B) and with end users (B2C). Furthermore we provide modern information and communication technology for the planning, implementation and control of project-specific or cross-company procurement processes, as well as for the management of business relationships and supply chain management.

Our research and development activities are organised on a decentralised basis. The RIB Group has development locations in Stuttgart, Copenhagen, Atlanta, Memphis, Sydney and Guangzhou. The lead development of the German version of iTWO 5D is undertaken by RIB AG and the international versions by RIB Limited, Hong Kong. iTWO 4.0 is developed jointly by RIB Software AG and RIB Limited. For this purpose, the companies utilise development capacities of RIB Information Technologies AG and a Chinese subsidiary, as well as further subsidiaries in the USA, Denmark and Australia.

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 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 are extremely interested in digital planning and management processes. Many industrial countries of the world, such as Scandinavian countries, the UK, Singapore, the USA and Germany, now have government initiatives that make it mandatory, or will in the near 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 also depends on the general economic climate and industry trends in our target segments. The German economy recovered from economic weaknesses in 2014 more quickly than anticipated and returned to a path of growth supported by domestic and international demand. The domestic economy benefited from the positive labour market situation and incomes rising sharply. This had a positive impact, particularly in residential construction. Growth in the USA and emerging countries gained momentum, while China experienced gradually lower rates. However, these were still higher than in the eurozone. Overall this had a positive effect on the construction industry in these regions. Furthermore, there was increased investment in all types of construction projects due to low interest rates worldwide.

A.2.2 Business development

On the whole, business development was favourable in the reporting period. Total revenue increased by 17.3% to € 82.1 million (previous year € 70.0 million). This represents € 38.6 million in international revenue (previous year € 27.3 million) and € 43.5 million in domestic revenue (previous year € 42.7 million). At € 32.1 million, revenues from software licences and Software as a Service / Cloud marginally exceeded the previous year (€ 31.8 million), although it should be noted that a Phase III major contract was concluded in the fourth quarter of 2014, which generated turnover of € 7.1 million the previous year. Maintenance revenues increased by 9.7% to € 23.8 million (previous year: € 21.7 million). Consulting revenues increased by 26.6% to € 20.0 million (previous year: € 15.8 million). The significant increase in e-commerce revenue from € 0.7 million to € 6.2 million (+786%) indicates that there is excellent growth potential in the xTWO reporting segment.

A.2.3 Key performance indicators of RIB AG

At € 38.8 million, revenues fell by € 1.2 million compared with the previous year (€ 40.0 million), since the revenue recorded the previous year from a Phase III major contract concluded in the fourth quarter of 2014 could only be partially compensated for. Adjusted for this special effect, the financial year was nevertheless very pleasing. Thus software revenue in the mass market increased by 63% to € 9.3 million, maintenance revenue by 7% to € 16.8 million and the consulting revenue by 39.2% to € 4.7 million. Due to the change in revenue mix from the previous year, the operating EBITDA[1] of € 11.0 million decreased by € 2.8 million compared with the previous year (€ 13.8 million). The net profit decreased accordingly to € 8.1 million, 14.7% less than in the previous year (€ 9.5 million). At € 3.1 million, the cash flow from operating activities in financial year 2015 was considerably lower than in the previous year (€ 15.6 million). The decrease is due to lower dividend payments from subsidiaries amounting to € 1.9 million. The adjusted decrease in the operative cash flow is € 10.6 million. Only € 1.5 million of this decline is due to the earnings

[1] Currency effects (2015: income € 4.2 million / 2014: income € 4.3 million); special effects: (2015: transaction costs from income from the cash capital increase € 1.6 million / 2014: € 1.7 million)

performance. The decrease is largely due to the reporting date and an additional € 3.4 million compared with the previous year in financial commitments in receivables from goods and services and from a € 3.2 million increase in financial commitments in the field of intra-group receivables and liabilities. Furthermore the outflow of funds for VAT and income tax payments in the reporting year exceeded the previous year's value by approx. € 2.5 million, which is due in particular to the major contract turned over at the end of the 2014 financial year, for which the collected VAT was only paid to the tax authority the following year.

A.2.4 Key performance indicators of RIB Group

Group revenues increased significantly by 17.3% to € 82.1 million (previous year: € 70.0 million). The operating EBITDA[2] decreased by 18.7% to € 20.9 million (previous year: € 25.7 million). The operating EBITDA margin reached 25.5% (previous year: 36.7%).

In the high-margin iTWO reporting segment the operating EBITDA decreased by 14.0% to € 22.1 million (previous year: € 25.7 million) due to the aforementioned special effects. The operating EBITDA margin decreased accordingly from 37.1% in the previous year to 29.1%.

For e-commerce business (which is still in development) in the xTWO reporting segment, the operating EBITDA was € -1.2 million (previous year: € 0.0 million) owing to the currently low-margin e-commerce business and personnel investments. Accordingly the operating EBITDA margin was -19.4% (previous year -1.4%).

A.3 Key events in the reporting period

A.3.1 Acquisition of shares in Soft SA, Madrid

Under the agreement dated 29 July 2015, the RIB Group acquired a 100% shareholding in Soft SA, Madrid/Spain. The acquisition of Soft SA opened up new business opportunities for the RIB Group in Spain and Latin America. The core Soft SA product is "Presto": the leading cost estimate software in Spain and Spanish-speaking countries with more than 60,000 end users and a network of 15,000 top customers. Presto is used in more than 80 percent of major projects in Spain with budgets exceeding € 1 million. Soft SA clients include top Spanish construction companies with global operations such as ACS, FCC, Sacyr, OHL, Acciona, Ferrovial, Dragados and Cobra. In light of this customer potential, a localised version of iTWO 5D for Spain should be developed in cooperation with the experts at Soft SA and positioned within the existing customer network of Soft SA and for new customers in Spanish-speaking regions.

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[2] Currency effects (2015: income € 3.8 million / 2014: income € 3.7 million); special effects: income from adjustment of purchase price liabilities (2015: income € 0.2 million / 2014: income € 5.9 million)

A.3.2 Acquisition of shares in SAA Software Engineering GmbH, Vienna

Under the agreement dated 02 October 2015, the RIB Group acquired 75% of shares in SAA Software Engineering GmbH, Vienna, Austria (hereinafter: SAA). As a European market leader in the automation of precast concrete parts, SAA offers intelligent machine controller solutions based on the state-of-the-art technology throughout the entire production process and has customers in Europe, North and South America, Russia, Asia, the Middle East as well as in Australia and Africa. With the integration of SAA technology in the iTWO 5D platform, in the future 5D models should also be used for production planning and the automated production of prefabricated components, whereby iTWO 5D functions as an efficient project planning and control system that links industrial prefabrication processes with project-specific construction processes. The objective is to increase the proportion of industrially pre-fabricated construction elements in building projects in order to complete projects like this more quickly and with increased cost-efficiency.

A.3.3 Capital increase from authorised capital

With the consent of the company's Supervisory Board, on 03/04 September 2015 the Executive Board of RIB SOFTWARE AG resolved to execute a share capital increase from authorised capital and to increase the company share capital by up to € 3,378,696.00, from € 43,466,961.00 to € 46,845,657.00, excluding existing shareholders' subscription rights. All new shares were placed at a price of € 14.25 per new share on 04 September 2015. The transaction was executed by Berenberg (Joh. Berenberg, Gossler & Co. KG) as sole global coordinator and sole bookrunner. The net proceeds of € 46.6 million should be used to expand the iTWO platform and to finance further international growth.

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 and company level are the licence revenues, the Cloud revenues, the maintenance and consulting revenues and the trade revenues, each broken down by reporting segment, region and target group. 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 reporting segment. The main earnings indicator at group, company and segment level is the operating EBITDA, adjusted by currency effects.

We use further indicators to manage and monitor our profit centres in the Sales, Development and Consulting 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 annual average number of employees in the RIB Group research and development centres was 269 (previous year: 243).

As the e-commerce platforms in the xTWO reporting segment are operated based on the standard "Magento" software, software development costs are yet to be incurred here. The R&D costs of € 14,000 recorded in the reporting period were used for customising the shop system.

The R&D ratio (sum of capitalised R&D costs and those recorded as expenditure in proportion to revenue in the iTWO reporting segment) increased marginally to 22.3% (previous year: 21.0%) and is thus still above average.

Due to staff recruitment, predominantly in the iTWO 4.0 team (previous project name iTWO cloud), as well as an increase in personnel costs for the development team in China, the total R&D costs increased by € 2.4 million in the reporting period, from € 14.6 million to € 17 million. At € 9.0 million, capitalised development costs increased by € 1.4 million compared with the previous year (€ 7.6 million). Thus, the capitalisation ratio (proportion of capitalised R&D costs to entire R&D costs) increased from 52.1% in the previous year to 52.9% and remains high.

At € 4.3 million, the depreciation on capitalised development costs in the reporting period increased by € 0.7 million compared with the previous year (€ 3.6 million) due to the completion of development projects.

A.5.1 Further development of iTWO 5D

In 2015, iTWO 5D was expanded predominantly for the target group of clients in the construction industry. This includes cost planning methods in early project phases, the creation of financial schedules, access to price databases, and the automatic generation of contracts and interfaces with tender platforms, such as iTWO tx, or e-commerce platforms, such as xTWO. Furthermore, the project-specific and cross-project evaluation and control tools were significantly expanded e.g. with condensed representation of KPI values. In the field of model-based 5D processes, we have also invested in additional iTWO quality gates for further specialist trades. Even in early planning phases, this makes it possible to examine the suitability of the digital data for further iTWO processes in contract allocation, calculation, work preparation and performance monitoring. Also developed were mathematical procedures that allow the model-based application of iTWO, even in complex interior design tasks with standardised BIM models.

A.5.2 iTWO 4.0

Significant development priorities in the reporting period were based on the expansion of iTWO 4.0. A cross-project purchasing platform for construction materials and construction works, as well as a new solution for planning and monitoring resources during the construction phase were enhanced as part of a joint development project with technology partners in the construction industry, which also laid the foundations for a new work calculation method using real resources. With the integration of brand new browser-based 5D visualisation in the iTWO 4.0 platform, iTWO 4.0 will also support model-based working methods from the end of 2016.

iTWO 4.0 represents the digitalisation of the entire value creation chain of a building project through the networking of virtual and real construction, with the objective of ensuring that cost and time limitations are adhered to, and that the process of construction is designed more sustainably. In line with the example set by “Industry 4.0” - distinguished by the strong level of individualisation in products, and under the conditions of a highly adapted production of small-batch series - in future, the smart production of intelligent building components should be enabled by industrial robots in building factories, which obtain their production specifications directly from 5D models. Through the intelligent networking of project and production processes, both the companies and the entire value creation network should be able to be guided and optimised with iTWO 4.0 in real time.

With the integration of the SAA control technology in the iTWO 4.0 platform, in the future it will be possible to simulate and optimise production and logistics processes for prefabricated construction elements as early as during the planning phase. The objective is to be able to offer projects more cost-effectively, faster and at a higher level of quality thanks to the industrial prefabrication of construction components and assemblies. That is the next logical step of virtual planning and construction.

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

B.1 Results of operations

Total revenue increased by 17.3% to € 82.1 million (previous year: € 70.0 million)

The revenues from software licences and Software as a Service / Cloud of € 32.1 million represented a slight increase on the previous year (€ 31.8 million). The € 3.0 million decrease in software licence revenues to € 20.1 million (previous year: € 23.1 million) was compensated for by the Software as a Service revenues, which increased by € 3.3 million to € 12.0 million (previous year: € 8.7 million). The increase in the SaaS/Cloud revenue is largely due to the first-time inclusion for a full financial year of Byggeweb, which was acquired the previous year.

The maintenance revenue based on annual contracts grew by 9.7% to € 23.8 million (previous year: € 21.7 million).

Consulting revenues increased by 26.6% to € 20.0 million (previous year: € 15.8 million). The € 4.2 million increase in turnover constituted € 2.5 million from regions outside Germany, but predominantly the USA, and € 1.7 million from within Germany, which was accrued largely in relation to the implementation of iTWO 5D at a major customer.

The e-commerce revenues surged from € 0.7 million to € 6.2 million (+786%) in the reporting period.

The international revenue increased by 41.4% from € 27.3 million to € 38.6 million. The increased revenue was the result of acquisition effects, as well as the considerable increase in Phase II/III contracts in the international sector, particularly in the EMEA region. The regional distribution of international revenues is as follows:

- EMEA (Europe, Middle East and Africa): € 18.2 million (previous year: € 7.5 million)
- APAC (Asia Pacific): € 5.1 million (previous year: € 7.0 million)
- North America: € 15.2 million (previous year: € 12.8 million)

In the German market, revenue increased by 1.9% to € 43.5 million (previous year: € 42.7 million) due to strong demand, although RIB's largest Phase III contract to date was concluded and had an impact on sales in the fourth quarter of 2014. At 47.0%, the international share of the total revenue increased by 8.0 percentage points compared with the previous year (39.0%).

The key account sector (national and international major customers) continued to develop positively in 2015 - the number of Phase II/III accounts increased as scheduled by 80% from 14 to 25. Of these 25 accounts, however, three accounts have not yet had an impact on revenue in the reporting period because the respective contracts were concluded shortly before the reporting date and we were yet to render the contractual services. Due to these time delays and due to an absent

Phase III contract, revenues in the key account sector decreased by € 6.0 million, from € 12.4 million to € 6.4 million. In contrast iTWO 5D revenues continued to develop positively on the German mass market and increased by 44.1% to € 9.8 million (previous year: € 6.8 million).

Despite the surge in total revenue, at € 44.6 million the gross profit in the reporting period was € 1.3 million less than in the previous year (€ 45.9 million). This is largely due to the significant decrease in gross profit margin by approx. 11 percentage points to 54.3% (previous year: 65.6%), which was caused by various factors. A decline in gross profit margin of approx. 6 percentage points from 78.6% to 72.3% was recorded in our high-margin Licence/Software and Software as a Service/Cloud business segments. The increased proportion of low-margin consulting and e-commerce earnings in the total revenue also drives down the gross profit margin. Furthermore a margin decline of approx. 4 percentage points from 23.4% to 18.9% was recorded in the consulting segment, which can be attributed to a major Phase III implementation project, whereby very low daily rates were remunerated. The proportion of e-commerce revenues in the total revenue increased considerably in the reporting period. At approx. 6% (previous year 13%), the gross margin in this still-developing segment is currently still considerably lower than the gross margins in the other Group segments.

Other operating income totalled € 6.1 million, considerably lower than in the previous year (€ 11.2 million). This decline is due, in particular, to non-operating income contained herein from the adjustment of purchase price liabilities from company acquisitions amassing € 0.6 million (previous year: € 6.1 million). Adjusted by this special effect, other operating income of € 5.5 million was largely comparable with the previous year (€ 5.1 million).

As in the previous year, other operating income includes foreign currency gains from exchange differences totalling € 4.4 million (previous year: € 4.3 million), largely from the USD/EUR exchange rate development.

Sales and marketing expenses increased slightly disproportionately to the increase in sales by approx. 20.3% to € 16.6 million. The € 2.8 million cost increase includes approx. € 1.9 million attributable to the first-time inclusion for a full financial year of companies acquired the previous year.

Administrative expenses increased from € 6.4 million to € 8.5 million (+ 32.8%). The € 2.1 million cost increase includes approx. € 1.0 million, which is also attributable to the full-year effect from acquisitions.

R&D expenses (not capitalised) rose by 14.3% to € 8.0 million (previous year: € 7.0 million).

Taking into account the capitalisation of expenses for in-house software developments, R&D expenses increased by € 2.4 million to € 17.0 million compared with the previous year (previous year: € 14.6 million). This increase is largely due to the scheduled increase in development capacities within the iTWO 4.0 team. Personnel costs in the development centre in Guangzhou, People's Republic of China, also increased as anticipated.

At € 1.2 million, other operating expenses were considerably higher than the previous year (€ 0.9 million).

The operating EBITDA decreased by 18.7% to € 20.9 million (previous year: € 25.7 million). The operating EBITDA margin reached 25.5% (previous year: 36.7%). At € 10.5 million, consolidated net profit was 49.5% less than in the previous year (€ 20.8 million).

Development of reporting segments

iTWO reporting segment

Revenues in the high-margin iTWO reporting segment increased by € 6.6 million to € 75.9 million in the reporting year (previous year: € 69.3 million).

In return the manufacturing costs increased by € 8.1 million to € 31.7 million (previous year: € 23.6 million). This includes software costs that increased by € 3.6 million to € 14.7 million, largely due to increased depreciations from purchase price allocations, as well as the first-time full-year inclusion of acquired companies, as well as consulting costs that increased by € 4.1 million to € 16.2 million, primarily due to recruitment and increased external service costs. The sales and marketing costs increased by € 1.9 million to € 15.6 million and the administration costs by € 1.3 million to € 7.7 million, both largely due to increased recruitment and the first-time full-year inclusion of companies acquired the previous year. Other income decreased from € 10.3 million to € 4.8 million, largely caused by one-off effects owing to income generated the previous year from the reduction of purchase price liabilities for companies acquired.

As a result the EBITDA in the iTWO reporting segment decreased by 25.8% to € 26.2 million (previous year: € 35.3 million). The EBITDA margin decreased accordingly from 50.9% the previous year to 34.5%.

xTWO reporting segment

The revenue in the still low-margin xTWO reporting segment increased by 786% to € 6.2 million in the reporting period. The EBITDA was € -1.2 million (previous year: € 0.0 million) as a result of the currently low-margin e-commerce business (still in development phase) and due to personnel investments in the sales and marketing sector and in administration. Accordingly the EBITDA margin was -19.4% (previous year -1.4%).

B.2 Financial position

Capital structure

The capital structure of the RIB Group is still characterised by a very high equity ratio of 86.3% of the balance sheet total (previous year: 85.0%). The equity increased in 2015 to € 285.9 million (previous year: € 226.4 million). Of the € 59.5 million increase, € 47.1 million is attributable to the capital increase performed by RIB Software AG and € 16.1 million from the total comprehensive income generated for the year.

Investments

Without taking into account the income and expenditure from the maturity/sale of securities, the cash flow from investment activities came to € -22.4 million (previous year: € - 14.5 million). In 2015, a total of € 9.0 million was invested in software developed in-house (previous year: € 7.6 million). This was largely invested in enhancing the products iTWO 5D (€ 3.5 million) and iTWO 4.0 (€ 3.4 million). There was also further investment in the company acquisitions of Soft SA (Spain) and SAA (Austria) totalling € 12.3 million - offset against the acquired liquidity - (previous year: € 6.0 million).

Cash flow from operating activities

At € 19.4 million, cash flow from operating activities decreased slightly from the previous year (€ 20.7 million). The cash flow from financing activities amounted to € 37.2 million (previous year: € 43.4 million), resulting predominantly from the cash capital increase of RIB Software AG with net proceeds of € 46.6 million. The positive cash flow from financing activities was diminished predominantly through dividend payments to RIB Software AG shareholders amounting to € 6.8 million (previous year: € 2.2 million).

At the end of the reporting period, the cash and cash equivalents of the RIB Group came to € 174.3 million (previous year: € 137.6 million). Taking into account the short-term securities available for sale, the Group had a liquidity of € 177.0 million (previous year: € 137.9 million).

No lines of credit were taken in the reporting period. The RIB Group was in the position to meet all of its payment obligations at all times.

Concerning the principles and goals of the Group's financial management, please refer to the Notes to the Consolidated Financial Statements, Section (46).

B.3 Net assets

In 2015, the balance sheet total increased to € 331.3 million and thus increased significantly by € 65.1 million compared with the previous year (previous year: € 266.2 million). In addition to the consolidated net profit and capital increase performed in the reporting year, this increase is also due to exchange rate influences.

The local currencies of group companies in the USA, Hong Kong and China appreciated significantly against the euro in the reporting period. Currency translation differences of € 5.6 million were thus recorded in the overall result for the reporting period (previous year: € 5.7 million). The accumulated comprehensive income recorded in the group equity capital increased by a total of € 5.6 million to € 7.9 million (previous year: € 2.3 million).

In terms of the Group's financial assets, a significant increase was recorded in cash and cash equivalents including available-for-sale securities (€ +39.1 million) but particularly in its intangible assets (€ +20.6 million). This was the result of further company acquisitions in the reporting period. The carrying amounts of the goodwill and other intangible assets increased to € 118.1 million (previous year: € 97.5 million) and thus accounted for 35.6% (previous year: € 36.6%) of the balance sheet total.

Other intangible assets increased by € 6.7 million to € 51.3 million (previous year: € 44.6 million). The item includes in-house developed software amounting to € 34.3 million (previous year: € 29.6 million), followed by customer relationships amounting to € 8.7 million (previous year: € 8.3 million) and purchased technology amounting to € 7.8 million (previous year: € 6.5 million). The € 4.7 million increase in software developed in-house is the result of the capitalisation during the reporting period (€ 9.0 million), minus the ongoing, scheduled depreciations (€ 4.3 million). The customer relationships continued to increase largely due to the initial consolidation of the acquired companies Soft SA and SAA. The further increase in purchased technology is largely due to the acquisition of the companies Soft SA and SAA with scheduled depreciation of the previous year's figure.

In particular, property, plant and equipment included the EOC I real estate located in China and utilised by the development company there. The investment real estate is the EOC II building located directly adjacent to EOC I. The carrying amount of the investment property increased by € 0.4 million largely due to foreign currency effects.

Trade receivables increased from € 13.8 million to € 16.2 million. Based on the information available when the consolidated financial statements were prepared, there were no indications that the past-due but not impaired receivables would not be settled at the carrying amount.

The portfolio of securities available for sale increased from € 0.3 million to € 2.7 million in the reporting period. The securities are predominantlyshares in low-risk money market and investment funds in euro.

B.4 Non-financial performance indicators

To us, successful entrepreneurial 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, through our subsidiary RIB Limited we offer comprehensive training and further education programmes in a specially-created Centre of Excellence for the ever-rapidly growing number of international employees.

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 national and international universities, as well as with innovative industry initiatives, such as the 5D Initiative of the ENCORD Group (http://www.5d-initiative.eu/), which aims to actively promote model-based planning and construction in the building industry.

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

C.1 Results of operations

At € 38.8 million, the total revenue fell by € 1.2 million compared with the previous year (€ 40.0 million), the total revenue with iTWO 5D, however, increased by 5.0% to € 25.0 million (previous year: € 23.8 million) and thus accounted for 64.4% of total revenue (previous year: 59.5%). As the previous year was shaped by the largest Phase III software contract in the company's history, which added € 7.0 million in software revenue to the total revenue of € 40.0 million, this is a very good result. Another contributing factor was the surge in mass market revenue through a large number of small service contracts concluded with major customers that demand 5D capacities from their business partners. Maintenance revenues increased by € 1.1 million from € 15.7 in 2014 to € 16.8 million (+ 7.0%). Consulting revenue recorded a disproportionate increase by € 1.3 million or 38.2% to € 4.7 million (previous year: € 3.4 million), which is largely due to the implementation of iTWO with a major customer.

Other operating income of € 7.2 million was comparable with the previous year (€ 7.0 million). This included income from exchange rate variations from EUR to USD amounting to € 4.2 million (previous year: € 4.3 million).

Material costs decreased by 3.2% to € 12.0 million compared with the previous year (previous year: € 12.4 million). In particular, this item concerned software development services obtained by subsidiaries.

Personnel expenses increased slightly in 2015 to € 2.7 million (previous year: € 2.4 million). € 0.2 million (previous year: € 0.1 million) of personnel expenses resulted from granting share options to RIB AG employees as part of share option programmes.

Other operating expenses increased by € 1.8 million from € 15.9 million to € 17.7 million. This included transaction costs related to capital increase measures amounting to € 1.6 million (previous year: € 1.7 million). Furthermore, this item largely includes sales commissions amassing € 11.6 million, which were paid to the subsidiaries responsible for sales on the German-speaking market. (previous year: € 10.8 million).

The financial result is € 0.3 million more than in previous year (€ -0.2 million).

As a result the annual net profit of € 8.1 million was € 1.4 million less than in the previous year (€ 9.5 million).

C.2 Finance and net assets

Capital structure

The capital structure of RIB AG is characterised by a very high equity ratio of 95.5% of the balance sheet total (previous year: 93.1%). The equity capital increased by € 52.3 million to € 242.2 million (previous year: € 189.9 million), predominantly due to the cash capital increase from authorised capital performed in the reporting year, which generated gross proceeds of € 48.1 million through the issue of 3,378,696 new ordinary shares in RIB AG.

In 2015, the balance sheet total increased to € 253.8 million and thus increased significantly compared with the previous year (previous year: € 204.0 million). This is due on the asset side predominantly by the sharp increase in liquidity by € 44.8 million, as well as an increase in receivables from goods and services totalling € 3.0 million.

Investments

As in the previous year, the company's investment activities were predominantly in financial assets. Investments in financial assets totalled € 4.8 million in the reporting year (previous year: € 39.6 million). In particular, these concerned the acquisition of SAA (€ 4.3 million).

Cash inflows of € 2.7 million have a counter effect in this area. These result from the appropriation of RIB AG shares as part of the company acquisition by the subsidiary RIB Ltd. RIB Ltd reimbursed the market value of the appropriated shares to RIB AG.

Liquidity

At € 3.1 million, the cash flow from operating activities in financial year 2015 was considerably lower than in the previous year (€ 15.6 million). The decrease is due to lower dividend payments from subsidiaries amounting to € 1.9 million. The adjusted decrease in the operative cash flow is € 10.6 million. Only € 1.5 million of this decline is due to the earnings performance. The decrease is largely due to the reporting date and an additional € 3.4 million compared with the previous year in financial commitments in receivables from goods and services and from a € 3.2 million increase in financial commitments in the field of intra-group receivables and liabilities. Furthermore the outflow of funds for VAT and income tax payments in the reporting year exceeded the previous year's value by approx. € 2.5 million, which is due in particular to the major contract turned over at the end of the 2014 financial year, for which the collected VAT was only paid to the tax authority the following year.

The cash flow from financing activities amounted to € 39.8 million (previous year: € 44.4 million) and includes the net proceeds of € 46.6 million from the cash capital increase, decreased by the € 6.8 million dividend payment from the net profit of the previous year.

Cash and cash equivalents

Cash and cash equivalents came to € 143.0 million at the end of the reporting period (previous year: € 98.2 million). This item includes € 138.0 million in cash and bank balances (previous year: € 93.2 million) and € 5.0 million in cash and cash equivalents (previous year € 5.0 million).

No lines of credit were taken in the reporting year. RIB AG was in the position to meet all of its payment obligations at all times.

Other information on net assets

Intangible assets of € 2.9 million (previous year € 4.2 million) comprise in particular the goodwill from the 2003 merger of RIB Bausoftware GmbH into the parent company.

Current assets increased by 46.0% to € 151.1 million, particularly due to the € 44.8 million increase in liquidity to € 138.0 million. The securities portfolio of € 5.0 million was unchanged (previous year: € 5.0 million).

On the balance sheet date the receivables from goods and services increased by € 3.0 million to € 6.4 million (previous year: € 3.4 million), which results largely from increased software sales that were invoiced in December but not yet settled, as well as payment extensions in some customer projects.

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

Liabilities declined from € 6.1 million to € 4.1 million, largely due to decreased liabilities of € 2.0 million from company acquisitions.

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. Both business dealings with Software as a Service/Cloud as well as e-commerce business with xTWO developed very well. In these segments, the RIB Group is taking a leading position in its target groups with its e-commerce platforms and the innovative new iTWO 4.0 components. With a high level of liquidity, the RIB Group has financial reserves that 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 capital stock of RIB AG amounts to € 46,845,657.00 and is divided into 46,845,657 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 shareholders‘ right to the securitisation of their shares and any profit-sharing and renewal coupons is excluded.

As of the balance sheet date, the company had civil law ownership of 1,200,310 shares, from which it cannot derive any voting rights pursuant to § 71b German Stock Corporation Act (AktG). This includes 107,143 shares for which economic ownership was already transferred as part of the acquisition of Soft SA completed in the reporting year, so as of 31 December 2015 the financial statement only reported 1,093,167 own shares. 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), as of the reporting date only RIB AG Chairman Mr Thomas Wolf, Singapore, held direct or indirect interests in the capital that exceed 10% of the voting rights.

Pursuant to § 160 (1) German Stock Corporation Act (AktG), interests in the capital that exceed 10% of voting rights are disclosed in Section F.5 “Disclosures According to the German Securities Trading Act” of the Notes to the Annual Financial Statements of RIB AG” in the Notes to the Annual Financial Statements of RIB AG.

By resolution of the Annual General Meeting on 10 June 2015, the Executive Board is authorised to increase the share capital of the Company by 09 June 2020 with the approval of the Supervisory Board once or several times by a total of € 21,733,480.00 by issuing a maximum of 21,733,480 new registered shares each with a par value of € 1.00 per share in exchange for cash and/or non-cash contributions (Authorised Capital 2015). This authorisation was utilised in the reporting year in the form of a cash capital increase. Thus, a total of 3,378,696 shares were issued, whereby a further 18,354,784 shares may be issued based on the existing authorisation.

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

(3) if, in the case of a cash capital increase, which the new shares represent, for which the subscription right is ruled out, does not exceed a total of ten per cent of the share capital, both at the time it takes effect as well as at the time of the exercise of the authorisation, and the issue amount of the new shares does not significantly fall below the stock market price of the shares of the Company with the same terms within the meaning of Sections 203 (1 & 2), 186 (3) 4 of the German Companies Act (Aktiengesetz); to be deducted from this ten per cent limit is (1) the proportion of the share capital attributable to treasury shares, which are sold at the time of this authorisation coming into effect in indirect or analogous application of § 186 (3) 4 of the German Companies Act, and (ii) the proportion of the share capital attributable to shares subject to conversion and/or option privileges or conversion obligations from bonds and other instruments covered by § 221 of the German Companies Act, which are issued under exclusion of the subscription right as per § 186 (3) 4 of the German Companies Act.

The proportion of the share capital which the new shares represent for which the subscription right is ruled out according to sections (1) to (3) above may not in total exceed twenty per cent of the share capital of the Company both at the time it takes effect as well as at the time of the exercise of the authorisation. To be deducted from this twenty per cent limit with regard to all possibilities of excluding the subscription right according to sections (a) to (c) above are shares that are used after 10 June 2015 by virtue of the authorisation to use treasury shares in accordance with § 71 (1) 8 sentence 5 and § 186 (2) 4 of the German Companies Act under exclusion of the subscription right, i.e. in a manner other than selling them on the stock market or by way of an offer addressed to all shareholders.

Furthermore, the Executive Board shall decide on the issue of new shares, the content of the share rights and the terms of the share issue, with 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 shall be conditionally increased by a maximum of € 1,548,616.00 by issuing a maximum of 1,548,616 new registered shares with a par value of € 1.00 per share ("Conditional Capital 2015/I"). The conditional capital increase shall only be carried out to the extent that subscription rights were issued according to the 2011 stock option plan in accordance with the resolution of the Annual General Meeting of 20 May 2011 (in the version of the resolution of the Annual General Meeting of 04 June 2013) or the 2015 stock option plan in accordance with the resolution of the Annual General Meeting of 10 June 2015, that the holders of the subscription rights make use of their exercise right and that the Company does not grant any treasury shares to meet the subscription rights, whereby the Supervisory Board is exclusively responsible for the granting and handling of subscription rights to members of the Executive Board. The new shares shall participate in profit from the beginning of the financial year in which the issue occurs.

By resolution of the Annual General Meeting of 24 May 2012, the company is authorised to purchase treasury shares representing up to 10% of the share capital at the time of the resolution 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 proposals 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 §§ 84 and 85 of the German Stock Corporation Act (AktG) in conjunction with § 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 (§§ 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 § 161 German Stock Corporation Act (AktG)

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

The Executive Board and Supervisory Board of RIB Software AG hereby declare that the recommendations of German Corporate Governance Code (GCGC) 2014 were complied with in the period between the last declaration of compliance and the entry into force of GCGC 2015 and that the recommendations of GCGC 2015 will be complied from the entry into force of GCGC 2015 with the following deviations:

1. Figure 3.8 GCGC: The D&O insurance for the Supervisory Board does not include a deductible. In the opinion of the Executive Board 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. Figure 4.2.2 (2) GCGC: The Supervisory Board considers what is an appropriate remuneration for the Executive Board but not the ratio of the Executive Board’s remuneration to the remuneration of the more senior management circle and the staff in general, including development over time. Accordingly, the Supervisory Board also does not specify how the more senior management circle and the relevant workforce should be differentiated for the settlement. The corresponding recommendation of the Code appears less than practical and also unsuitable for ensuring that the Executive Board’s remuneration is appropriate in every case.

3. Figure 4.2.3 (2) GCGC: The variable remuneration for the Executive Board 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 Executive Board does not take any undue risks when managing the company. To the extent members of the Executive Board 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 exercisability and the value of the options depend on the achievement of ambitious performance targets, a maximum limit according to amount would run contrary to the purpose of this remuneration component to provide a special performance incentive.

4. Figure 4.2.3 (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.

5. Figure 4.2.5 GCGC: The remuneration of the Executive Board 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.

6. Figure 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.

7. Figure 5.4.1 (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.

8. Figure 5.4.1 (2) GCGC: The Supervisory Board has not set a control limit for the term of membership to the supervisory board. Setting an limit for membership of the Supervisory Board is not in the interests of the company and its shareholders, since there is no compelling connection between tenure and the occurrence of any conflicts of interested and/or the autonomy of the Supervisory Board member.

9. Figure 5.4.1 (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. In the opinion of the Supervisory Board, 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.

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 Board of Directors may be released from the restrictions of § 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. Its members have the same rights and obligations. 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. Apart from this, descriptions of the procedures followed by the Supervisory Board shall apply accordingly. 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

The Supervisory Board members receive an annual fixed remuneration (Remuneration 1). The Chairperson of the Supervisory Board receives double and the Vice-Chairperson receives one and a half of 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:

2015 (figures in € thousands)	Remuneration 1	Remuneration 2	Total remuneration
Sandy Möser	24.0	5.0	29.0
Dr Matthias Rumpelhardt	18.0	5.0	23.0
Klaus Hirschle	12.0	4.0	16.0
Hans-Peter Lützow (until 07 April 2015)	3.2	0.0	3.2
Prof Martin Fischer	12.0	0.0	12.0
Steve Swant (from 10 June 2015)	6.7	0.0	6.7
Prof. Dr Achim Preiß	12.0	0.0	12.0
Total remuneration	87.9	14.0	101.9

2014 (figures in € thousands)	Remuneration 1	Remuneration 2	Total remuneration
Sandy Möser	24.0	5.0	29.0
Dr Matthias Rumpelhardt	18.0	5.0	23.0
Klaus Hirschle	12.0	4.0	16.0
Hans-Peter Lützow	12.0	0.0	12.0
Prof Martin Fischer	12.0	0.0	12.0
Prof. Dr Achim Preiß	12.0	0.0	12.0
Total remuneration	90.0	14.0	104.0

H.2 Remuneration report of the Executive Board

The remuneration of the Executive Board of the parent company comprises a fixed element (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 D.5 of the Notes to the annual financial statements of RIB AG and to Section 32 of the Notes to the consolidated financial statements. In the scope of this programme, the members of the Executive Board were offered subscription rights in accordance with the conditions of the existing share option plan, which were taken up by all the members of the Executive Board.

The remuneration of the Executive Board is composed as follows:

2015 (figures in € thousands)	Remuneration 1	Remuneration 2	Remuneration 3	Total remuneration
Thomas Wolf*	324.0	54.0	337.3	715.3
Dr Hans-Peter Sanio	146.8	27.0	134.9	308.7
Michael Sauer	219.7	54.0	337.3	611.0
Helmut Schmid (since 01 September 2015)	70.1	10.0	337.3	417.4
Total remuneration	760.6	145.0	1,146.7	2,052.3

2014 (figures in € thousands)	Remuneration 1	Remuneration 2	Remuneration 3	Total remuneration
Thomas Wolf*	324.0	166.0	331.5	821.5
Dr Hans-Peter Sanio	146.8	83.0	165.8	395.6
Michael Sauer	219.7	166.0	331.5	717.2
Total remuneration	690.5	415.0	828.8	1,934.3

* Mr Thomas Wolf receives his remuneration from RIB PTE. Limited, Singapore.

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

	Thomas Wolf	Dr Hans-Peter Sanio	Michael Sauer	Helmut Schmid
Options granted in the reporting period (units)	25,000	10,000	25,000	25,000
Options outstanding at the end of the reporting period (units)	70,000	35,000	70,000	25,000
Share in the recognised total cost of the share-based remuneration (€ thousand)	94.9	46.5	94.9	25.3

I. Forecast, opportunity and risk report

I.1 Target achievement of the forecasts for financial year 2015

Due to the surge in demand for 5D technologies and cloud software over the last three years, we also anticipated positive growth opportunities for the RIB Group in 2015. In particular, we were able to increase the number of major Phase II/III contracts each year by 80%. Therefore in Software Licences, our aim was to increase the number of Phase II/III contracts again by 80% from 14 to 25. We achieved this objective in full.

We had planned revenues of between € 85.0 million and € 95.0 million for the RIB Group, provided we achieved two Phase III contracts each with a sales volume of approx. € 5 million from the planned 25 accounts. In November 2015, it became clear that revenue-generating conclusions of two Phase III contracts were no longer realistic in the current financial year. In light of this, the revenue forecast for the 2015 financial year was amended to an annual turnover of between € 78 million and € 86 million. At € 82.1 million the 2015 Group turnover falls in the middle of the adjusted forecast.

In the field of research and development, the intention was to once again focus our main development efforts on iTWO 4.0 in 2015 (former project name: iTWO Cloud). The group planned new appointments and a corresponding increase in development costs in this sector. Furthermore, we planned to increase the production costs of services required to achieve sales revenues slightly disproportionately to sales growth to create a solid basis for further growth from 2016. These measures were implemented as planned.

Assuming the same underlying market conditions as in 2015 and based on the aforementioned planned values as the key financial performance indicator, we forecast an operating EBITDA of between € 29.0 million and € 36.0 million for the RIB Group. Based on the lowered revenue forecast as amended in November 2015, the target for the EBITDA (before currency adjustment) was also adjusted down to between € 22.0 million and € 30.0 million. The operating EBITDA for the reporting year is € 21.0 million. Including the currency effect the EBITDA of € 25.0 million falls within the adjusted forecast.

Revenues and EBITDA at the previous year's level was planned for RIB AG. The target revenue was just missed (-3%), the operating EBITDA was 20% lower than planned.

I.2 Forecast report for financial year 2016

Due to the surge in demand for our software and SaaS/Cloud solutions over the last three years, we anticipate positive growth opportunities for the RIB Group in 2016. With xTWO we expect a high degree of growth in the e-commerce sector. In the mass market we expect to achieve software revenues with iTWO 5D comparable with the previous year. Following the decline in the reporting year, in the key account sector we anticipate increasing software revenue with iTWO 5D in the 2016 financial year. In terms of consulting revenue we expect a sales development in line with the growth of software revenue. In terms of maintenance revenue, we expect the stable growth recorded in recent years to continue. On this basis and assuming otherwise stable market conditions, we calculate revenue of between € 90 million and € 100 million for the RIB Group.

In the field of research and development, in 2016 we plan to continue to focus our main development efforts on iTWO 4.0. We are planning new appointments here and in the consulting sector for 2016, which will increase the Group's development and consulting costs. Furthermore, we intend to increase the production costs of services required to achieve sales revenues slightly disproportionately to sales growth to create a solid basis for further growth from 2017. We anticipate a surge in revenue in the xTWO sector, however, due to necessary investment in expanding this business sector, we nevertheless expect a negative EBITDA of up to € 2 million for 2016.

Taking the aforementioned premises into account, we plan an EBITDA of between € 20 and € 25 million for the RIB Group in 2016.

For RIB AG, we are planning revenue and an EBITDA at the previous 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 continues to offers great potential in Germany, Austria and Switzerland. Based on the fact that iTWO 5D offers the full functionality of ARRIBA and also enables the use of 5D construction models, the RIB Group expects to be able to migrate the majority of the ARRIBA customers to RIB iTWO 5D in the next few years.

International expansion. As one of its major strategic goals, the RIB Group plans to strengthen its existing international business relationships, to establish itself in existing foreign markets and to expand into new markets e.g. Spain and Latin America. The RIB Group is pursuing a key account strategy that focuses on attracting customers from the Top 1000 of the respective target groups, mainly large construction companies, general contractors, investors and consultants. 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 the construction industry and in plant engineering. With the existing end-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 2016 are, amongst others, to integrate companies acquired in the last two financial years into the Group and to win major customer contracts for iTWO 5D via these companies, particularly in the USA, Australia, Germany, Austria, Switzerland, Spain and Scandinavia.

Reporting segment-specific opportunities. Based on the increasing acceptance of model-based working methods in the construction industry, which is supported by an increasing number of corresponding government initiatives, we see potential for further growth in the iTWO reporting segment in our markets through our iTWO 5D and iTWO 4.0 technology. In the xTWO reporting segment, we expect the e-commerce ecosystem to evolve rapidly from the current web shop to a comprehensive B2B platform. In this context, the integration of iTWO 5D and iTWO 4.0 into the xTWO e-commerce platform is one of our key objectives for the coming years. In this sector and particularly in Germany we anticipate exceptional growth potential in the e-commerce reporting segment due to very strong market penetration with iTWO 5D and increasing market acceptance of the x-TWO platform.

Overview of opportunities. The RIB Group is very well established in its markets thanks to its extensive range of solutions based on state-of-the-art technologies. In terms of 5D and Cloud software, the RIB Group is regarded as a pioneer in the construction sector. Against this backdrop, we consider the opportunities of the RIB Group to vigorously expand its market position as extremely positive.

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. Identified 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. While the risks should not be consciously accepted, attempts are made to combat the risks through appropriate countermeasures.

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

There are no particular segment-specific risk factors at present.

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 2015, 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. Due to a strong commitment of consulting capacities to a major implementation project of a Phase III contract, in Germany there is a risk that there may not be enough consulting capacity for other implementation projects. In other markets, there is still the risk that the quality and availability of consulting services and the hotline service, as well as the range of software functions in terms of international requirements cannot as yet be completely fulfilled. 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 retain its competitive edge, the RIB Group must invest heavily in product development and product launches, using both financial and human resources. The risk here is that the functional scope of the software will require expensive adaptation with respect to the legal framework. There is also the possibility that development capacities may be inhibited by individual customer requirements, whereby this could delay the supply of new products. This could mean that our software might not achieve the expected market acceptance.

The economic success of the RIB Group largely depends on the success of our high-revenue product iTWO 5D. If iTWO 5D were to lose its strong market acceptance, this could have a considerable negative impact on our business activities.

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

The RIB Group has maintained a high level of liquid assets. These are invested in low-risk short and medium-term time deposits and fixed-income securities. A portion of the liquid assets and securities exist and/or are listed in foreign currency. The associated risk of price changes is not hedged. These risks are taken into account through permanent monitoring of price developments and conditions.

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

The continuing financial crisis, especially the over-indebtedness of some EU countries could lead to a global economic or euro crisis. As a result, payment default risks could occur with regard to our securities and liquid 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.

The RIB Group has international subsidiaries that are still building their client base. If the volume of new clients acquired by these companies does not develop as planned, this could also 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.

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

Individual risks were reassessed in the reporting period. The probability of occurrence of a significant sales risk in terms of severity of loss regarding the operability of our software with standard operating systems and server landscapes was downgraded from “very likely” to “unlikely”. Two financial risks related to the fair value of securities and the availability of liquidity, which were deemed “unlikely”, were upgraded from “insignificant” and/or “average” to “significant” whereby the probability of occurrence remained unchanged. Due to the reassessment of the risks, the quantifiable amount of loss has on the whole increased 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 are posed by the need to make product adjustments as a result of changed legal framework conditions, or due to individual requirements on a customer-by-customer basis. This may necessitate costly product modifications and inhibit capacities to such an extent that the completion of planned new software components may be delayed.

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 with the previous year, the formal recording and summary of the risks was performed at the end of the 2015 financial year. 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 our current expectations and certain assumptions. They therefore entail a certain degree of risk and uncertainty. 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, 09 March 2016

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

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, 09 March 2016

RIB Software AG

The Executive Board

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

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 2015 to 31 December 2015. 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, 09.03.2016

BW PARTNER
Bauer Schätz Hasenclever Partnerschaft
Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft

Olaf Brank	Philipp Hasenclever
Wirtschaftsprüfer	Wirtschaftsprüfer