RIB running together

# Interim Report

# 2013

## January - September

# Dear Shareholders,

Thanks to the highly successful third quarter, our total revenue in the first nine months of 2013 went up 49.3% to € 41.5 million (prior year: € 27.8 million). Due to the strong growth in the mass market and two further phase II deals as well as our first phase III deal with the leading Finnish construction group YIT in the third quarter of 2013, especially the iTWO licence revenues underwent an increase of 186.7%, thus reaching € 7.6 million in the first nine months (prior year: € 6.3 million). In the first nine months 2013, the number of new international iTWO users underwent an increase of 77% to about 1,500. This trend, which is to be further developed in the coming years, reflects the global construction industry's growing interest in the new 5D technology.

SaaS and cloud revenues went up 246.7% to € 5.2 million (prior year: €1.5 million). All in all, software revenues progressed 32.3% to € 16.8 million (prior year: € 12.7 million).

International revenues (without Germany, Austria and Switzerland) shot up 513.4% to € 18.4 million, accounting for 44.3% of the total revenue. Due to the vigorous revenue growth in the first nine months of 2013, earnings after taxes (adjusted for currency effects and PPA amortization) underwent a year-on-year increase of 19.0% to € 7.5 million (prior year: € 6.3 million).

In our last shareholder letter, we had informed you about our new iTWO lab concept and had reported about the first successful 5D lab session with Paul Y, one of the leading construction groups in Hong Kong. With Paul Y, we were able to simulate all 5D processes end to end on the basis of genuine project data and achieve added value through the use of the new iTWO 5D technology. Accordingly, Paul Y signed an iTWO phase II deal in the third quarter of 2013.

By taking over a majority interest in Cosinus Informationssysteme GmbH, Freiburg, Germany, in August this year, we further expanded our position as a leading provider of end-to-end enterprise solutions. Cosinus has developed and successfully launched a market-leading finance, HR, purchasing and logistics solution for building suppliers and the secondary construction trades on the basis of Microsoft Dynamics NAV. Now, the solution will be fully integrated in the iTWO 5D end-to-end platform technology as iTWO finance component. For the first time, it will thus be possible to use the model-oriented 5D approach worldwide in commercial ERP processes.

From 20 - 22 November we will hold the first iTWO World Conference in Hong Kong. iTWO World brings together the world's leading building contractors and investors to show participants the additional values resulting from iTWO 5D end-to-end technology and the related novel working method which have been achieved in practice. The achieved benefits have been measured by Center for Integrated Facility Engineering at Stanford University (CIFE) under the direction of Professor Martin Fischer. The findings will be presented at the conference. The conference is intended to serve as the first global networking event for the top management of leading companies and organisations and is expected to further raise the level of awareness of the 5D end-to-end approach on an international top level.

The next important milestone is to carry the 5D end-to-end approach, which was introduced to the market with iTWO, to the cloud. For this, we use state-of-the-art software technologies that enable the use of the software via browsers and mobile clients, such as iPads. In the first quarter of 2014, we will introduce iTWO run, another cloud solution with this technology in addition to iTWO tx (contract award platform), to the market. Further deployment planning and resource management solutions for construction sites will follow by the end of 2014. From the end of 2015, the current functionality of iTWO 5D will be available for marketing as a cloud-based end-to-end enterprise solution with an international orientation and new highlights for model-based project management in the execution. Today, 31% of our software revenues result from cloud software sales. Our aim is to increase this ratio to more than 80% in 2016.

All in all, this strategy gives us a good positioning for future requirements that we might be confronted with.

We would like to thank you, dear Shareholders, for the confidence you have placed in us. We are looking forward to your continuing support in our business.

Yours sincerely,

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

# RIB on the Capital Market

In the year 2013 to date, the RIB share performed very well, recording a price increase of about 53% to € 6.75 (Xetra closing price on 24 October 2013), though the share price is still below our previous expectations. On 30 September 2013, the share closed at € 6.14 on Xetra. Currently, the RIB share has a buy rating from four analysts (UBS, Equinet, Warburg and Berenberg).

## RIB share price performance 01.01.2013 – 30.09.2013


## Key Figures

| € million unless otherwise indicated | 30.09.2013 | 30.09.2012 | Change |
|---|---|---|---|
| **Revenue** | **41.5** | **27.8** | **49.3%** |
| **Sales software licences and saas / cloud** | **16.8** | **12.7** | **32.3%** |
| **EBIT*** | **10.1** | **8.5** | **18.8%** |
| as % of revenue | 24.3% | 30.6% | |
| **EBT*** | **10.2** | **9.0** | **13.3%** |
| as % of revenue | 24.6% | 32.4% | |
| **Profit after tax*** | **7.5** | **6.3** | **19.0%** |
| Cash flow from operating activities | 14.1 | 14.5 | -2.8% |
| **Average number of employees** | **603** | **454** | **32.8%** |
| **Liquid funds and available-for-sale securities**** | **80.8** | **89.1** | **-9.3%** |
| **Equity ratio**** | **77.5%** | **81.8%** | |

* EBIT, EBT and Profit after tax adjusted FX costs and PPA-amortization

** Presentation of previous year as of December 31, 2012

# Interim group management report

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

### Proportion of iTWO and cloud revenues increases to 76.2% of the total software revenues
### Number of international iTWO users increases by 77% - tax rate falls to 26.5%

Licence sales with iTWO and cloud surged 64.1% to € 12.8 million (prior year: € 7.8 million). For the first time, this item accounted for 76.2% of the total software revenues. In the first nine months of this year, the number of new international users went up by 77% to about 1,500. This resulted in a reduction in the tax rate to 26.5% and thus significantly below the 30% mark. This trend, which is to be further developed in the coming years, reflects the global construction industry's growing interest in the new 5D technology.

### Total revenues up 49.3% – iTWO 5D sales increase 186.7% in Q3
### Adjusted* earnings after taxes grow 19%

Thanks to the highly successful third quarter, the total revenue in the first nine months of 2013 went up 49.3% to € 41.5 million (prior year: € 27.8 million). Especially iTWO licence revenues underwent an increase of 186.7% in the third quarter of 2013, thus reaching € 7.6 million in the first nine months (prior year: €6.3 million). SaaS and cloud revenues went up 246.7% to € 5.2 million (prior year: €1.5 million). All in all, software revenues progressed 32.3% to € 16.8 million (prior year: € 12.7 million). International revenues (without Germany, Austria and Switzerland) shot up 513.4% to € 18.4 million, accounting for 44.3% of the total revenue. Deferred maintenance revenues increased 14.3% to € 13.6 million (prior year: € 11.9 million). Service revenues increased sharply from € 3.1 million to € 11.1 million.

In the first nine months, earnings after taxes (adjusted for currency effects and PPA amortization) underwent a year-on-year increase of 19.0% to € 7.5 million (prior year: € 6.3 million) whereby tax rate - induced by the increase in international sales - is 26.5% and thus significantly below 30%.

R&D expenses in the reporting period rose 20.0% to € 3.6 million (previous year: € 3.0 million). The R&D ratio before capitalization, depreciation and amortization amounted to 22.0%. Especially due to the expansion of our sales team within the scope of the acquisitions, selling and distribution costs climbed to € 9.0 million (prior year: € 6.2 million). Administrative expenses amounted to € 4.2 million (prior year: € 2.8 million).

In the first nine months of 2013, income and expenses from exchange rate changes increased to € -0.9 million; in the corresponding prior-year period, the currency effect recognised in profit or loss had amounted to € -0.1 million.

Especially due to the acquisitions, the average headcount increased to 603 employees (prior year: 454 employees).

### Net cash flow from operating activities remains on previous year's high level
### Cash and cash equivalents including securities amount to approx. € 81 million

The net cash flow from operating activities amounted to € 14.1 million, a high level comparable to that of the prior year (€ 14.5 million). In the reporting period, the cash flow from investing activities totalled € 21.1 million (prior year: € -50.5 million). This includes inflows from fixed-interest securities during the reporting period amounting to more than € 28.7 million, compared to outflows in the prior year in the amount of € 36.7 million. In the first nine months, the cash flow from financing activities amounted to € -12.7 million (prior year: € -7.3 million), influenced mainly by the dividend payment (€ -5.3 million) and the purchase of treasury shares (€ -7.3 million).

For this reason, cash and cash equivalents including fixed-interest securities declined to € 80.8 million in the first nine months of the financial year 2013 (31 December 2012: € 89.1 million). The equity amounted to € 141.1 million (31 December 2012: € 148.4 million). As at 30 September 2013, the equity ratio amounted to 77.5%. Within the scope of the share repurchasing programme, treasury shares worth € 7.3 million were purchased as at 30 September 2013 (31 December 2012: € 0.2 million). As at the reporting date 30 September 2013, this corresponded to 1,673,203 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 decided to extend the share repurchasing programme to allow for the purchase of an additional 1.0 million shares and to continue the programme until 15 April 2014.

*[Adjusted for FX effects (€ -0.9 million) and PPA amortization (€ -0.9 million)]

Trade payables amounted to € 1.0 million (31 December 2012: € 0.9 million). Trade receivables increased € 1.8 million to € 11.2 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.

After the four phase II deals we had concluded in the first six months with Heinz von Heiden (Germany), Landmark American (USA), Deutsche Telekom (Germany) and Leighton (Hong Kong), we were able to conclude another phase II deal with Paul Y (Hong Kong) and our first phase III deal with YIT (Finland) in the third quarter.

Currently, we are working intensively on the completion of the integration of the acquired knowledge database in the iTWO platform for the US market. Moreover, our development focus is on the development of the iTWO 5D end-to-end solution by the end of 2015 as the first fully integrated, entirely web-based 5D project solution in the construction industry. Subsequently, iTWO cloud is to be deployed in global construction projects. To reach this goal, we will expand our R&D capacities, and 30% of our development team will switch to the iTWO cloud team in the fourth quarter.

Provided that we can conclude further phase II deals in the fourth quarter that can be recognised as revenue, we currently assume that we will be able to achieve earnings after taxes of about € 10 million.

# Consolidated interim financial statements

## Consolidated income statement

For the period: 01.01.2013 to 30.09.2013

€ thousands unless otherwise indicated

| | Note | 3rd quarter 2013 | 3rd quarter 2012 | 9 months 2013 | 9 months 2012 |
|---|---|---|---|---|---|
| **Revenue** | (5) | **14,535** | **8,728** | **41,478** | **27,783** |
| Cost of sales | | -4,764 | -2,571 | -16,025 | -8,187 |
| **Gross profit** | | **9,771** | **6,157** | **25,453** | **19,596** |
| Other operating income | | 155 | -30 | 965 | 1,309 |
| Selling and distribution costs | | -2,817 | -2,081 | -8,985 | -6,244 |
| Administrative expenses | | -1,372 | -995 | -4,184 | -2,817 |
| Research and development expenses | | -1,209 | -1,141 | -3,605 | -2,952 |
| Other operating expenses | (6) | -933 | -440 | -1,412 | -756 |
| Finance income | | 110 | 152 | 426 | 560 |
| Finance costs | | -105 | -1 | -342 | -4 |
| **Profit before tax** | | **3,600** | **1,621** | **8,316** | **8,692** |
| Income tax expense | | -740 | -458 | -2,200 | -2,602 |
| **Profit after tax** | | **2,860** | **1,163** | **6,116** | **6,090** |
| Profit attributable to non-controlling interests | | 17 | 0 | 17 | 0 |
| Profit attributable to owners of parent | | 2,843 | 1,163 | 6,099 | 6,090 |
| Earnings per share: | | | | | |
| Diluted and basic | (8) | 0.08 € | 0.03 € | 0.16 € | 0.16 € |

## Consolidated statement of comprehensive income

For the period: 01.01.2013 to 30.09.2013

€ thousands

| | 3rd quarter 2013 | 3rd quarter 2012 | 9 months 2013 | 9 months 2012 |
|---|---|---|---|---|
| **Profit after tax** | **2,860** | **1,163** | **6,116** | **6,090** |
| **Other comprehensive income:** | | | | |
| Exchange differences | -1,276 | -452 | -1,998 | -112 |
| Changes in value of available-for-sale securities | 10 | 9 | -59 | 33 |
| Revaluations | -31 | 0 | -93 | 0 |
| **Other comprehensive income for the period** | **-1,297** | **-443** | **-2,150** | **-79** |
| **Total comprehensive income** | **1,563** | **720** | **3,966** | **6,011** |
| Attributable to non-controlling interests | 17 | 0 | 17 | 0 |
| Attributable to owners of parent | 1,546 | 720 | 3,949 | 6,011 |

# Consolidated statement of financial position as of 30.09.2013 and 31.12.2012

€ thousands

| | Note | 30.09.2013 | 31.12.2012 |
|---|---|---|---|
| Goodwill | (9) | 38,710 | 37,504 |
| Other intangible assets | | 32,057 | 28,726 |
| Property, plant and equipment | | 5,839 | 5,586 |
| Investment property | | 5,045 | 4,834 |
| Investments accounted for using the equity method | (10) | 2,656 | 1,231 |
| Prepaid land lease payments | | 948 | 964 |
| Trade receivables | | 0 | 43 |
| Other assets | | 86 | 86 |
| Deferred tax assets | | 546 | 961 |
| **Total non-current assets** | | **85,887** | **79,935** |
| Trade receivables | | 11,177 | 9,401 |
| Available-for-sale securities | (11) | 10,189 | 39,816 |
| Available-for-sale non-current assets | (12) | 0 | 165 |
| Other assets | | 4,237 | 2,966 |
| Cash and cash equivalents | | 70,653 | 49,266 |
| **Total current assets** | | **96,256** | **101,614** |
| **Total assets** | | **182,143** | **181,549** |

€ thousands

| | 30.09.2013 | 31.12.2012 |
|---|---|---|
| Issued capital | 38,715 | 38,715 |
| Treasury shares | -6,240 | -202 |
| Capital reserves | 80,761 | 80,620 |
| Legal reserves | 47 | 47 |
| Accumulated other comprehensive income | -1,649 | 501 |
| Retained earnings | 29,450 | 28,687 |
| **Equity attributable to owners of parent** | **141,084** | **148,368** |
| Non-controlling interests | 55 | 0 |
| **Total equity** | **141,139** | **148,368** |
| Pension provisions | 3,421 | 3,292 |
| Finance lease obligations, non-current portion | 0 | 1 |
| Other finance liabilities | 12,228 | 10,994 |
| Deferred tax liabilities | 7,948 | 7,928 |
| **Total non-current liabilities** | **23,597** | **22,215** |
| Trade payables | 954 | 939 |
| Provisions for income taxes | 2,669 | 1,971 |
| Other provisions | 280 | 298 |
| Accruals | 2,977 | 2,519 |
| Deferred revenue | 7,987 | 3,258 |
| Finance lease obligations, current portion | 2 | 37 |
| Other financial liabilities | 11 | 18 |
| Other liabilities | 2,527 | 1,925 |
| **Total current liabilities** | **17,407** | **10,966** |
| **Total liabilities** | **41,004** | **33,181** |
| **Total equity and liabilities** | **182,143** | **181,549** |

# Consolidated statement of changes in equity

For the period: 01.01.2013 to 30.09.2013

€ thousands

| | | | | Accumulated other comprehensive income | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | Issued capital | Capital reserves | Legal reserves | Changes in value of available-for-sale securities | Foreign currency translation reserve | Revaluations | Treasury shares | Retained earnings | Equity attributable to owners of parent | Non-controlling interests | Total equity according to consolidated statement of financial position |
| **As of 1 January 2012** | **38,715** | **80,620** | **47** | **14** | **1,792** | **116** | **0** | **22,956** | **144,260** | **0** | **144,260** |
| Profit after tax | - | - | - | - | - | - | - | 6,090 | 6,090 | - | 6,090 |
| Other comprehensive income | - | - | - | 33 | -112 | - | - | - | -79 | - | -79 |
| **Total comprehensive income** | **0** | **0** | **0** | **33** | **-112** | **0** | **0** | **6,090** | **6,011** | **0** | **6,011** |
| Dividends paid | - | - | - | - | - | - | - | -3,097 | -3,097 | - | -3,097 |
| **As of 30 September 2012** | **38,715** | **80,620** | **47** | **47** | **1,680** | **116** | **0** | **25,949** | **147,174** | **0** | **147,174** |
| **As of 1 January 2013** | **38,715** | **80,620** | **47** | **91** | **543** | **-133** | **-202** | **28,687** | **148,368** | **0** | **148,368** |
| Profit after tax | - | - | - | - | - | - | - | 6,099 | 6,099 | 17 | 6,116 |
| Other comprehensive income | - | - | - | -59 | -1,998 | -93 | - | - | -2,150 | - | -2,150 |
| **Total comprehensive income** | **0** | **0** | **0** | **-59** | **-1,998** | **-93** | **0** | **6,099** | **3,949** | **17** | **3,966** |
| Share buybacks | - | - | - | - | - | - | -7,313 | - | -7,313 | - | -7,313 |
| Sale of own shares | - | 150 | - | - | - | - | 1,275 | - | 1,425 | - | 1,425 |
| Dividends paid | - | - | - | - | - | - | - | -5,336 | -5,336 | - | -5,336 |
| Other changes | - | -9 | - | - | - | - | - | - | -9 | 38 | 29 |
| **As of 30 September 2013** | **38,715** | **80,761** | **47** | **32** | **-1,455** | **-226** | **-6,240** | **29,450** | **141,084** | **55** | **141,139** |

# Consolidated statement of cash flows

For the period: 01.01.2013 to 30.09.2013

€ thousands

| | 9 months 2013 | 9 months 2012 |
|---|---|---|
| **Cash flows from operating activities:** | | |
| **Profit before tax** | **8,316** | **8,692** |
| Adjustments for: | | |
| Depreciation and impairment of property, plant and equipment | 282 | 127 |
| Amortization and impairment of intangible assets | 3,426 | 2,816 |
| Changes in allowance for impairment of trade receivables | -34 | 218 |
| Other non-cash items | 1,163 | 531 |
| Interest expense and other finance cost | 342 | 4 |
| Finance income | -426 | -560 |
| | **13,069** | **11,828** |
| **Working capital adjustments:** | | |
| Increase/decrease(-) in provisions and accruals | 209 | 195 |
| Increase(-)/decrease in receivables and other assets | -1,037 | 302 |
| Increase/decrease(-) in trade payables and other liabilities | 2,900 | 3,104 |
| **Cash generated from operations** | **15,141** | **15,429** |
| Interest paid | -25 | 0 |
| Interest received | 496 | 430 |
| Income taxes paid | -1,502 | -1,318 |
| **Net cash flows from operating activities** | **14,110** | **14,541** |
| Purchase of property, plant and equipment | -697 | -220 |
| Purchase/production of intangible assets | -5,548 | -4,843 |
| Purchase of consolidated companies net of cash acquired | -1,329 | -8,705 |
| Purchase(-)/sale of available-for-sale securities | 28,718 | -36,682 |
| **Net cash flows from investing activities** | **21,144** | **-50,450** |
| Dividends paid | -5,336 | -3,097 |
| Cash outflow for share buybacks | -7,313 | 0 |
| Cash outflow for repayment of other financial liabilities | -7 | -4,142 |
| Cash paid for finance leases | -36 | -30 |
| **Net cash flows used in financing activities** | **-12,692** | **-7,269** |
| **Change in cash and cash equivalents impacting on cash flow** | **22,562** | **-43,178** |
| Cash and cash equivalents at the beginning of the period | 49,266 | 103,183 |
| Currency-related change in cash and cash equivalents | -1,175 | -469 |
| **Cash and cash equivalents at the end of the period** | **70,653** | **59,536** |
| Composition of cash and cash equivalents | | |
| Cash and bank balances, unrestricted | 67,517 | 51,769 |
| Cash and bank balances, restricted | 3,136 | 7,767 |
| **Total** | **70,653** | **59,536** |

# 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

Compared to the consolidated financial statements as at 31 December 2012, the consolidated group as at 30 September 2013 additionally comprised Cosinus Informationssysteme GmbH, Freiburg, Germany (hereinafter referred to as “RIB Cosinus”).

In the reporting period, the Group acquired a majority interest in RIB Cosinus. RIB Cosinus was consolidated for the first time in the interim financial statements as at 30 September 2013. Please refer to our information in section (4) below.

## 4. Mergers

**Acquisition of RIB Cosinus**

Under the agreement dated 2 August 2013, RIB Software AG acquired 80% of the shares in RIB Cosinus. As the acquisition detailed below took place only shortly before the cut-off date of these interim financial statements, the fair value of the identifiable assets and liabilities could only be determined on a provisional basis. Therefore, the initial accounting of the merger only took place on a provisional basis. The acquisition date was 19 August 2013. For the sake of simplicity, the purchase price allocation was based on the value as at 31 August 2013. The transactions between 19 August and 31 August 2013 were of minor importance. Furthermore, no material changes in value occurred during this period. At the time of the acquisition of the shares, mutual buy and sell options were agreed for the transfer of the outstanding stake of 20%. The options may be exercised for a period of six months starting from 1 August 2016 under certain circumstances, or else from 1 August 2018.

As a result of the sell options agreed as part of the acquisition, the Group cannot avoid having to take over the outstanding shares of 20%. Therefore, although the Group does not as yet hold these shares, no minority interests need to be presented in the interim financial statements as a component of the consolidated equity. Instead, the obligation to take over the outstanding shares leads to the recognition of a financial liability at fair value. Correspondingly, the goodwill from the company acquisition will increase.

The option price for the outstanding shares of 20% is based on the enterprise value of RIB Cosinus at the time of the exercise of the option, and its amount depends on the economic development of RIB Cosinus during the period until the option is exercised. However, the option price is limited by a contractually agreed minimum price (€ 1,100 thousand) as well as a maximum price (€ 1,900 thousand). Based on the contractual agreements, we assume that the options will most likely be exercised and have consequently treated the option agreements as so-called synthetic forward agreements.

As a result of the dependence on the future economic development of RIB Cosinus, the amount of the consideration for the acquisition has not yet been finalised. We assume that the fair value of the consideration will amount to a total of € 4,487 thousand. This amount includes the purchase price of € 3,200 thousand for the company shares acquired so far (80%). The purchase price was paid on 19 August 2013. The additional amount of € 1,287 thousand pertains to the financial liability for the future takeover of the outstanding share tranche of 20%.

To value the financial liability, the enterprise value of RIB Cosinus was initially determined as at the time of the option. The enterprise valuation took place by means of valuation methods agreed in the purchase agreement, under consideration of various scenarios. On the basis of these calculations, we assume that the enterprise value of RIB Cosinus at the time of the option will be somewhere between € 4 million and € 8 million.

Based on our calculation and under the consideration of the contractual minimum and maximum price limits, we assume that we will need to pay a purchase price amounting to € 1,447 thousand for the currently outstanding stake of 20%. The financial liability is determined by discounting this purchase price as at the acquisition date using interest rates of 2.18% and 2.78%, which are appropriate for the respective periods and risks. As the amount of the consideration depends on what will happen in the future, the valuation of the financial liability is inextricably linked to discretionary decisions and estimation uncertainties.

If the actual economic development of RIB Cosinus differs from the assumptions made within the scope of the purchase price allocation, this will lead to an adjustment of the carrying amount of the financial liability through profit or loss. Although the effects of such adjustments are limited due to the minimum and maximum prices determined within the scope of the option agreements, the risk that this could have a major positive or negative impact on the earnings of future periods cannot be ruled out.

In the period until the financial liability becomes payable, income of a maximum of € 347 thousand or expenses of a maximum of € 453 thousand may accrue.

The fair value of the identifiable assets and liabilities of Cosinus as of the acquisition date and the corresponding book values immediately before the acquisition date were provisionally as follows:

€ thousands

| | **Carrying amount 31.08.2013** | **Fair Value 31.08.2013** |
|---|---:|---:|
| Intangible assets | 10 | 1,495 |
| Property, plant and equipment | 129 | 129 |
| Other assets | 1,173 | 1,173 |
| Deferred tax assets | 0 | 32 |
| Trade receivables | 462 | 462 |
| Cash and cash equivalents | 1,871 | 1,871 |
| | **3,645** | **5,162** |
| Dererred revenue | 1,452 | 1,490 |
| Other debts and other liabilities | 1,192 | 1,260 |
| Deferred tax liabilities | 0 | 460 |
| Non-controlling interests | 38 | 38 |
| | **2,682** | **3,248** |
| **Net assets** | **963** | **1,914** |
| Goodwill from the company acquisition | | 2,573 |
| **Total acquisition costs** | | **4,487** |

The difference between the gross amount of the contractual trade receivables and the fair value as of the acquisition date was € 1 thousand.

RIB Cosinus performs IT services on the basis of the ERP software Microsoft Dynamics NAV and is a certified implementation partner of Microsoft. The services performed especially comprise the implementation of Microsoft Dynamics NAV and subsequent maintenance and consulting services. The focus is on customers from the fields of construction, industrial enterprises and associations.

RIB Cosinus has developed a market-leading financial, HR, purchasing and logistics solutions for building suppliers and the construction industry on the basis of Microsoft Dynamics NAV. Now, the goal is to fully integrate the solution in the iTWO 5D end-to-end platform technology as an iTWO ERP component. Additionally, the plan is to jointly develop a cloud-based 5D end-to-end ERP solution for the construction industry with which, based on BIM data, all key business processes from the project planning and the project management to the business management can be processed with 5D technology in an integrated cloud-based solution.

The goodwill particularly reflects expected synergy effects from the acquisition and the know-how of the employees taken over.

The goodwill as a whole is not deductible for tax purposes.

Of the intangible assets totalling € 1,495 thousand, maintenance agreements and associated customer relationships accounted for € 1,485 thousand.

As a result of the acquisition of RIB Cosinus, revenues increased € 739 thousand in the reporting period, and consolidated earnings went up € 150 thousand.

If RIB Cosinus had already been acquired as of 1 January 2013, the revenues in the reporting period would have been € 5,363 thousand higher, and the consolidated earnings would have been € 33 thousand higher.

## 5. Revenue

Revenue breaks down as follows:

€ thousands

| | 9 months 2013 | 9 months 2012 |
|---|---|---|
| Software licences | 11,537 | 11,187 |
| Software as a service / cloud | 5,222 | 1,528 |
| **Total software licences and software as a service / cloud** | **16,759** | **12,715** |
| Maintenance | 13,632 | 11,922 |
| Consulting | 11,087 | 3,146 |
| **Total revenue** | **41,478** | **27,783** |

The total software licence revenue is subdivided as follows:

€ thousands

| | 9 months 2013 | 9 months 2012 |
|---|---|---|
| iTWO Key Account | 3,826 | 3,770 |
| iTWO Mass Market | 3,764 | 2,498 |
| SaaS / Cloud | 5,222 | 1,528 |
| Legacy Products | 3,947 | 4,919 |
| **Total software licences and software as a service / cloud** | **16,759** | **12,715** |

## 6. Other operating expenses

Other operating expenses include foreign exchange expenses arising from cash and cash equivalents, foreign currency differences due to intercompany consolidation and other expenses not attributable to the functional positions.

## 7. Expenses for employee benefits and number of employees

**Expenses for employee benefits**

€ thousands

| | 9 months 2013 | 9 months 2012 |
|---|---|---|
| Wages and salaries | 19,160 | 12,249 |
| Social security and pension costs | 3,669 | 2,073 |
| **Total** | **22,829** | **14,322** |

**Average number of employees**

| | 9 months 2013 | 9 months 2012 |
|---|---|---|
| General administration | 79 | 48 |
| Research and development | 233 | 230 |
| Sales and distribution | 91 | 76 |
| Support/Consulting | 200 | 100 |
| **Total** | **603** | **454** |

## 8. 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 37,890,903. RIB Software AG has bought back during the period from 01.01.2013 to 30.09.2013 total 1,673,203 ordinary shares with a nominal value of € 1.00 per share and an average price of € 4.370.

€ thousands unless otherwise indicated

| | 9 months 2013 | 9 months 2012 |
|---|---|---|
| Profit after tax | 6,116 | 6,090 |
| Weighted average of shares in circulation | 37,890,903 | 38,715,420 |
| **Earnings per share (diluted and basic)** | **0.16 €** | **0.16 €** |

## 9. Goodwill

€ thousands

| | 30.09.2013 | 31.12.2012 |
|---|---|---|
| License / Software Segment | 25,425 | 24,607 |
| SaaS / Cloud Segment | 6,289 | 6,361 |
| Professional Services Segment | 4,102 | 3,625 |
| GZ TWO development unit | 2,894 | 2,911 |
| **Total** | **38,710** | **37,504** |

The change in the carrying amounts by € 1,206 thousand was attributable to the addition of € 2,573 thousand from the initial consolidation of RIB Cosinus and € -1,367 thousand from currency translation effects of goodwill held in local currency, which were recognised outside profit or loss.

## 10. Investments in associates

Under the agreement of 26 June 2013, RIB Software AG acquired 50% of the shares in MAC International Company Limited, Hong Kong (hereinafter referred to as “MAC”). In return, 300,000 of the treasury shares of RIB Software AG were transferred. Valued at the price at the time of the transfer, the consideration amounted to € 1,425 thousand. The transfer of the acquired shares and of the consideration took place on 25 July 2013.

Apart from the newly acquired shares, RIB Software AG already held an indirect interest in MAC via the associated company RIB Asia Ltd., Hong Kong (hereinafter referred to as “RIB Asia”). RIB Software AG holds 49.96% of the shares in RIB Asia. RIB Asia holds 50% of the shares in MAC.

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 31 July 2013, MAC's balance sheet equity amounted to around € 2,816 thousand, which was covered almost completely by liquid assets. The portion of equity allocated to RIB Software AG essentially corresponds to this consideration.

Under agreements dated 10 October 2013, RIB Software AG also acquired the remaining shares in RIB Asia. The sellers of the shares were three companies in which Mr Thomas Wolf, Chairman of the Executive Board of RIB Software AG or related parties hold majority interests. As a result of this acquisition of shares, RIB Software AG has become the sole shareholder of RIB Asia and (indirectly) of MAC. As of the acquisition date, RIB Asia, consolidated with MAC, held an equity of about € 1,500 thousand, which was fully covered by cash and cash equivalents.

The total purchase price for these shares amounted to € 850 thousand. RIB Asia is a pure holding company. The shareholding in MAC is its main asset.

## 11. 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 € 28,718 thousand.

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

## 12. 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.

## 13. 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

| | 9 months 2013 | | | |
|---|---|---|---|---|
| | License / Software | SaaS / Cloud | Prof. Services | Total |
| **Total revenue, external sales** | **25,169** | **5,222** | **11,087** | **41,478** |
| Cost of sale | -5,421 | -491 | -10,112 | -16,025 |
| Research and development expenses | -2,319 | -1,286 | 0 | -3,605 |
| Segment profit (EBIT) | 17,429 | 3,445 | 975 | 21,848 |
| Interest income and expense | | | | 84 |
| Other unallocated income and expenses | | | | -13,616 |
| Profit before tax (EBT) | | | | 8,316 |
| Income Tax Expense | | | | -2,200 |
| **Profit after tax** | | | | **6,116** |

€ thousands

| | 9 months 2012 | | | |
|---|---|---|---|---|
| | License / Software | SaaS / Cloud | Prof. Services | Total |
| **Total revenue, external sales** | **23,109** | **1,528** | **3,146** | **27,783** |
| Cost of sale | -4,845 | -126 | -3,216 | -8,187 |
| Research and development expenses | -2,770 | -182 | 0 | -2,952 |
| Segment profit (EBIT) | 15,494 | 1,220 | -70 | 16,644 |
| Interest income and expense | | | | 556 |
| Other unallocated income and expenses | | | | -8,508 |
| Profit before tax (EBT) | | | | 8,692 |
| Income Tax Expense | | | | -2,602 |
| **Profit after tax** | | | | **6,090** |

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

| | 9 months 2013 | 9 months 2012 |
|---|---|---|
| EMEA (Germany, Europe, Middle East and Africa) | 26,365 | 25,550 |
| APAC (Asia Pacific) | 3,937 | 1,684 |
| North America | 11,176 | 549 |
| **Total revenue** | **41,478** | **27,783** |

## 14. Related party transactions / Events after the balance sheet date

In October 2013 acquired RIB Software AG additional shares of RIB Asia. Please refer to our explanatory notes on section (10).

Stuttgart, 31 October 2013

**RIB Software AG**

The Executive Board

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

# Further information

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