RIB
running together

Interim Report

2013

January - June

Dear Shareholders,

Our revenue grew an additional 40.8% in the first half of 2013 from € 19.1 million to € 26.9 million. Demand for 5D technology picked up notable momentum. With a foreign ratio of 44%, we are on schedule for globalising the RIB Group.

Software revenues rose by 9.9% to € 10.0 million (previous year: € 9.1 million). The cloud business sector rocketed by 225% from € 1.2 million to € 3.9 million. Due to the relatively low average order values of phase II deals in the first half of the year (€ 0.5 – 0.7 million), EBITDA adjusted for currency effects reached about 37% of market analysts' expectations for 2013 in the first six months at € 7.1 million (previous year: € 8.0 million). The market's expectation for the second half of the year is about 63%.

In view of the current sales pipeline, we expect phase II deals to rise during the second half of the year compared to the reporting period, and an increase in average phase II order values from US$ 0.7 million to > US$ 1 million. Moreover, we expect first deals via our channel sales partners in the ERP and consulting sector.

After the conclusion of the integration of our over 150 new top experts in the USA and in Australia, we now expect the first US, Australian and Chinese phase II deals with our new iTWO 5D source code in which we will have integrated the business functions of the predecessor software of MC², CADX and U.S.COST by the end of Q3/beginning of Q4. As a result, the 1,000 new RIB customers in the USA and Australia can continue to use their existing data during the conversion to iTWO and simultaneously work end-to-end with 5D projects.

To enhance the market penetration of the new 5D technology iTWO and accelerate customer decision purchasing cycles we have opened the first iTWO 5D lab worldwide in our Center of Excellence in Guangzhou, PRC. The goal in this connection is to simulate all 5D processes end-to-end with the TOP 1,000 worldwide construction groups and investors within a few days on the basis of genuine project data and achieve significant added value through the use of the new iTWO 5D technology. The first 5D lab session was successfully concluded this week with Paul Y, one of the leading construction groups in Hong Kong.

In addition, we are supporting the current initiative of the Federal Ministry of Transport, Building and Urban Development to promote integrated, model-oriented processes with our expertise. The aim of the major projects reform commission initiated by Dr. Ramsauer is to introduce model-oriented working methods as an integral need in project planning, infusing the technology into major projects in Germany in the years to come. The reform commission has invited RIB to cooperate in the implementation as a technology consultant in the 5D processes sector in order to set up specific proposals for the use of IT-supported processes for model-oriented working methods.

With this history, we see the future as optimistic. We anticipate that we will promote the sale of iTWO 5D largely within our initiatives and expect similarly good rates of growth for 2013 as a whole as in the reporting period.

We would like to thank you, dear shareholders, for the confidence you have placed in us. We look forward to your continued support in our business.

Yours sincerely,

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

Interim group management report

A. Report on the results of operations, financial position and net assets

Revenue increased by 40.8%

Our revenue grew a further 40.8% in the first half of 2013, from € 19.1 million to € 26.9 million. The foreign ratio increased to 44% during the reporting period.

Software revenues rose by 9.9% to € 10.0 million (previous year: € 9.1 million); the cloud business sector rocketed by 225% from € 1.2 million to € 3.9 million. Due to the steep increase in consulting revenues from € 2.1 million to € 8.1 million and the relatively low average order values of phase II deals in the first half of the year (€ 0.5 million – 0.7 million), EBITDA adjusted for currency effects reached about 37% of market analysts' expectations for 2013 in the first six months at € 7.1 million (previous year: € 8.0 million).

In view of the current sales pipeline, we expect phase II deals to rise during the second half of the year compared to the reporting period and an increase in average phase II order values from US$ 0.7 million to > US$ 1 million. Moreover, we expect first deals via our channel sales partners from the ERP and consulting sector.

Maintenance revenues increased 11.4% to € 8.8 million (previous year: € 7.9 million). Revenue from other services increased sharply from € 2.1 million to € 8.1 million.

R&D expenses in the reporting period rose 33.3% to € 2.4 million (previous year: € 1.8 million). The R&D ratio before capitalisation, depreciation, amortisation and impairment amounts to 22.3%. Selling and distribution costs rose to € 6.2 million (previous year: € 4.2 million) as a result of further additions to the sales force. Administrative expenses stood at € 2.8 million (previous year: € 1.8 million).

Income and expenses related to exchange rate fluctuations virtually balanced each other out in the first six months of 2013; during the same period of the previous year, currency effects from exchange rate changes recognised in profit or loss amounted to € 0.6 million.

The integration of the new locations in the USA and Australia were primarily responsible for an increase in the average number of employees to 544 (previous year: 456).

Net cash flow from operating activities remains on previous year's high level
Cash and cash equivalents, incl. securities, amount to approx. € 88 million

Net cash flow from operating activities amounts to € 12.7 million, continuing on the high level of the previous year (previous year: € 12.7 million). Cash flow from investment activities for the reporting period amounts to € 12.3 million (previous year: € -30.4 million). This includes inflows from fixed-interest securities during the reporting period amounting to more than € 16.2 million, compared to outflows the previous year in the amount of € 27.0 million. During the first six months, cash flow from financing activities came to € -9.0 million (previous year: €-7.3 million) and includes mainly outflows for the acquisition of treasury shares and dividend payment.

During the first six months of the financial year 2013, cash and cash equivalents, incl. fixed-income securities, remained with € 88.3 million virtually unchanged compared to the amount on 31 December 2012 (31 December 2012: € 89.1 million). Trade receivables amounted to € 9.9 million (31 December 2012: € 9.4 million).

Equity amounts to € 141.8 million (31 December 2012: € 148.4 million) and more than 62% is covered by liquid funds. The equity ratio is 78.1% as of 30 June 2013. As at 30 June 2013, treasury shares had been acquired for € 3.6 million as part of the share repurchasing programme (31 December 2012: € 0.2 million). As of the reporting date of 30 June 2013, this is equivalent to 892,994 treasury shares. The share repurchasing programme was initially set to end on 15 April 2013 and limited to 1.0 million shares. The Executive Board has now decided to extend the share repurchasing programme to allow for additional 1.0 million shares and to continue the programme until 15 April 2014.

Liabilities to third parties amount to € 1.3 million (31 December 2012: € 0.9 million). Receivables from third parties increased by € 0.5 million to € 9.9 million (31 December 2012: € 9.4 million).

B. Opportunity and risk report

The main opportunities and risks associated with the probable development of the RIB Group are outlined in the consolidated management report as at 31 December 2012.

This year, we will focus on adding to our national and international base of reference clients who use iTWO as an end-to-end solution across the entire construction process chain. To this end, we will invest in appropriate development, sales and consulting capacities. Against the background, we expect the RIB Group’s revenue growth in 2013 to continue to exceed 30% compared to the previous year.

Consolidated interim financial statements

Consolidated income statement

For the period: 01.01.2013 to 30.06.2013

€ thousands unless otherwise indicated

	Note	2nd quarter 2013	2nd quarter 2012	6 months 2013	6 months 2012
Revenue	(4)	**12,834**	**8,159**	**26,943**	**19,054**
Cost of sales		-5,482	-2,771	-11,260	-5,615
Gross profit		**7,352**	**5,388**	**15,683**	**13,439**
Other operating income		-131	905	810	1,339
Selling and distribution costs		-2,953	-1,990	-6,168	-4,163
Administrative expenses		-1,387	-804	-2,813	-1,822
Research and development expenses		-1,009	-753	-2,395	-1,812
Other operating expenses	(5)	-384	139	-480	-316
Finance income		201	219	316	408
Finance costs		-136	-3	-237	-3
Profit before tax		**1,553**	**3,101**	**4,716**	**7,070**
Income tax expense		-580	-899	-1,461	-2,143
Profit after tax		**973**	**2,202**	**3,255**	**4,927**
Earnings per share:					
Diluted and basic	(7)	0.03 €	0.06 €	0.09 €	0.13 €

Consolidated statement of comprehensive income

For the period: 01.01.2013 to 30.06.2013

€ thousands

	2nd quarter 2013	2nd quarter 2012	6 months 2013	6 months 2012
Profit after tax	**973**	**2,202**	**3,255**	**4,927**
Other comprehensive income:				
Exchange differences	-2,223	767	-722	340
Changes in value of available-for-sale securities	-33	11	-69	24
Revaluations	-31	0	-62	0
Other comprehensive income for the period	**-2,287**	**778**	**-853**	**364**
Total comprehensive income	**-1,314**	**2,980**	**2,402**	**5,291**

Consolidated statement of financial position as of 30.06.2013 and 31.12.2012

€ thousands

	Note	30.06.2013	31.12.2012
Goodwill	(8)	36,768	37,504
Other intangible assets		29,933	28,726
Property, plant and equipment		5,714	5,586
Investment property		5,010	4,834
Investments accounted for using the equity method		1,231	1,231
Prepaid land lease payments		953	964
Trade receivables		0	43
Other assets		86	86
Deferred tax assets		1,018	961
Total non-current assets		**80,713**	**79,935**
Trade receivables		9,897	9,401
Available-for-sale securities	(9)	23,139	39,816
Available-for-sale non-current assets	(10)	0	165
Other assets		2,741	2,966
Cash and cash equivalents		65,185	49,266
Total current assets		**100,962**	**101,614**
Total assets		**181,675**	**181,549**

€ thousands

	30.06.2013	31.12.2012
Issued capital	38,715	38,715
Treasury shares	-3,833	-202
Capital reserves	80,620	80,620
Legal reserves	47	47
Accumulated other comprehensive income	-352	501
Retained earnings	26,606	28,687
Total equity	**141,803**	**148,368**
Pension provisions	3,378	3,292
Finance lease obligations, non-current portion	1	1
Other finance liabilities	11,151	10,994
Deferred tax liabilities	7,706	7,928
Total non-current liabilities	**22,236**	**22,215**
Trade payables	1,259	939
Provisions for income taxes	2,721	1,971
Other provisions	281	298
Accruals	2,199	2,519
Deferred revenue	9,115	3,258
Finance lease obligations, current portion	2	37
Other financial liabilities	13	18
Other liabilities	2,046	1,925
Total current liabilities	**17,636**	**10,966**
Total liabilities	**39,872**	**33,181**
Total equity and liabilities	**181,675**	**181,549**

Consolidated statement of changes in equity

For the period: 01.01.2013 to 30.06.2013

€ thousands

	Issued capital	Capital reserves	Legal reserves	Accumulated other comprehensive income			Treasury shares	Retained earnings	Total equity according to consolidated statement of financial position
				Changes in value of available-for-sale securities	Foreign currency translation reserve	Revaluations			
As of 1 January 2012	**38,715**	**80,620**	**47**	**14**	**1,792**	**116**	**0**	**22,956**	**144,260**
Profit after tax	-	-	-	-	-	-	-	4,927	4,927
Other comprehensive income	-	-	-	24	340	0	0	-	364
Total comprehensive income	**-**	**-**	**-**	**24**	**340**	**0**	**0**	**4,927**	**5,291**
Dividends paid	-	-	-	-	-	-	-	-3,097	-3,097
As of 30 June 2012	**38,715**	**80,620**	**47**	**38**	**2,132**	**116**	**0**	**24,786**	**146,454**
As of 1 January 2013	**38,715**	**80,620**	**47**	**91**	**543**	**-133**	**-202**	**28,687**	**148,368**
Profit after tax	-	-	-	-	-	-	-	3,255	3,255
Other comprehensive income	-	-	-	-69	-722	-62	-	-	-853
Total comprehensive income	**0**	**0**	**0**	**-69**	**-722**	**-62**	**0**	**3,255**	**2,402**
Share buybacks	-	-	-	-	-	-	-3,631	-	-3,631
Dividends paid	-	-	-	-	-	-	-	-5,336	-5,336
As of 30 June 2013	**38,715**	**80,620**	**47**	**22**	**-179**	**-195**	**-3,833**	**26,606**	**141,803**

Consolidated statement of cash flows

For the period: 01.01.2013 to 30.06.2013

€ thousands

	6 months 2013	6 months 2012
Cash flows from operating activities:		
Profit before tax	**4,716**	**7,070**
Adjustments for:		
Depreciation and impairment of property, plant and equipment	173	84
Amortisation and impairment of intangible assets	2,285	1,883
Changes in allowance for impairment of trade receivables	-78	170
Other non-cash items	-278	-196
Interest expense and other finance cost	237	3
Finance income	-316	-407
	6,739	**8,607**
Working capital adjustments:		
Increase/decrease(-) in provisions and accruals	-255	-155
Increase(-)/decrease in receivables and other assets	163	-461
Increase/decrease(-) in trade payables and other liabilities	6,454	5,442
Cash generated from operations	**13,101**	**13,433**
Interest paid	-16	0
Interest received	292	289
Income taxes paid	-711	-999
Net cash flows from operating activities	**12,666**	**12,723**
Proceeds from the disposal of non-current assets	21	0
Purchase of property, plant and equipment	-304	-139
Purchase/production of intangible assets	-3,629	-3,273
Purchase(-)/sale of available-for-sale securities	16,239	-26,997
Net cash flows from investing activities	**12,327**	**-30,409**
Dividends paid	-5,336	-3,097
Cash outflow for share buybacks	-3,631	0
Cash outflow for repayment of other financial liabilities	-5	-4,142
Cash paid for finance leases	-35	-19
Net cash flows used in financing activities	**-9,007**	**-7,258**
Change in cash and cash equivalents impacting on cash flow	**15,986**	**-24,944**
Cash and cash equivalents at the beginning of the period	49,266	103,183
Currency-related change in cash and cash equivalents	-67	63
Cash and cash equivalents at the end of the period	**65,185**	**78,302**
Composition of cash and cash equivalents		
Cash and bank balances, unrestricted	61,717	77,164
Cash and bank balances, restricted	3,468	1,138
Total	**65,185**	**78,302**

Notes to the consolidated interim financial statements

1. Corporate information

This condensed consolidated interim financial statement of RIB Software AG (the “Company”) and its subsidiaries (collectively the “Group”) was drawn up according to the regulations of the International Financial Reporting Standards (IFRS). It complies in particular with the IAS 34 regulations “Interim reporting”.

The condensed consolidated interim financial statement has not been subjected to auditing inspection or a general audit.

Our business activity is in some respects subject to seasonal fluctuations.

In the past the revenue in the fourth quarter tended to be higher than in the individual preceding quarters. The interim results can therefore only be regarded as an indicator for the results of the entire financial year.

This condensed and unaudited consolidated interim financial statement should be read with the audited IFRS consolidated financial statements of RIB Software AG as of 31 December 2012.

Due to the representation of the numbers in € thousands, rounding differences may arise in individual items.

2. Accounting policies

In drawing up the consolidated interim financial report the same accounting policies and calculation methods were used as in the consolidated financial statements as of 31 December 2012.

3. Consolidated group

As of 30 June 2013, the consolidated group comprised the same entities compared to the consolidated financial statements as of 31 December 2012.

4. Revenue

Revenue breaks down as follows:

€ thousands

	6 months 2013	6 months 2012
Software licences	6,073	7,943
Software as a service / cloud	3,919	1,183
Total software licences and software as a service / cloud	**9,992**	**9,126**
Maintenance	8,823	7,877
Consulting	8,128	2,051
Total revenue	**26,943**	**19,054**

The total software licence revenue is subdivided as follows:

€ thousands

	6 months 2013	6 months 2012
iTWO Key Account	507	2,839
iTWO Mass Market	2,769	1,883
SaaS / Cloud	3,919	1,183
Legacy Products	2,797	3,221
Total software licences and software as a service / cloud	**9,992**	**9,126**

5. Other operating expenses

Other operating expenses include foreign exchange expenses arising from cash and cash equivalents and foreign currency differences due to intercompany consolidation.

6. Expenses for employee benefits and number of employees

Expenses for employee benefits

€ thousands

	6 months 2013	6 months 2012
Wages and salaries	13,099	8,046
Social security and pension costs	2,491	1,336
Total	**15,590**	**9,382**

Average number of employees

	6 months 2013	6 months 2012
General administration	61	45
Research and development	207	237
Sales and distribution	84	73
Support/Consulting	192	101
Total	**544**	**456**

7. Earnings per share – basic and diluted

Basic earnings per share are determined by dividing the net income for the period allocable to the shareholders by the weighted number of bearer shares outstanding during the period.
During the reporting period the weighted average of shares in circulation is 38,266,227. RIB Software AG has bought back during the period from 01.01.2013 to 30.06.2013 total 892,994 ordinary shares with a nominal value of € 1.00 per share and an average price of € 4.066.

€ thousands unless otherwise indicated

	6 months 2013	6 months 2012
Profit after tax	3,255	4,927
Weighted average of shares in circulation	38,266,227	38,715,420
Earnings per share (diluted and basic)	**0.09 €**	**0.13 €**

8. Goodwill

€ thousands

	30.06.2013	31.12.2012
License / Software Segment	24,225	24,607
SaaS / Cloud Segment	5,923	6,361
Professional Services Segment	3,640	3,625
GZ TWO development unit	2,980	2,911
Total	**36,768**	**37,504**

The full extent of changes in goodwill amounting to € -736 thousand are due to currency adjustments resulting from translation effects of goodwill maintained in the local currency and not recognised in profit or loss.

9. Available-for-sale securities

During the reporting period several fixed-rate securities held in the form of corporate bonds became due for repayment. Incoming payments from this amounted to € 16,317 thousand.

The Group acquired fixed-rate securities of € 78 thousand. The remaining change in the fair value is due to exchange and currency conversion.

10. Available-for-sale non-current assets

The co-ownership of an office building in Scottsdale / Arizona was sold during the reporting period.
Please compare the annual report as of 31.12.2012, note 24.

11. Segment information

Please refer to section (9) of our consolidated financial statements for the 2012 financial year for information on the basis of our segment reporting and notes on the segments.

The tables below show the segment revenue, segment results and reconciliations with the revenue shown in the consolidated income statement and comprehensive income.

€ thousands

6 months 2013	License / Software	SaaS / Cloud	Prof. Services	Total
Total revenue, external sales	**14,896**	**3,919**	**8,128**	**26,943**
Cost of sale	-3,553	-362	-7,346	-11,261
Research and development expenses	-1,520	-875	0	-2,395
Segment profit (EBIT)	9,823	2,682	782	13,287
Interest income and expense				79
Other unallocated income and expenses				-8,650
Profit before tax (EBT)				4,716
Income Tax Expense				-1,461
Profit after tax				**3,255**

€ thousands

6 months 2012	License / Software	SaaS / Cloud	Prof. Services	Total
Total revenue, external sales	**15,820**	**1,183**	**2,051**	**19,054**
Cost of sale	-3,333	-83	-2,199	-5,615
Research and development expenses	-1,707	-105	0	-1,812
Segment profit (EBIT)	10,780	995	-148	11,627
Interest income and expense				405
Other unallocated income and expenses				-4,962
Profit before tax (EBT)				7,070
Income Tax Expense				-2,143
Profit after tax				**4,927**

The other non-allocated income and expenses include other operating income, general management expenses, sales and marketing costs and other operating expenses.

Geographic information

Revenue by geographic area (based on the location of customers) breaks down as follows:

€ thousands

	6 months 2013	6 months 2012
EMEA (Germany, Europe, Middle East and Africa)	16,215	17,743
APAC (Asia Pacific)	2,398	1,196
North America	8,330	115
Total revenue	**26,943**	**19,054**

12. Events after the balance sheet date

Through a June 26 2013 contract, RIB Software AG, based in Stuttgart, has acquired 50% of the shares of MAC International Company Limited, Hong Kong, (hereinafter: MAC). 300,000 of RIB Software AG's own shares were transferred in exchange. Valued using the share price on 30 June 2013, the consideration amounts to € 1,245 thousand. Both the transfer of the acquired shares as well as the transfer of the shares in exchange took place after 30 June 2013, so that these transactions are not included in the interim statement.

In addition to the acquired shares, RIB Software AG already indirectly holds a stake in MAC through its associated business, RIB Asia Ltd.

MAC operates an online platform that allows both individual consumers and commercial customers to acquire building materials of all kinds online. The goal is to integrate MAC's online platform as an additional service on iTWO's platform.

As of 30 June 2013, MAC's balance sheet equity amounted to around € 2,870 thousand, which was covered almost completely by liquid assets. The portion of equity allocated to RIB Software AG essentially corresponds to this consideration.

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, 31 July 2013

RIB Software AG

The Executive Board

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

Further information

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“The English version of the Interim Report is a translation of the original German version; in the event of variances, the German version shall take precedence over the English translation.”