RIB

ANNUAL REPORT 2010

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ANNUAL REPORT 2010
RIB SOFTWARE AG

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F.l. Michael Sauer (CFO), Thomas Wolf (CEO) and Dr. Hans-Peter Sanio (CTO)

DEAR SHAREHOLDERS,

We can look back on another successful financial year, during which we were able to increase both sales and earnings. This is due, above all, to the launch of our new software solution iTWO with 5-dimensional building models for digital planning and construction, which will help us to expand our market position in the coming years.

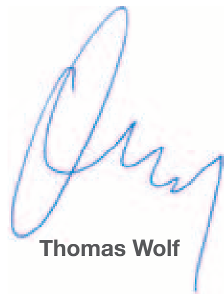
The British Economy Research Institutes Global Construction Perspectives and Oxford Economics estimate that global construction volume will increase from the current 7.5 billion US dollars by 70 % to 12.7 billion US dollars over the next ten years. Against this background, digital planning and control processes are becoming increasingly important in order to process projects even faster, more efficient and less costly. The US government, for example, has announced that BIM technology will serve as basis for planned infrastructure investments, which are expected to exceed 100 billion US dollars (BIM - Building Information Modelling). Similarly, governments in Asia, such as in Singapore, are actively promoting use of 5D-technology in the construction industry.

The excellent growth in our software sales by 25.7 % not only confirms these market trends, but also shows that the strategy we have been pursuing since 2005 was the right choice: to invest in a new software solution with 5-dimensional building models for digital planning and construction and to expand our international sales activities. Since mid-2010, in addition to the German iTWO version, we have also been offering English and Chinese versions in several international regions, including EMEA, APAC and North America. We also signed more than 20 agreements for iTWO with the leading companies in the market, and will be working with these companies on further localisation of iTWO for their respective regions.

It was primarily due to the successful launch of iTWO that we were able to increase our sales by 15.6 % to EUR 34.8 million (previous year EUR 30.1 million) in 2010. Our software sales – the most important indicator of success for a software company – rose by 25.7 % to EUR 16.2 million (previous year: EUR 12.9 million). EBIT was adjusted for one-time IPO costs and rose by 33 % to EUR 11.7 million (previous year: EUR 8.8 million), despite the 40 %increase in depreciation and amortisation of EUR 2.8 million (previous year: EUR 2 million).

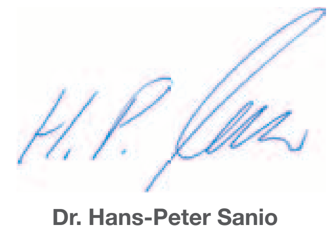
With the successful IPO in February 2011 on the Prime Standard of the Frankfurt Stock Exchange, the gross proceeds from the issue amounted to 9,798,750 shares of EUR 90.6 million. Our liquid assets now exceed EUR 100 million, which we will use for the development of new products and for acquisitions to faster expand our customer networks. This annual report gives you detailed information on our strategies and our financial year 2010. We also would like to thank all our employees who have contributed to this success with their hard work.

And we would like to thank you, dear shareholders, for the confidence you have placed in us and we look forward to your continuing support in 2011.



Thomas Wolf

Michael Sauer



Dr. Hans-Peter Sanio

RIB – LONG-STANDING EXPERTISE IN CONSTRUCTION

With **RIB iTWO® Business Suite** we successfully launched the world's first fully-integrated 5D – software solution for digital planning and execution of construction projects.

Some of our more than 390** staff from our 13 offices worldwide

German engineering combined with Chinese cost-efficiency

RIB has been listed on the Prime Standard of the Frankfurt Stock Exchange since 8 February

2011

EBT 2010

11.7*

million EUR (34 %* EBT margin)

* IPO costs adjusted

34.8

million EUR revenue in fiscal year 2010 (software sales revenues increased by 26 %)

15,000

clients

More than

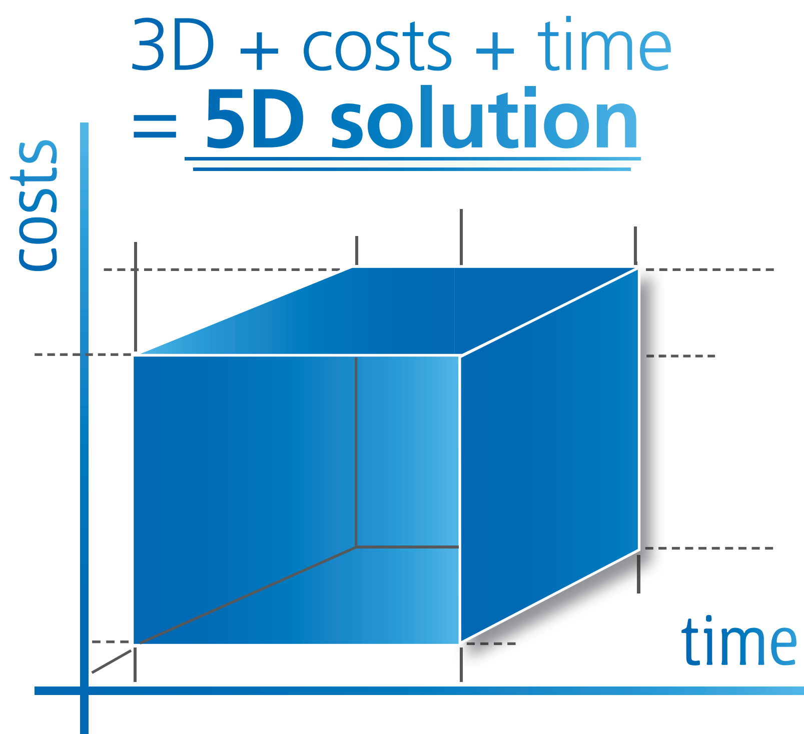
390**

staff at 13 offices worldwide

** including Guangzhou R&D center

THE FUTURE OF DIGITAL BUILDING AND CONSTRUCTION – RIB iTWO®

RIB iTWO® integrates classic processes in the construction industry via a graphical interactive model-based working method (5D). According to experience made in other industries and prognoses by leading construction companies and industry experts, this solution offers enormous potential for highly-efficient construction.



2011

New development of a construction cloud which offers all project parties the most relevant information for digital construction

2010: More than

120

clients in Germany and all around the globe decided for iTWO in the first year

So far there was no 5D software anywhere in the world specifically for the construction industry that we could use for end-to-end sustained support of our processes. In iTWO we have now found an integrated solution that meets all our requirements of model-based project management software.

Wolfgang Herrmann, Max Bögl

Migrate existing clients to iTWO

10

new international field offices in 2010

26%

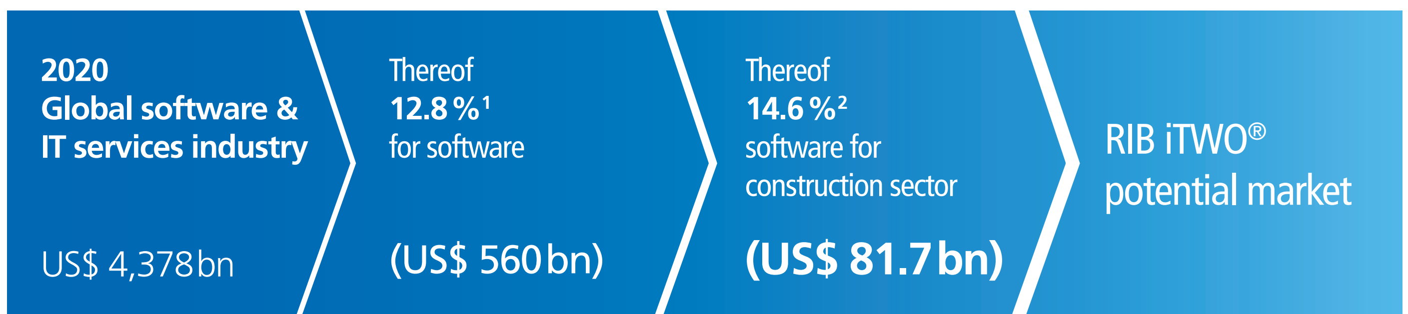
of our total revenue in the development of new products

Strategic acquisitions with the goal of building up our customer base more quickly

MARKET WITH SIGNIFICANT GROWTH POTENTIAL

As a result of international consolidation of the CAD and ERP software market Autodesk and SAP became international software businesses in the nineties.

In our target market there is currently no market leader in the field of project management software for planning and execution of construction and infrastructure projects.



Source: Global Insight, Global Construcion 2020, Datamonitor Global Software & Services

1 Based on company estimate, assumes 4.25 % CAGR from 2014–2020

2 Company estimation that in the long-term construction software as % of total software is equal to construction output as % of global GDP (Global Construction 2020)

RUNNING TOGETHER – THIS CLAIM SYMBOLIZES OUR COLLABORATION WITH CLIENTS

We develop software solutions for the construction industry together with our clients. This close collaboration between our high-quality software and our technically highly advanced products pave the way for our large and stable customer base with a high growth potential around the globe.

"The integrated technical ERP solution of RIB Software AG links up all construction and business processes, optimises our controlling of construction schedules and costs, and beyond that, fully supports the communication among our staff and the exchange of information with customers and subcontractors. This way we enhance the value added of our team collaboration."

Hannes Truntschnig, STRABAG SE

More than

100,000

users work with RIB Software

One-man architectural and engineering offices and world's leading construction companies are part of the RIB customer base

77.9%

equity-to-assets ratio (47.6 million EUR)

0

debts

Turnover of

34.8

million EUR in the fiscal year 2010
(software sales revenues rose by 26%)

Gross profit margin in 2010

79.6%

EBT margin in 2010

34%*

(11.7* million EUR)

Net profit in 2010

8.0*

million EUR (23.1%* Net margin)

*IPO costs adjusted

More than

100

million EUR cash after IPO on 8 February 2011

RIB – STRONG BUSINESS MOMENTUM WITH HIGHLY ATTRACTIVE FINANCIAL PROFILE

After our successful IPO on the Prime Standard segment of the Frankfurt Stock Exchange, we obtained enough cash to further strengthen our international customer base with the aid of strategic acquisitions.

99 % of the 15.7 million shares were applied for by institutional investors.

Successful listing on the Prime Standard of the Frankfurt Stock Exchange on 8 February 2011: F.l.: Thomas Wolf, Dr. Hans-Peter Sanio and Michael Sauer.

REPORT OF THE SUPERVISORY BOARD TO THE ANNUAL GENERAL MEETING 2011 OF RIB SOFTWARE AG

SUPERVISION AND COUNSELLING OF THE BOARD OF DIRECTORS

The financial year 2010 was marked by the preparation of the company's IPO, the setup of the international sales organisation, and the marketing of our new model-based planning and construction software solution "RIB iTWO®". This was also reflected in the activities of the Supervisory Board.

In the reporting period, the Supervisory Board monitored and coached the Board of Directors in line with the provisions of the law and the Articles of Association. The Supervisory Board gathered information on the business policy, the business activities, and especially the economic situation and the intended investment projects and the planning of new business fields in the RIB Group and, based on oral and written reports of the Board of Directors that were always transmitted in due time and in accordance with the provisions of Section 90 of the German Stock Corporation Act (AktG), was directly involved in all decisions of material significance to RIB Software AG and the group. The Board of Directors regularly informed the Supervisory Board on the sales, finance, and earnings situation of the company. At frequently held individual meetings, the respective Chairman of the Supervisory Board also asked the Board of Directors for details on the assets, financial, and earnings performance and on important business transactions and decisions.

MEETINGS, RESOLUTIONS, AND CONSULTATIONS

In the financial year 2010, the Supervisory Board held a total of four meetings on 11 March 2010, 11 May 2010 (constitutive meeting), 19 October 2010, and 7 December 2010. None of the Supervisory Board members was present at less than half of the meetings. Moreover, the Supervisory Board also adopted resolutions by means of circular procedures. The resolution drafts for written circular procedures were always accompanied by introductory explanations. Furthermore, the Executive Board was always available to the Supervisory Board for additional information and explanations.

At the meetings, the current business performance, the risk situation, the group's strategic orientation, upcoming investments as well as the submitted reports and documents were intensively discussed. No conflicts of interest were identified for the Supervisory Board members.

The consultations and resolutions mainly focused on the following subjects:

- the planned IPO of the company in Hong Kong, especially the preparation of and the passing of resolutions for the amendment of rules of procedure of the Supervisory Board and the Board of Directors as well as the forming of committees of the Supervisory Board required in this context;
- the IPO of the company at the Frankfurt Stock Exchange;
- the discussion of the financial statements and the group financial statements for the period ending 31 December 2009 together with the auditor; the approval of the financial statements 2009 and the approval of the voluntary group financial staments 2009;
- the preparation of the annual general meeting dated 11 May 2010 and the extraordinary general meeting dated 29 December 2010;
- the extension of the existing employment agreements with the members of the Board of Directors;
- the set-up of the international sales organisation;
- the marketing of "RIB iTWO®";
- the insourcing (roll-in) of the services previously rendered by GZ TWO Information Technology Co., Ltd.;
- the business planning 2011 until 2015 as well as the investment planning 2011.

All transactions submitted to the Supervisory Board for approval were intensively discussed and approved. In the reporting period, transactions subject to approval particularly included the following:

- the increase of the amount to be invested for the EOC building in Guangzhou, China, which has been erected by order of the company;
- the decision in principle on the acquisition of the shares in the outsourcing companies in Guangzhou, China, namely GZ TWO Information Technology Co., Ltd. and TWO Consulting Company Ltd., by the company or an affiliated company.

In the financial year 2010, the Supervisory Board did not form any committees.

STAFF-RELATED ISSUES

In the reporting period, the Supervisory Board staffing underwent several changes.

At the annual general meeting dated 11 May 2010, all members of the Supervisory Board that had served to date in the financial year 2010, namely Mr. Eran Davidson, Mr. Jörg Gertz, Ms Sandy Möser, Dr. Matthias Rumpelhardt, and Dr. Jörg Sievert, were confirmed in office. Moreover, Mr. Keith Chau Kwok Keung was newly elected to the Supervisory Board.

Mr. Jörg Gertz, who had served as Chairman of the Supervisory Board in the reporting period until his date of departure, departed from the Supervisory Board as of 30 August 2010. By resolution of the Stuttgart District Court of 24 September 2010, Mr. Barrie David Sheers was appointed member of the Supervisory Board in his place. Following the departure of Mr. Gertz, the Supervisory Board elected Ms Sandy Möser as the new Chairwoman of the Supervisory Board by means of the circular resolution of 2 September 2010.

As of 25 December 2010, Dr. Sievert departed from the company‘s Supervisory Board.

ACCOUNTING

In view of the company‘s IPO, the company‘s voluntary consolidated financial statements for the financial year 2009 in accordance with IFRS and the group management report were slightly adapted to international practice. For this purpose, BW PARTNER Bauer Wulf Schütz Hasenclever Stiefelhagen Partnerschaft, Wirtschaftsprüfungsgesellschaft, Steuerberatungsgesellschaft, Stuttgart, Germany, the auditors for the voluntary financial statements for the financial year 2009, conducted an additional audit and duly supplemented the audit opinion, which remained unqualified. After consultation with the Board of Directors and with the auditors, the company‘s Supervisory Board approved the amended consolidated financial statements for the financial year 2009 in accordance with IFRS. No objections were to be made after the final audit by the Supervisory Board.

The annual financial statements and management report of RIB Software AG as of 31 December 2010, which were prepared by the Board of Directors, and the Board of Directors‘ report pursuant to Section 312 of the German Stock Corporation Act (AktG) concerning the relationships of RIB Software AG with affiliated companies for the financial year 2010 (dependency report) were audited by BW PARTNER Bauer Wulf Schätz Hasenclever Stiefelhagen Partnerschaft, Wirtschaftsprüfungsgesellschaft, Steuerberatungsgesellschaft, Stuttgart, Germany, and awarded an unqualified audit opinion. The voluntary consolidated financial statements in accordance with IFRS and the voluntary group management report of RIB Software AG as of 31 December 2010 were audited by Ernst & Young GmbH, Wirtschaftsprüfungsgesellschaft, Stuttgart, Germany, and also awarded an unqualified audit opinion.

The audit opinion of the dependency report, which the auditors issued for the annual financial statements and the management report, is as follows:

"Based on our due audit and assessment, we confirm that
1. the actual information provided in the report is correct,
2. the consideration of the company for the legal transactions listed in the report was not unduly high or disadvantages were compensated,
3. in connection with the measures listed in the report, there was nothing to imply an assessment substantially different from that of the Executive Board."

The annual financial statements and the management report of RIB Software AG, the Board of Directors' proposal for the appropriation of the profit, the voluntary consolidated financial statements in accordance with IFRS, the voluntary group management report, the dependency report, and the audit reports of the auditors were submitted to all members of the Supervisory Board for review in due time ahead of the Supervisory Board's balance sheet meeting. At its meeting on 5 April 2011, the Supervisory Board discussed this subject with the Board of Directors and the auditors. In this context, the representatives of the auditors reported the material results of their audit. In addition, they answered questions and provided additional information. No material flaws of the internal audit and risk management system were detected by the auditors.

The Supervisory Board agreed to the result of the auditors' audit, which did not contain any objections. Moreover, no objections were to be made after the final audit by the Supervisory Board; this also applies to the statement of the Board of Directors at the end of the dependency report. The Supervisory Board approved the annual financial statements and the consolidated financial statements for 2010 of RIB Software AG. Thus, the annual financial statements of RIB Software AG have been adopted.

The Supervisory Board discussed the Board of Directors' proposal for the appropriation of the profit especially under consideration of the company's liquidity and the shareholders' interests. Based on its audit, the Supervisory Board agreed to the Board of Directors' proposal for the appropriation of the profit.

The Supervisory Board thanks all members of the Board of Directors and all employees for their great personal commitment and their achievements in the financial year 2010.

Stuttgart, 5 April 2011

Sandy Möser
(Chairwoman of the Supervisory Board)
for the Supervisory Board

GROUP MANAGEMENT REPORT

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GROUP MANAGEMENT REPORT FOR THE FISCAL YEAR 2010

A. BUSINESS AND GENERAL ENVIRONMENT

A.1. Summary

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

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

- **Investors & Consultants**
  This group includes architects, engineers, quantity surveyors, investors, project developers, industrial companies and the public sector.

- **Contractors**
  This group includes construction companies, general contractors (buildings and infrastructure) as well as plant planners and engineers.

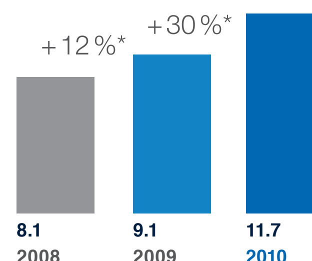
Our research and development activities have been decentralized since 2005. The specification and design of our software is determined in Germany. Programming is mainly carried out in China via outsourcing services performed by TWO Ltd. In December 2010 we took the decision to integrate development activities in China into the RIB Group. A corresponding memorandum of understanding was concluded and provides for integration in the first half of 2011.

Under the umbrella of RIB Software AG, our product sales are organized via two German subsidiaries, RIB Engineering GmbH and RIB Deutschland GmbH, and one subsidiary in Hong Kong, RIB Limited, which combines our international sales and development activities outside of the German-speaking area. Under the umbrella of RIB Limited, a total of ten new sales branches were set up in fiscal 2010 (USA, Middle East, India, Singapore, Australia and China), which reflects our strategy to expand our international business activities. In connection with this, the shares in RIB Software UK Ltd. and RIB (Americas) Software Inc., which had previously been held by RIB Software AG, were transferred to RIB Limited, to focus the international activities under one roof.

A.2. Profitable growth trajectory continues

The RIB Group continued its successful development in 2010, enjoying a significant increase of 30 % in profit before tax, which rose to EUR 11.7m (before non-recurring expenses in connection with the IPO) compared to EUR 9.1m in the prior year. Revenue rose from EUR 30.1m to EUR 34.8m (up 15.6 %). Of this, EUR 16.4m (up 4.9 %) was allocable to the investors and consultants segment, while the contractors segment accounted for EUR 18.4m (up 27.5 %).

EBT in million EUR (IPO costs adjusted)



*Percentage increase over previous year

A.3. Research and development

With R&D expenses equivalent to 26 % of revenue (prior year: 28 %), the RIB Group remains ahead of its competitors in this respect, once again investing in innovation and technology in 2010. There are currently approximately 230 highly qualified industry specialists and computer scientists working on existing and new software solutions on behalf of the RIB Group at its three development companies, RIB Information Technologies AG, RIB Engineering GmbH and TWO Ltd.

2010 saw us conclude a development project lasting five years, which we carried out in close cooperation with leading international construction groups, and culminated in the world's first fully integrated software solution for digital planning and construction: RIB iTWO®. This software enables users to carry out virtual planning, execution and management tasks for construction projects, and can also simulate production and maintenance processes. In April 2010 we released the English version of RIB iTWO® for sale, followed by the Chinese version in July 2010. Further significant development projects in fiscal 2010 were concerned with extending RIB iTWO® to allow model-based processing of infrastructure projects as well as adjusting it to the specifications of regional markets and customers.

Taking into account all R&D units of the RIB Group as a whole, the high R&D capacity of our outsourcing centre in China not only led to a significant reduction in development costs (per man-year), but also leveraged a competitive edge thanks to short product cycles.

A.4. Marketing and sales

RIB Deutschland GmbH has sold the German version of RIB iTWO® in the German-speaking area since January 2010. The RIB Group markets its English version in North America, the UK, the Middle East, India, Australia and Asia, and its Chinese version in China via RIB Limited. RIB iTWO® attracted over 120 customers in fiscal 2010 overall. These include three new international customers gained in connection with the RIB iTWO® cooperation agreement concluded with SAP in January 2010.

A.5. Market conditions

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

However, although these conditions favour us, our target groups' willingness to invest also depends on the general economic environment and the development of the industry in our target segments. As in the prior year, the economic environment of 2010, still reeling from the financial and economic crisis, was characterized by tough lending conditions for our target groups and a generally cautious investor sentiment.

A.6. Strategy

We aim to take the pole position in our target markets for digital planning and construction software with RIB iTWO®. We intend to achieve these goals by taking the steps below:

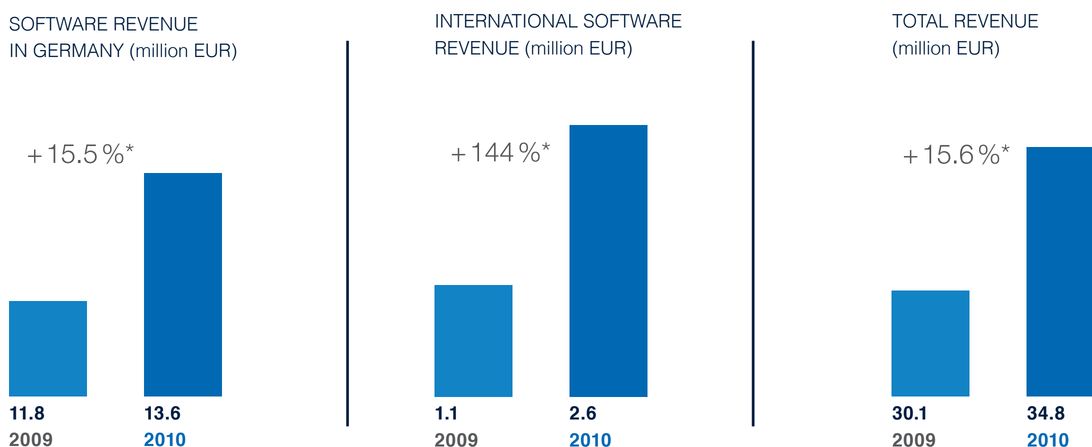
- Migrate existing customers to RIB iTWO®
- Expand our international market presence
- Make strategic acquisitions
- Exploit the potential of our strategic cooperation with SAP AG
- Press ahead with innovation and development for new products

B. RESULTS OF OPERATIONS, FINANCIAL POSITION AND NET ASSETS

B.1. Results of operations

Growth continues – software revenue up 25.7 %

The RIB Group generated revenue of EUR 34.8m (prior year: EUR 30.1m), equivalent to a rise of 15.6 % on the prior year. Of this, EUR 16.4m (up 4.9 %) was allocable to the investors and consultants segment, while the contractors segment accounted for EUR 18.4m (up 27.5 %). Software revenue increased by 25.7 % to EUR 16.2m (prior year: EUR 12.9m). This is mainly thanks to the successful market launch of RIB iTWO®. Service revenue came to EUR 14.6m, a year-on-year increase of 9.0 % on the prior year (EUR 13.4m), while consulting revenue was up 5.3 % to EUR 4.0m compared to the prior year (EUR 3.8m). Revenue with German customers climbed 10.8 % to EUR 30.4m (prior year: EUR 27.4m). Revenue with international customers soared by 63.3 % to EUR 4.4m (prior year: EUR 2.7m); international software revenue performed particularly well with a 144 % increase to EUR 2.6m (prior year: EUR 1.1m). Overall, the international share climbed from 8.9 % to 12.6 %.



*Percentage increase over previous year

Gross margin increases to 79.6 %

In 2010 the gross margin saw an increase to 79.6 % compared to 76.5 % in the prior year. This is attributable to the sharp rise in software revenue in particular. Other operating income increased from EUR 0.9m in fiscal 2009 to EUR 1.6m (up 77.9 %), mainly as a result of income from government subsidies for research projects.

Selling and distribution costs rose by 6.5 % to EUR 8.4m (prior year: EUR 7.9m), mainly as a result of setting up the international sales organization. However, in the same period, the Group managed to cut selling costs to 24.2 % as a percentage of revenue (prior year: 26.2 %). Administrative expenses increased by 56.3 % to EUR 2.5m (prior year: EUR 1.6m), which is mainly due to taking on additional international administrative employees in connection with setting up further international sales branches and expanding the management board. R&D expenses rose by 16.8 % to EUR 6.6m (prior year: EUR 5.6m). After deducting EUR 2.2m for amortization of internally generated software (prior year: EUR 1.5m) and adding production costs of EUR 4.6m for the internally generated software capitalized in the reporting year (prior year: EUR 4.4m), R&D expenses came to EUR 8.9m (prior year: EUR 8.5m). This means that around 26 % of revenue was reinvested in R&D (R&D ratio). Other operating expenses increased to EUR 3.8m and contain non-recurring expenses of EUR 3.7m in connection with preparing for the IPO.

EBIT margin adjusted for IPO expenses climbs to 33.5 % (prior year: 30.2 %)
The operating result (EBIT) adjusted for IPO expenses increased by 33.0 % to EUR 11.7m (prior year: EUR 8.8m) despite the 40 % higher amortization and depreciation of EUR 2.8m (prior year; EUR 2m). This represents an EBIT margin of 33.5 % (prior year: 29.1 %). Of this, EUR 7.0m (up 0.4 %) was attributable to the investors and consultants segment, EUR 9.2m (up 55.2 %) to the contractors segment and EUR -4.5m (prior year: EUR -4.1m) to the other segment, which mainly comprises development and administration. We managed to generate growth in our operating result despite continuing to invest heavily in the new product generation RIB iTWO® and in setting up the international sales organization.

The financial results including the share of profit and losses of associates came to EUR 0.1m (prior year: EUR 0.3m).

Profit before tax amounted to EUR 8.0m compared to EUR 9.1m in the prior year. This fall is attributable in full to the non-recurring expenses associated with the IPO preparations. Adjusted for these expenses, profit came to EUR 11.7m – an increase of 30 % on the prior year. Net profit of the Group came to EUR 5.5m (prior year: EUR 6.3m); adjusted for the non-recurring expenses in connection with the IPO, it increased by 28.6 % to EUR 8.0m (prior year: EUR 6.3m), despite intense efforts to build up the international organization. Adjusted earnings per share came to EUR 0.28 (prior year: EUR 0.22).

B.2. Financial position

Net cash flows from operating activities came to EUR 6.7m, a decrease compared to the prior-year figure of EUR 8.5m. Adjusted for expenses incurred in connection with IPO preparations, net cash flows from operating activities increased by 8.2 % to EUR 9.2m.

Without the cash paid and received for the purchase and sale of securities, net cash flows used in investing activities came to EUR -5.7m (prior year: EUR -6.5m). It includes further scheduled down payments of EUR 0.8m (prior year: EUR 2.5m) for the scheduled continuation of the construction project for the EOC (European Outsourcing Center) in Guangzhou, PRC.

Net cash flows used in financing activities amounted to EUR -0.9m (prior year: EUR -1.9m). This mainly comprises dividends paid to shareholders of EUR 0.6m.

Cash and cash equivalents came to EUR 7.2m as of the end of the reporting period (prior year: EUR 3.7m). Other liquid funds of EUR 10.2m were invested in the form of securities (fixed-rate bonds).

B.3. Net assets

Total assets amounted to EUR 61.1m (prior year: EUR 54.8m). The rise mainly reflects the increase in capitalized development work (up from EUR 13.8m to EUR 16.0m) and current and non-current trade receivables (up from EUR 3.7m to EUR 6.9m) in line with growing revenue.

Securities amounted to EUR 10.2m (prior year: EUR 14.3m). They relate exclusively to low risk bonds denominated in foreign currency.

Cash and cash equivalents increased to EUR 7.2m (prior year: EUR 3.7m).
Equity amounted to EUR 47.6m (prior year: EUR 42.7m). The equity ratio remains at the very high level of 77.9 %. Net retained earnings increased by EUR 2.2m to EUR 17.5m. As of 1 January 2010, the RIB Group had capital reserves of EUR 21.3m. Of this, an amount of EUR 20.5m was converted to capital stock from company funds in a capital increase at RIB Software AG in accordance with a resolution of the annual general meeting. Revenue reserves of EUR 2.6m that had been set up from the net retained earnings of RIB Software AG in the prior year was also converted to capital stock.

The capital increase from company funds was carried out by issuing bonus shares at a ratio of 4:1 to existing shareholders. This measure led to an increase in the RIB Group's issued capital to EUR 28.9m (prior year: EUR 5.8m).

Non-current liabilities amounted to EUR 7.9m (prior year: EUR 7.2m). The increase is attributable to the EUR 0.3m rise in pension provisions to EUR 3.0m coupled with a EUR 0.4m increase in deferred taxes to EUR 4.8m. Current liabilities came to EUR 5.6m (prior year: EUR 4.9m).

With available liquidity of more than EUR 100m and a positive business development in the first months of 2011, the economic situation of the RIB Group can be assessed as very positive.

C. EMPLOYEES

An average of 249 persons (prior year: 235) were employed at the RIB Group in 2010. Of these, 83 were employed in development, 70 in sales and distribution, 73 in support and consulting and 23 in administration. The majority of the RIB Group's employees are highly qualified academics, whose qualification profiles are aligned to our business activities, for example, engineers, computer scientists and business graduates.

D. IPO

To support its growth strategy, the RIB Group planned an IPO on the Hong Kong Stock Exchange via RIB Software AG in fiscal 2010. Based on the positive development of the financial markets in Europe and the positive development in Germany in particular, the management board and supervisory board decided not to go ahead with the IPO in Hong Kong and instead listed the Company on the Prime Standard segment of the Frankfurt Stock Exchange in February 2011. The IPO is structured as 15,681,140 shares available in Germany and the Grand Duchy of Luxembourg. The offer is to be split into around 2/3 shares from a cash capital increase subject to resolution of the management board in January 2011 with the approval of the supervisory board, and 1/3 shares in the possession of existing shareholders. Furthermore, it was planned to offer shares in the US as well. Based on Rule 144A of the US Securities Act, these would be offered exclusively to qualified institutional investors. The IPO went ahead as planned in February 2011.

E. SUBSEQUENT EVENTS

The gross issue proceeds from the IPO successfully carried out in February came to approximately EUR 90.6m on the basis of 9,798,750 new shares issued. The RIB Group thus has at its disposal liquid funds of more than EUR 100m earmarked for the development of new products, acquisitions and to support the Group's financing power.

The placement price was set at EUR 9.25 per share. A total of around 15.7 million shares were placed, including around 3.8 million existing shares from registered shareholders as well as all 2.0 million shares from a greenshoe option.

The IPO was heavily oversubscribed. More than 99 % of the 15.7 million shares in total were allocated to institutional investors, of which 11 % were institutional investors in Germany.

Less than 1 % of the shares were allocated to private investors. Orders from private investors were all allocated at 50 % of the subscription volume, rounded up to the nearest full share. Because the offer was oversubscribed, it was not possible to accept all orders in full. The allocation of the offer to private investors was carried out in accordance with the principles for allocating share issues to private investors, which was issued on 7 June 2000 by the Stock Market Expert Commission at the Federal Ministry of Finance. Allocation for all syndicated banks was carried out on the basis of uniform criteria (standardised allocation). There was no preferential allocation to members of the boards or their relatives, or employees or business partners of RIB Software AG.

There were no other events of material significance for the net assets, financial position and results of operations of the Company.

F. OPPORTUNITY AND RISK REPORT

F.1. Opportunities report

The RIB Group expects a positive environment for fiscal 2011. At present it is difficult to assess the effects of the financial market crisis and the potentially negative consequences of the earthquake in Japan for the global economy and our business. The RIB Group anticipates good opportunities for positive development and expanding its market position as a leading supplier of integrated ERP solutions by continuing with internationalization measures, entering into strategic business alliances and making targeted acquisitions. Furthermore, the RIB Group's growth in existing and new markets should enjoy a sustainable boost from new products, including in particular the new solution RIB iTWO® for model-based planning and construction. The new sales branches set up in 2010 will be used by RIB Limited to step up penetration of the international markets. If things develop as planned, the Company expects considerable growth in revenue and earnings over the next few years, despite the increased expenses associated with a larger work force for development and sales.

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

Migration of existing customers to RIB iTWO®. RIB iTWO® is the successor of the software solution ARRIBA®. In 2010 the Company began to migrate existing ARRIBA® customers to RIB iTWO®. Based on the fact that RIB iTWO® not only contains all the functions of ARRIBA® but also offers the possibility of working with 5D construction models, the Company expects to be able to covert a large number of the ARRIBA® customers to RIB iTWO® over the coming years.

Strategic cooperation with SAP. Together with SAP AG, the Company intends to step up marketing activities in 2011 for the industrial solution born of RIB iTWO® and SAP ERP 6.0 under the existing cooperation agreement.

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

Innovation. The RIB Group has state-of-the-art and highly innovative software solutions, especially for technical and business processes in construction and plant engineering. The RIB Group intends to pursue its innovative and expansive approach by setting up and using the development platform in China, which is complemented by almost 50 years of experience in developing and selling construction software.

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.

F.2. Risk report

F.2.1 Risk management system

We operate a multi-faceted management and control system to detect, assess and deal with risks in a targeted manner and at an early stage. The risk management system is an integral component in this, and our tool to ensure that risky developments are identified as early as possible and managed in an active system. We base our risk management guidelines on our uniform company definition of risk, i.e., when a situation could significantly hinder RIB Software AG's ability to achieve its corporate goals and fulfill its duties immediately or in the future.

A further objective of risk management system is to identify and evaluate risks at an early stage, and communicate them appropriately. Any risks that arise should be either be consciously accepted or averted / mitigated by taking counter measures. Among other things, the process essentially consists of risk management planning as well as identifying and describing potential risks.

In accordance with the group structure, responsibility for risk management is divided between members of senior management. The operating units of RIB Software AG manage risks themselves if they arise in their area of responsibility.

F.2.2 Internal control system

The RIB Group uses an internal control system to ensure that its financial reporting is in line with principles of proper accounting. It ensures that business processes and transactions are recorded and handled in a uniform, complete, correct and timely manner. Legal provisions and accounting standards are subject to a rolling examination in terms of their relevance and impact on the RIB Group's consolidated financial statements. If necessary, the internal control system is adjusted to reflect changes. The internal control system is structured to include organisational and technical measures, such as automated plausibility testing or compliance testing.

At the RIB Group, all business processes subject to controls are presented in a transparent network of IT systems. In addition, the controlling department is a significant component in the monitoring system of the RIB Group. In the course of its review procedures, the department examines all processes and IT systems related to financial reporting, among other things, and reports on its findings.

F.2.3 Overview of potential risks

Market 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 2010, the German market still accounted for a major portion of the RIB Group's revenue. In fiscal 2011, the share of revenue generated in other markets is to be increased via RIB Limited. The weak economic situation in these regions, the ongoing financial crisis and the uncertainty following the earthquake in Japan could negatively affect the results of operations, financial position and net assets of the RIB Group.

The risk of dependency on individual major customers is spread thanks to the wide customer portfolio.

Product risks

The RIB Group markets integrated software solutions for project development and project management for the construction and infrastructure industry. The market for products and services for these industries is marked by tough competition. There is a risk that existing or new software providers could develop and market integrated software solutions more quickly and with better quality standards, or that they could react more quickly to changes in customer needs and specifications. In addition to severe price-driven competition, the RIB Group is also exposed to significant competition on the quality aspects of product, solution and service. Development and market launch times are also an area of intense rivalry. In order to hold onto its competitive edge, the RIB Group has to invest heavily, from a monetary and human resources perspective, in product development and product launches in particular.

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 new model-based approach to work is expected to bring about major changes to the key construction processes. It is possible that the industry takes longer to convert to these new technologies than anticipated. This could have a negative impact on our future revenue and results of operations.

It may be necessary to adapt the model-based approach to local factors in the new sales regions. As a result, the launch of RIB iTWO® could be delayed in these regions, with an increase in development expenses for localization measures leading to a negative impact on the future revenue and results of operations.

Defects in the RIB Group's products could lead to warranty and damages claims, unforeseen additional costs and a loss of market acceptance of the products.

Risks to corporate strategy

Expansion is one of the RIB Group's core strategic goals. As a result, we intend to acquire assets from other companies in the software industry. In particular, this should serve to help our expansion efforts for an international alignment of business activities. A lack of suitable acquisition opportunities could have an adverse impact on expected returns. The integration of the acquired companies or company shares into the RIB Group requires additional management efforts and resources, which are linked to considerable challenges.

Personnel risks

The RIB Group relies on recruiting qualified specialist staff with the requisite market, technical and sales knowledge to carry out the research and marketing activities for its products and services.

In the RIB Group there are currently around 87 employees in Germany involved in software development. The loss of individual employees from this area would not be expected to have a significant negative impact on the business activities of the RIB Group. However, there could be severe disadvantages if several employees were to leave the development department of the RIB Group simultaneously or in quick succession – for instance as a result of being headhunted by competitors or setting up as competitors in markets of relevance for the Company.

Furthermore, the RIB Group relies on employees in the area of customer consulting to have a sound awareness of customer specifications and a detailed knowledge of the products. Employees that provide consulting services to customers must also be able to respond to customers' technical questions quickly and in a solution-oriented manner. If individual employees were to leave this area, there would probably not be any negative consequences for the RIB Group because product know-how and customer know-how is spread over several employees. However, there could be severe negative effects on the development of the RIB Group if several employees (e.g., larger teams) were to leave the Company simultaneously or in quick succession.

If the RIB Group is unsuccessful in taking on and retaining the right staff, this could have a considerable negative impact on the development of the RIB Group.

Financial risks

Liquid funds are invested in low-risk, short- and medium-term time deposits and fixed-rate securities. The securities disclosed as of the end of the reporting period are quoted in foreign currency. The associated risk of price changes is not hedged. Furthermore, price developments and conditions are permanently monitored. Risks of default attaching to receivables are avoided using active accounts receivable management. All recognizable risks are covered by appropriate allowances.

Liquidity risks

Following the successful IPO, the RIB Group has a high level of liquid assets at its disposal. It will mitigate the related liquidity risks through its professional treasury management.

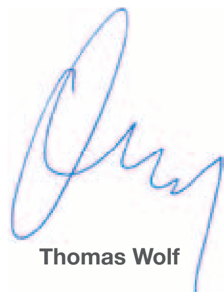
G. OUTLOOK

The successful listing on the Prime Standard segment of the Frankfurt Stock Exchange means that the financial basis is in place to continue along our growth trajectory. Following the start of efforts to expand the global organization in the second half of 2010, we laid the groundwork to gain and support international customers. The 20 new international customers that we won at more than ten new international sales branches in 2010 serve as credentials for RIB iTWO® and are the basis for future expansion. We intend to make targeted use of the funds from the IPO to finance acquisitions and to invest in refining and developing innovative solutions such as “construction cloud” to enable us to present a compelling, modern and innovative product portfolio to the world. In our opinion the foundations are in place to expect highly profitable growth for the RIB Group over the next two years.

H. NOTE ON FORECAST

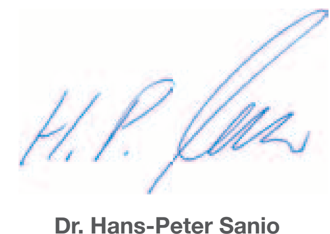
This management report includes forward-looking statements and information, i.e. statements about events that lie in the future. Such forward-looking statements can be recognized by the fact that they use words such as ‘should’, ‘will’, ‘expect’, ‘intend’, ‘plan’, ‘estimate’, ‘in the Company’s opinion’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

Stuttgart, 31 March 2011



Thomas Wolf

Michael Sauer



Dr. Hans-Peter Sanio

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CONSOLIDATED INCOME STATEMENT FOR FISCAL YEAR 2010

	Note	2010 EUR k	2009 EUR k
Revenue	**(5)**	**34,765**	**30,100**
Cost of sales		-7,084	-7,063
Gross profit		**27,681**	**23,037**
Other operating income	(6)	1,628	935
Selling and distribution costs		-8,415	-7,879
Administrative expenses		-2,577	-1,599
Research and development expenses		-6,560	-5,617
Other operating expenses	(7)	-3,836	-115
Finance income	(9)	190	334
Finance costs	(9)	-149	-25
Share of profit and losses of associate		31	-15
Profit before tax		**7,993**	**9,056**
Income tax expense	(10)	-2,520	-2,762
Net profit of the Group for the year		**5,473**	**6,294**
Earnings per share: basic and diluted	(11)	EUR 0.19	EUR 0.22

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR FISCAL YEAR 2010

	2010 EUR k	2009 EUR k
Net profit of the Group for the year	**5,473**	**6,294**
Other comprehensive income for the year		
Exchange differences	67	-8
Changes in value of available-for-sale securities	-42	-16
Other comprehensive income for the year	**25**	**-24**
Total comprehensive income for the year	**5,498**	**6,270**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	31 Dec 2010 EUR k	31 Dec 2009 EUR k
Non-current assets			
Goodwill	(12)	14,035	14,035
Other intangible assets	(13)	16,037	13,807
Property, plant and equipment	(14)	3,631	2,801
Investments accounted for using the equity method	(15)	1,199	1,168
Prepaid land lease payment	(16)	500	500
Trade receivables	(19)	1,466	0
Other assets	(17)	91	113
Deferred tax assets	(18)	146	74
Total non-current assets		**37,105**	**32,498**
Current assets			
Trade receivables	(19)	5,440	3,692
Available-for-sale securities	(20)	10,191	14,324
Other assets	(17)	1,202	587
Cash and cash equivalents	(21)	7,152	3,673
Total current assets		**23,985**	**22,276**
Total assets		**61,090**	**54,774**

	Note	31 Dec 2010 EUR k	31 Dec 2009 EUR k
Equity			
Issued capital	(22)	28,917	5,783
Capital reserves	(22)	813	21,297
Legal reserves	(22)	47	0
Accumulated other comprehensive income	(23)	333	308
Retained earnings		17,495	15,297
Total equity		**47,605**	**42,685**
Non-current liabilities			
Pension provisions	(25)	2,994	2,696
Finance lease obligations, non-current portion	(26)	55	77
Deferred tax liabilities	(18)	4,844	4,389
Total non-current liabilities		**7,893**	**7,162**
Current liabilities			
Trade payables	(27)	526	464
Provisions for income taxes		274	680
Other provisions	(28)	508	616
Accruals	(29)	2,503	1,560
Deferred revenue	(30)	799	715
Finance lease obligations, current portion	(26)	109	137
Other liabilities	(31)	873	755
Total current liabilities		**5,592**	**4,927**
Total equity and liabilities		**61,090**	**54,774**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR FISCAL YEAR 2010

	Issued capital (Note 22) EUR k	Capital reserves (Note 22) EUR k	Legal reserves (Note 22) EUR k
As of 1 January 2009	**5,783**	**21,297**	**–**
Net profit of the Group for the year	–	–	–
Other comprehensive income for the year	–	–	–
Total comprehensive income for the year	**–**	**–**	**–**
Dividend payment (note 24)	–	–	–
As of 31 December 2009 and 1 January 2010	**5,783**	**21,297**	**–**
Net profit of the Group for the year	–	–	47
Other comprehensive income for the year	–	–	–
Total comprehensive income for the year	**–**	**–**	**47**
Capital increase	23,134	-20,484	–
Dividend payment (note 24)	–	–	–
As of 31 December 2010	**28,917**	**813**	**47**

Accumulated other comprehensive income			
Changes in value of available-for-sale securities (Note 23) EUR k	Foreign currency translation reserve (Note 23) EUR k	Retained earnings EUR k	Total equity according to consolidated statement of financial position EUR k
31	**301**	**10,738**	**38,150**
–	–	6,294	6,294
-16	-8	–	-24
-16	**-8**	**6,294**	**6,270**
–	–	-1,735	-1,735
15	**293**	**15,297**	**42,685**
–	–	5,426	5,473
-42	67	–	25
-42	**67**	**5,426**	**5,498**
–	–	-2,650	–
–	–	-578	-578
-27	**360**	**17,495**	**47,605**

CONSOLIDATED STATEMENT OF CASH FLOWS FOR FISCAL YEAR 2010

	Note	2010 EUR k	2009 EUR k
Cash flows from operating activities			
Profit before tax		7,993	9,056
Adjustments for:			
Depreciation and impairment of property, plant and equipment	(8)	166	190
Amortisation and impairment of intangible assets	(8)	2,657	1,853
Changes in allowance for impairment of trade receivables	(19)	17	663
Other non-cash items		45	–
Share of profit and losses of associate		-31	15
Restatement of deferred IPO costs		160	–
Loss/gain(-) on disposal of property, plant and equipment	(6)	–	2
Gain on sale of associates	(6, 32)	–	-138
Interest expense and other finance cost	(9)	149	25
Finance income	(9)	-190	-334
		10,966	**11,332**
Working capital adjustments:			
Increase/decrease(-) in provisions and accruals		1,133	-149
Increase(-)/decrease in receivables and other assets		-3,877	-801
Increase/decrease(-) in trade payables and other liabilities		256	-538
Cash generated from operations		8,478	9,844
Interest paid		-16	-4
Interest received		782	568
Income taxes paid		-2,543	-1,867
Net cash flows from operating activities		**6,701**	**8,541**
Cash flow from investing activities			
Proceeds from sale of non-current assets		–	22
Purchase of property, plant and equipment		-895	-2,597
Purchase of intangible assets		-4,854	-4,352
Proceeds from disposal of an associate	(32)	–	388
Purchase(-)/sale of available-for-sale securities		3,432	-4,274
Net cash flows used in investing activities		**-2,317**	**-10,813**

	Note	2010 EUR k	2009 EUR k
Cash flows from financing activities			
Dividends paid		-578	-1,735
Cash paid for IPO		-160	–
Cash paid for finance leases		-167	-142
Net cash flows used in financing activities		**-905**	**-1,877**
Increase/decrease(-) in cash and cash equivalents		3,479	-4,149
Cash and cash equivalents at the beginning of the period		3,673	7,822
Cash and cash equivalents at the end of the period		**7,152**	**3,673**
Composition of cash and cash equivalents			
Cash and bank balances, unrestricted	(21)	7,152	3,673

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR FISCAL YEAR 2010

1. CORPORATE INFORMATION

RIB Software AG (the "Company") and its subsidiaries (collectively the "Group") are principally engaged in the design, development and sale of software solutions for the construction industry and the provision of software maintenance, consulting and supporting services for its customers.

The Company was incorporated in Germany on 7 October 1999 as a stock corporation.

The Group's parent company is RIB International Ltd, with registered offices in Samoa.

The Company is entered in the commercial register B of the local court of Stuttgart under HRB 20490. The Company's registered address is Vaihinger Strasse 151, D-70567 Stuttgart, Germany.

2. BASIS OF PREPARATION

The consolidated financial statements were prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union in the periods presented.

The additional disclosures required pursuant to Sec. 315a HGB ["Handelsgesetzbuch": German Commercial Code] are contained in the notes to the consolidated financial statement with references to the corresponding requirements.

The consolidated financial statements and group management report of RIB Software AG were released to the supervisory board by the management board on 31 March 2011.

The IASB has issued numerous new and revised standards that are binding for fiscal years beginning on or after 1 January 2010. These new or revised IFRS have not had any material effect on the consolidated financial statements in the relevant periods. The Group has prepared and presented the financial reporting for the periods under review using uniform accounting policies. All accounting policies set out in note 3.2 below were applied consistently to all periods under review. The consolidated financial statements were prepared in accordance with the historical cost convention (by which items are measured at historical cost or amortized cost), unless explicitly indicated otherwise.

3.1 Effects of new or revised IFRSs

The IASB has issued a number of new and revised IFRSs that are effective for fiscal years beginning on or after 1 January 2010. The Group applied all relevant new and revised IFRSs in the preparation and presentation of the consolidated financial statements.

The following new or revised standards and interpretations that were mandatory for the first time in the fiscal year had no significant effects on the consolidated financial statements:

IFRS (2009) "Improvements to IFRSs"
The amendments were issued as part of the IASB's annual improvements process. Most amendments are clarifications of and corrections to existing IFRSs or subsequent amendments to changes already made to IFRSs.

Amendments to IFRS 1 (2008) "First-time Adoption of International Financial Reporting Standards"
This concerns a revision of IFRS 1 under which only the structure of the standard has changed rather than the substance.

Amendments to IFRS 1 (2009) "Additional Exemptions for First-time Adopters"
The amendments result in additional exemptions for first-time adopters of IFRS.

Amendments to IFRS 2 (2009) "Group Cash-settled Share-based Payment Transactions"
The standard clarifies in particular how an individual subsidiary in a group should account for certain share-based payment transactions in its own financial statements. It additionally clarifies that only service and performance conditions constitute vesting conditions. The standard provides that the rulings on premature termination apply regardless of whether the share-based payment plan is terminated by the Company or another party. The amended standard also contains guidance previously included in IFRIC 8 "Scope of IFRS 2" and IFRIC 11 "IFRS 2 – Group and Treasury Share Transactions".

IFRS 3 (revised 2008) "Business Combinations"
The amended version contains amended requirements on the accounting treatment of business combinations. The amendments to the original version of IFRS 3 concern the scope of the standard and the accounting treatment of business combinations achieved in stages. Another new aspect is the option granted to the Company to measure non-controlling interests at their fair value or the proportionate share in net assets. Depending on which of the two options the Company elects, any goodwill arising in the course of a business combination is either disclosed in full or at the share of the majority owner.

IAS 27 (revised 2008) "Consolidated and Separate Financial Statements"
The revised standard contains requirements governing the accounting treatment of transactions with non-controlling interests of a group, as well as the accounting treatment in the event of loss of control over a subsidiary. Transactions effected by a parent company in the interest of changing its share in a subsidiary without losing control must, in future, be recorded as equity transactions with no effect on profit or loss. The standard also governs how a gain or loss upon loss of control is to be calculated and the investment retained in former subsidiaries valued.

Amendments to IAS 39 "Financial Instruments: Recognition and Measurement: Eligible Hedged Items"
The amendments clarify the principles of hedge accounting in specific situations, namely they clarify the designation of inflation as a hedged risk and the designation of a one-sided risk in a hedged item.

Amendments to IAS 39 "Financial Instruments: Recognition and Measurement: Reclassification of Financial Assets – Effective Date and Transition"
The amendments contain changes to the conditions for reclassifying financial assets.

Amendments to IAS 39 “Financial Instruments: Recognition and Measurement” and amendments to IFRIC 9 “Reassessment of Embedded Derivatives”

The amendments clarify that it is necessary to assess whether any embedded derivatives contained in a host contract are required to be presented separately if the whole hybrid instrument has been reclassified from the category “at fair value through profit and loss” in accordance with the amendments to IAS 39. If the derivative is required to be recognised separately but its fair value cannot be determined reliably or the measurement is not possible, the entire hybrid financial instrument is left in the “at fair value through profit or loss” category.

IFRIC 12 “Service Concession Arrangements”

The interpretation gives guidance on the accounting by operators for public-to-private service concession arrangements. In order to perform these duties, the operator uses infrastructure which continues to be controlled by the grantor. The operator is responsible for the construction, operation and maintenance of the infrastructure.

IFRIC 15 “Agreements for the Construction of Real Estate”

IFRIC 15 regulates the accounting of real estate sales where a contract is concluded with the purchaser before the construction work is completed. The interpretation clarifies in particular the prerequisites for applying IAS 11 and IAS 18. In addition, the interpretation contains requirements on revenue recognition and disclosures in the notes to the financial statements.

IFRIC 16 “Hedges of a Net Investment in a Foreign Operation”

IFRIC 16 clarifies uncertain points relating to the hedge accounting of a foreign currency risk arising from a foreign operation. In particular, the interpretation defines the risk that can be hedged, the amount that can be hedged, the group companies that can hold the hedge instrument and the accounting treatment in the event that the foreign operation is disposed of.

IFRIC 17 “Distributions of Non-cash Assets to Owners”

IFRIC 17 governs the accounting treatment of distributions of non-cash assets. According to the interpretation, any difference between the carrying amount of the assets distributed and their fair value is recognised in profit or loss. The liability to pay a dividend and the fair value of the asset to be distributed are recognized in equity.

IFRIC 18 “Transfers of Assets from Customers”

IFRIC 18 governs the accounting treatment of assets that an entity receives from a customer and must use to connect the customer to a network or to provide the customer with ongoing access to a supply of goods or services, or to do both. The interpretation primarily addresses criteria for the initial recognition of assets transferred by customers and issues concerning the timing and amount of revenue recognised for such transactions.

The following standards and interpretations have already been published but have not been adopted yet as their adoption is not yet mandatory or are they are pending adoption by the EU:

IFRS (2009) “Improvements to IFRSs 2008-2010”

This standard contains amendments that concern six IFRSs and one IFRIC. The amendments were published by the IASB on 6 May 2010. Unless stipulated otherwise in the respective standard, the amendments are effective for the first time for fiscal years beginning on or after 1 January 2011. The effects on RIB’s consolidated financial statements are currently being assessed.

Amendments to IFRS 1 (2010) “Limited Exemption from Comparative IFRS 7 Disclosures for First-time Adopters”

On 28 January 2010, the IASB published minor amendments to IFRS 1 “First-time Adoption of International Financial Reporting Standards”. Accordingly, first-time adopters of IFRSs are exempted from the disclosures in the notes to the financial statements introduced in March as part of the amendments to IFRS 7 “Financial Instruments: Disclosures”. This ensures that first-time adopters of IFRSs benefit from the transition requirements on the adoption of the amended IFRS 7. This amendment is effective for the first time for fiscal years beginning on or after 1 January 2011 and is not expected to affect RIB’s consolidated financial statements.

Amendments to IFRS 1 (2010) "Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters"
The amendment replaces previous references to 1 January 2004 with references to date of transition to IFRSs. In addition, guidance is included for such cases in which an entity is unable to comply with all requirements of IFRSs due to hyperinflation. This amendment is effective for the first time for fiscal years beginning on or after 1 January 2011 and is not expected to affect RIB's consolidated financial statements.

Amendments to IFRS 7 (2010): "Financial Instruments: Disclosures"
On 7 October 2010, the IASB published enhanced disclosure requirements for derecognized financial instruments. The amendments enable users of financial reporting a better insight into transactions for the purpose of transferring financial assets (such as securitizations) including an insight into the potential effects of the risks remaining with the issuing entity. The amendment results in additional disclosure requirements if a disproportionately large amount of financial assets are transferred at the end of the reporting period. The requirements are mandatory for fiscal years beginning on or after 1 July 2011. The effects on RIB's consolidated financial statements are currently being assessed.

Amendments to IFRS 9 (2009) "Classification and Measurement"
IFRS 9 revises the classification and measurement of financial instruments and provides for just two measurement categories for financial assets in future (at amortized cost and at fair value). As result, there are now only two formal measurement categories for the classification of financial assets compared to the four previously used. Classification is based on the Company's business model on the one hand, and the characteristics of the contractual cash flows of the financial asset in question on the other. Notwithstanding this, what is sometimes referred to as the "mixed model" remains intact under IFRS 9. Regarding hybrid contracts with embedded derivatives, the standard now only requires assessing the duty to separate, and separate accounting if necessary, for non-financial host contracts (and for financial liabilities at present. Hybrid contracts with financial host contracts are required to be classified and measured as a whole. These requirements are applicable for the first time for fiscal years beginning on or after 1 January 2013. The effects on RIB's consolidated financial statements are currently being assessed.

Amendments to IAS 12 (2010) "Deferred Tax: Recovery of Underlying Assets"
The IASB published amendments to IAS 12 on 20 December 2010. These also result in amendments to the scope of SIC-21 (Income Taxes – Recovery of Revalued Non-depreciable Assets). The amendment provides some clarification of the treatment of temporary tax differences in connection with the application of the fair value model in IAS 40. For investment properties it is often difficult to assess whether existing differences will reverse in the course of continued use or upon disposal. The amendment provides that the reversal upon sale should generally be assumed. The amendment is applicable for reporting periods beginning on or after 1 January 2011. They are not expected to have any effects on RIB's consolidated financial statements.

IAS 24 "Related Party Disclosures" and IFRS 8 "Operating Segments"
The new IAS 24 contains an amended definition of related parties and clarifies uncertain points. It additionally introduces new disclosure requirements for entities which are controlled, jointly controlled or significantly influenced by a state with respect to the disclosure of relationships between these state-controlled entities with other such entities controlled by the same state. The amended standard effective for the first time in reporting periods beginning on or after 1 January 2011. The effects on RIB's consolidated financial statements are currently being assessed.

Amendments to IAS 32 (2009) "Classification of Right Issues – Financial Instruments: Presentation"
The revised version amends the accounting treatment to be applied by the issuer of certain rights issues, options and option certificates denominated in foreign currency. The above financial instruments are required to be classified as equity in future. The amendment is applicable for the first time in fiscal years beginning on or after 1 February 2010. They are not expected to have any effects on RIB's consolidated financial statements.

Amendments to IFRIC 14 "IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and Their Interaction"

The amendments to IFRIC 14 are relevant in the rare cases where an entity has minimum funding requirements and makes prepayments to meet such minimum funding requirements. The amendments allow entities to recognise the economic benefit from such prepayments as an asset. These amendments are effective for the first time for fiscal years beginning on or after 1 January 2011 and are not expected to affect the RIB's consolidated financial statements.

IFRIC 19 "Extinguishing Financial Liabilities with Equity Instruments"

IFRIC 19 governs the accounting treatment of financial liabilities extinguished using equity instruments. The following was established:

- The entity's equity instruments are part of the consideration paid to extinguish the financial liabilities.
- The equity instruments issued are measured at their fair value. If the fair value of the equity instruments cannot be determined reliably, the equity instruments are measured such that they reflect the fair value of the extinguished financial liabilities.
- Any difference between the carrying amount of the financial liability extinguished and the initial measurement amount of the equity instruments issued is recognised in profit or loss.

These amendments are effective for the first time for fiscal years beginning on or after 1 January 2011 and are not expected to affect RIB's consolidated financial statements.

3.2 Summary of significant accounting policies

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries.

Subsidiaries are fully consolidated as of the date of acquisition, being the date on which control is obtained, and continue to be consolidated until the date when such control ceases. For financial reporting purposes, the financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies. All income, expenses and unrealized gains and losses resulting from intra-group transactions are eliminated in full.

A change in the ownership interest of a subsidiary without involving the loss of control is accounted for as an equity transaction.

Subsidiaries

A subsidiary is an entity whose financial and operating policies are directly or indirectly controlled by the Group to obtain benefits from its activities.

Associates

An associate in an entity, which is neither a subsidiary nor a jointly controlled entity, in which the Group has a long-term interest of between 20 % and 50 % of the equity voting rights and over which it is in a position to exercise significant influence.

The Group's investments in associates are recognised in the consolidated financial statements under non-current assets using the equity method, less any impairment losses. The share in profit or losses is presented under share in profit and losses of associate. Unrealised gains and losses resulting from transactions between the Group and its associates are eliminated to the extent of the Group's investments in the associates, except where unrealised losses provide evidence of an impairment of the assets transferred.

The financial statements of associates are prepared for the same reporting period as the parent company. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.
After application of the equity method, the Group determines whether it is necessary to recognize impairment losses on investments in associates. The Group also determines at each reporting date whether there is any objective evidence that investments in associates are impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying amount and recognizes the amount in profit or loss.

Upon loss of significant influence over the associate, the Group measures and recognizes any retaining investment at its fair value. Any difference between the carrying amount and the fair value is recognized in profit or loss.

Consolidated group
The consolidated financial statements are based on the separate financial statements pursuant to local commercial law of all consolidated entities, which have been adjusted to comply with IFRSs. The financial statements of all consolidated entities have been prepared in line with uniform accounting policies.

The reporting date of all of the consolidated entities was 31 December 2010.

Besides RIB Software AG as the parent company, the consolidated group comprises eleven fully consolidated entities, of which six are German and five are foreign entities. In addition, a foreign associate is included in the consolidated financial statements.

Goodwill
Goodwill arising on the acquisition of subsidiaries represents the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets acquired, and liabilities and contingent liabilities assumed as of the date of the acquisition.

Goodwill arising on acquisition is recognized in the consolidated statement of financial position as an asset, initially measured at cost and subsequently at cost less any impairment losses. The carrying amount of goodwill is reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying amount may be impaired. The Group performs its annual impairment test of goodwill as of 31 December. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

Impairment is determined by assessing the recoverable amount of the cash-generating unit to which the goodwill has been allocated. If the recoverable amount of the cash-generating unit falls short of its carrying amount, an impairment loss is recognized. Any impairment losses recognized for goodwill are not reversed in subsequent periods.

If goodwill forms part of a cash-generating unit (or group of cash-generating units) and part of the operation within the unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

Impairment testing of non-financial assets other than goodwill
When an indication of impairment exists, or when annual impairment testing for an asset is required (other than goodwill, financial assets and deferred tax assets), the asset's recoverable amount is estimated. The recoverable amount of an asset or a cash-generating unit is the higher of its value in use and its fair value less costs to sell, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to the income statement in the period in which it arises.

An assessment is also made at the end of each reporting period as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indications exist, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation or amortisation) had no impairment loss been recognised for the asset in prior years. Reversals of impairment losses are recognised in profit or loss in the period in which they arise.

Related parties
A party is considered to be related to the Group if:

(a) the party directly, or indirectly through one or more intermediaries, (i) controls, is controlled by, or is under common control with the Group; (ii) has an interest in the Group which gives it significant influence over the Group; or (iii) has joint control over the Group;
(b) the party is an associate;
(c) the party is a member of the key management personnel of the Group or its parent company;
(d) the party is a close member of the family of any individual referred to in (a) or (c);
(e) the party is an entity that is controlled, jointly controlled or significantly influenced by, or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (c) or (d).

Property, plant and equipment and depreciation
Property, plant and equipment, other than assets under construction, are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended. Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is recognised in profit or loss in the period in which it is incurred. If significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciation.

Items of property, plant and equipment, other than assets under construction, are depreciated on a straight-line basis over their estimated useful life. The estimated useful lives of property, plant and equipment are as follows:

Furniture and fixtures	2 – 20 years
Office and technical equipment	2 – 20 years
Motor vehicles	3 – 6 years

Fully depreciated assets are retained in asset accounting until they are disposed of. No further depreciation is charged on these assets.

Where parts of an item of property and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately.

Residual values, useful lives and the depreciation method used are reviewed and adjusted as necessary as of each fiscal year end.

An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement when the asset is derecognized.

Items of property, plant and equipment under construction are measured at cost less any impairment losses and are not depreciated. Cost comprises the direct costs of construction during the period of construction. Assets under construction are reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

Intangible assets (other than goodwill)

The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at each fiscal year end.

Capitalized development costs

Research costs are recognized through profit or loss. Expenditure incurred on projects to develop new software is capitalized and deferred only when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of technical and financial resources to complete and the ability to measure reliably the expenditure during the development. Development costs which do not meet these criteria are expensed.

The capitalized software development costs are amortized on a straight-line basis over the estimated economic life of the software of five or ten years, commencing from the date on which the product is commercially released.

The carrying amount of capitalized software development costs is tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. If impairment indication arises, the recoverable amount is estimated and an impairment loss is recognized if the recoverable amount is lower than the carrying amount.

Gains or losses arising from the disposal of an intangible asset, calculated as the difference between the net disposal proceeds and the carrying amount of the asset, are recognized in the income statement when the asset is derecognized.

Purchased software
Purchased software reflects the cost of EDP software used by the Group internally and not to generate revenue; it is capitalized at the costs incurred to acquire and bring to use the specific software and amortized over its estimated useful life of three to five years on a straight-line basis.

The cost of maintaining computer software programs is expensed as incurred.

Customer relationships
Customer relationships acquired in business combinations are amortized over their estimated useful lives of eight to nine years on a straight-line basis.

Lease agreements
Leases that transfer substantially all the risks and rewards of ownership of assets to the Group, other than legal title, are accounted for as finance leases. At the inception of a finance lease, the cost of the leased asset is capitalized at the present value of the minimum lease payments and recorded together with the obligation, excluding the interest element, to reflect the purchase and financing. Assets held under capitalized finance leases are included in property, plant and equipment and depreciated over the shorter of the lease terms and the estimated useful lives of the assets. The finance costs are allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.
Leases are accounted for as operating leases where substantially all the rewards and risks of ownership of assets remain with the lessor. Where the Group is the lessee, rentals payable under operating leases, net of any incentives received from the lessor are charged to the consolidated income statement on a straight-line basis over the lease term.

Prepaid land lease payments under operating leases are initially stated at cost and subsequently recognized on a straight-line basis over the lease terms.

Financial and other assets
Initial recognition and measurement
Financial assets within the scope of IAS 39 are classified as financial assets at fair value through profit or loss, held-to-maturity investments, loans and receivables and available-for-sale financial assets, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Group determines the classification of its financial assets at initial recognition. Financial assets are initially recognized at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

The Group's financial assets include cash and bank balances, trade and other receivables, and available-for-sale securities.

Subsequent measurement
The subsequent measurement of financial assets depends on their classification as follows:

Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition, such assets are subsequently measured at amortized cost using the effective interest rate method less any reduction for impairment. Amortized cost is calculated taking into account any discount or premium on acquisition and includes fees or costs that are an integral part of the effective interest rate and transaction costs. The effective interest rate is included in the finance income in the income statement. Impairment losses are recognized in the income statement.

Available-for-sale financial assets

Available-for-sale financial assets are those non-derivative financial assets that are designated as available for sale and are not held for trading or measured at fair value through profit or loss. The securities in this category are those which are intended to be held for an indefinite period of time and which may be sold to respond to liquidity requirements or changes in market conditions.

After initial recognition, available-for-sale financial assets are subsequently measured at fair value, with unrealized gains or losses recognized as other comprehensive income under changes in value of available-for-sale securities until the securities are disposed of, at which time the cumulative gain or loss is recognized in the income statement under other income.

Impairment of financial assets

The Group assesses at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets is impaired.

Assets carried at amortized cost

If there is objective evidence that an impairment loss on loans and receivables carried at amortized cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows (with the exception of future credit defaults) discounted at the original effective interest rate of the financial asset (i.e., the interest rate determined upon initial recognition). The carrying amount of the asset is reduced through an allowance account. Impairment losses are recorded in the consolidated income statement. Loans and receivables together with any associated allowance are written off when there is no realistic prospect of future recovery.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed by adjusting the allowance amount. Any subsequent reversal of an impairment loss is recognized in the consolidated income statement, to the extent that the carrying amount of the asset does not exceed its amortized cost at the reversal date.

In relation to trade and other receivables, a provision for impairment is made when there is objective evidence (such as the probability of insolvency or significant financial difficulties of the debtor and significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor) that the Group will not be able to collect all of the amounts due under the original terms of an invoice. An allowance account is used to reduce the carrying amount of the receivables. Impaired receivables are derecognized when they are assessed as uncollectible.

Available-for-sale financial assets

For available-for-sale financial assets, the Group assesses at the end of each reporting period whether there is objective evidence of impairment.

If an available-for-sale financial asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortization) and its current fair value, less any impairment loss previously recognized in the income statement, is removed from other comprehensive income and recognized in the income statement. In the case of equity investments classified as available for sale, objective evidence would include a significant or prolonged decline in the fair value of an investment below its cost. The determination of what is “significant” or “prolonged” requires judgment.

The Group generally refers to 20 % or more as significant and regards a period of more than 12 months as prolonged. “Significant” is evaluated against the original cost of the investment and “prolonged” against the period in which the fair value has been below its original cost. Where there is evidence of impairment, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognized in the income statement – is removed from other comprehensive income and recognized in the income statement.

Impairment losses on equity instruments classified as available for sale are not reversed through the income statement. Increases in their fair value after impairments are recognized directly in other comprehensive income.

Derecognition of financial assets
A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognized if:

- the rights to receive cash flows from the financial asset expire; or
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a “pass-through” arrangement and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the rewards of the asset, but has transferred control of the asset.

If the Group has transferred its rights to receive cash flows from an asset and has entered into a pass-through arrangement, and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognized to the extent of the Group’s continuing involvement in the asset. In that case, the Group also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Financial liabilities
Financial liabilities within the scope of IAS 39 are classified as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Group determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognized initially at fair value, plus directly attributable transaction costs in the case of loans and borrowings.

The Group’s financial liabilities include trade payables and other payables and are classified as loans and borrowings. After initial recognition, they are subsequently measured at amortized cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. The related interest expense is recognized within finance costs in the income statement. Gains and losses are recognized in the income statement when the liabilities are derecognized as well as through the effective interest rate method amortization process.

Derecognition of financial liabilities
A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the consolidated income statement.

Offsetting of financial instruments
Financial assets and financial liabilities are offset and the net amount reported in the consolidated statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

Fair value of financial instruments
The fair value of financial instruments that are traded in active markets is determined by reference to quoted market prices or dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs.

Cash and cash equivalents
For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and demand deposits, and short-term highly liquid investments that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired.

For the purpose of the consolidated statement of financial position, cash and cash equivalents comprise cash and bank balances, including term deposits, which are not restricted as to use.

Provisions
Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the effect of the time value of money is material, the amount recognised for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the present value of the provision due to the passage of time is recognized in the consolidated income statement.

Income tax expense
The income tax expense comprises current and deferred tax. Income tax relating to items recognized outside profit or loss is also recognized outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities based on the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

Deferred tax is recognized using the liability method on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

- where the deferred tax liability arises from goodwill or the initial recognition of an asset or liability and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, carryforward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carryforward of unused tax credits and unused tax losses can be utilized, except:

- where the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are only recognized to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of a deferred tax asset is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are reassessed at the end of each reporting period and are recognized to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Value-added tax

Revenue, expenses and assets are recognized net of the amount of VAT except:

- where the VAT incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the VAT is recognized as part of the cost of acquisition of the asset or as part of the expense item as applicable; or
- Receivables and payables that are stated with the amount of VAT included

The net amount of VAT recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

Revenue recognition

The Group recognizes revenue to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received, net of discounts, rebates, and taxes or duty.

Revenue from the sale of software solutions often includes a combination of sale of software and the provision of training and post-contract support services. If the sales price of a software solution includes an identifiable amount for subsequent maintenance, the amount is deferred and recognized as revenue over the period during which the service is performed. The amount deferred comprises the expected costs of the services under the agreement, together with a reasonable profit markup. If acceptance by the customer is required, revenue is recognized upon the earlier of customer acceptance and the expiry of the acceptance period.

In addition to these basic criteria, there are specific revenue recognition policies for each of the major streams, namely, the sale of software solutions, including security and utilities software and office applications software, the provision of maintenance services, and the provision of maintenance, consultancy and support services.

(a) Sale of software solutions

The Group sells software solutions for customers active in the construction industry. Revenue from the sale of software solutions is recognized when the price can be measured reliably, provided that all other basic criteria for revenue recognition are satisfied.

(b) Provision of maintenance services

The Group earns revenue from the provision of maintenance services to customers who have purchased the Group's software solutions. The Group recognizes revenue from the provision of maintenance services pro rata over the term of the maintenance agreements.

(c) Software consultancy and support services

The Group provides consultancy and support services to assist its clients in the design and development of software or applications. These consultancy and support services are typically based on project agreements with customers that prescribe the price structure and timeframe of deliverables. The Group recognizes revenue from the provision of software consultancy and support services when the services have been completed or upon obtaining written acceptance from customers, if an acceptance procedure was agreed.

(d) Interest income

Interest income is recognized pro rata temporis using the effective interest method.

Government grants

Government grants are recognized where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognized in profit or loss over the period necessary to match the grant on a systematic basis to the costs that it is intended to compensate. Where the grant relates to an asset, the fair value of the grant is recognized as deferred income and released to income in equal annual amounts over the expected useful life of the related asset.

Foreign currencies

The consolidated financial statements have been prepared in euro (EUR), which is the functional and presentation currency of the Company. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rates of exchange ruling at the end of the reporting period. All differences are taken to the income statement. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

The functional currencies of foreign subsidiaries and associates are currencies other than the euro. As at the end of the reporting period, the assets and liabilities of these entities are translated into the presentation currency of the Company at the exchange rates ruling at the end of the reporting period and their income statements are translated into euro at the weighted average exchange rates for the year. The resulting exchange differences are recognized in other comprehensive income and accumulated in the reserve for exchange differences. On disposal of a foreign operation, the component of other comprehensive income relating to that particular operation is released to the income statement.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on acquisition are treated as assets and liabilities of the foreign operation and translated at the closing rate.

For the purpose of the consolidated statement of cash flows, the cash flows of foreign subsidiaries are translated into euro at the exchange rates ruling as of the dates of the cash flows. Frequently recurring cash flows of foreign subsidiaries which arise throughout the year are translated into euro at the weighted average exchange rates for the period.

Employee benefits
(a) Pensions and similar obligations
The Group has both defined benefit and defined contribution plans for its employees.

The liability recognized in the consolidated statement of financial position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period, together with adjustments for unrecognized actuarial gains or losses and past service costs.

The defined benefit obligation is calculated by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high quality fixed interest-bearing securities/corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity that match the terms of the related pension liability. Actuarial gains and losses are recognized immediately in profit and loss.

Past service costs are recognized immediately in the income statement, unless the changes to the pension plan are conditional on the employees remaining in service for a specified period of time (the vesting period). In this case, the past service costs are amortized on a straight-line basis over the vesting period.

For defined contribution plans, the Group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognized as an employee benefit expense when they fall due. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in the future payments is available.

(b) Vacation claims of employees
Employee vacation claims are recognized as they are accrued to employees. A provision is recognized for the estimated liability for vacation accrued but not taken by employees up to the end of the reporting period.

Dividends
Dividends are recognized as a liability when they are approved by the shareholders and announced at the annual general meeting.

3.3 Significant accounting judgments, assumptions and estimates

The preparation of the Group's financial reporting requires management to make judgments, estimates and assumptions that affect the reported amounts of revenue, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, the inherent uncertainty about these assumptions and estimates could result in outcomes that could require a material future adjustment to the carrying amounts of the assets and liabilities affected.

Judgments
In the process of applying the Group's accounting policies, the Board of Directors has made the following judgments which had a significant effect on the amounts recognized in the consolidated financial statements.

Capitalized development costs
The Board of Directors uses its judgment when deciding whether the recognition requirements for development costs have been satisfied. This is necessary as the economic success of any product development is uncertain and it is not possible to preclude at the time of recognition the occurrence of technical problems in the future. Judgment is exercised based on the best information available at the end of the reporting period. In addition, all internal activities related to research and development for new products are continuously monitored by the Board of Directors.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

(a) Impairment of non-financial assets

The Group tests goodwill for impairment once a year. Other non-financial assets are tested for impairment if events or changes in circumstances indicate that the carrying amount of the asset exceeds its recoverable amount. The recoverable amount is the higher of fair value less costs to sell and value in use. The calculation of these amounts is based on judgments and estimates. We refer to Note 11 for details of key assumptions and estimates used in testing goodwill for impairment.

The Board of Directors must exercise judgment with regard to the impairment of assets particularly in assessing: (i) whether an event has occurred that may indicate that the related asset values may not be recoverable; (ii) whether the carrying amount of an asset can be supported by the recoverable amount, being the higher of fair value less costs to sell and net present value of future cash flows which are estimated based upon the continued use of the asset in the business; and (iii) whether the appropriate key assumptions were applied in preparing cash flow projections including whether these cash flow projections are discounted using an appropriate rate.

Changing the assumptions selected by the Board of Directors in assessing impairment, including the discount rates or the growth rate assumptions in the cash flow projections, could materially affect the net present value used in the impairment test and as a result affect the Group’s financial position and results of operations. If there is a significant adverse change in the projected performance and resulting future cash flow projections, it may be necessary to take an impairment charge to the income statement.

(b) Impairment of receivables

Impairment losses are charged on receivables based on an assessment of their recoverability. The assessment of impairment of receivables involves the use of estimates and judgments. An estimate for doubtful debts is made when the collection of the full amount invoiced is no longer probable, as supported by objective evidence using available contemporary and historical information to evaluate the exposure. Uncollectible receivables are written off through profit or loss. Where the actual outcome or expectation in the future is different from the original estimates, such differences may affect the carrying amount of receivables and thus the impairment loss in the period in which such estimates are changed.

(c) Income taxes and deferred tax

The Group is subject to income taxes in various jurisdictions. Significant judgment is required in determining the provision for income taxes taking into account international tax regulations. There are many transactions and calculations for which the ultimate tax determination is uncertain. The Group recognizes liabilities for anticipated tax audit issues based on estimates of whether additional tax payments will be required. If the final tax outcome of these issues diverges from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the periods concerned.

Deferred tax assets relating to certain temporary differences and tax losses are recognized when management considers it is probable that future taxable profits will be available against which the temporary differences or tax losses can be utilized. If the actual results are different from the original estimates, such differences will impact the recognition of deferred tax assets and income tax charges in the period in which such estimates have been changed.

4. SEGMENT INFORMATION

For management purposes, the Group is organized into business units based on its products and services and has two reportable segments as follows:

(a) the Investors and Consultants Segment (the "I & C Segment") focuses on customers such as owners and end users of buildings and infrastructures, including property development companies, industrial companies and government organizations, as well as consultants and service providers in the construction industry, including architects, civil engineers and quantity surveyors; and

(b) the Contractors Segment (the "CS Segment") focuses on customers such as general contractors active in the buildings and infrastructure sectors as well as plant planners and engineers.

The "other" column mainly includes the administration and R&D functions.

The Board of Directors monitors the results of the Group's operating segments separately for the purpose of making decisions about resources allocation and to assess performance. Segment performance is evaluated based on segment revenue and segment profit.

As there are no transactions between segments, there are no inter-segment elimination entries.

				2010
	I&C Segment EUR k	**CS Segment EUR k**	**Other EUR k**	**Total EUR k**
Total revenue, external sales	**16,373**	**18,392**	**–**	**34,765**
Segment profit	6,983	9,210	-4,485	11,708
Interest income and expense			71	71
Other unallocated income and expenses				**-3,788**
Profit before tax				7,993
Income tax expense				**-2,520**
Net profit of the Group for the year				**5,473**
Segment assets	**10,995**	**10,779**	**39,316**	**61,090**
Other segment information:				
Share of profit and losses of associate			31	31
Investments in associates (included in segment assets)			1,199	1,199
Amortization and depreciation	-795	-702	-1,326	-2,823

				2009
	I&C Segment EUR k	**CS Segment EUR k**	**Other EUR k**	**Total EUR k**
Total revenue, external sales	**15,613**	**14,426**	**61**	**30,100**
Segment profit	6,953	5,936	-4,128	8,761
Interest income and expenses			264	264
Other unallocated income and expenses				**31**
Profit before tax				9,056
Income tax expense				**-2,762**
Net profit of the Group for the year				**6,294**
Segment assets	**10,068**	**8,635**	**36,071**	**54,774**
Other segment information:				
Share of profit and losses of associate			-15	-15
Investments in associates (included segment assets)			1,168	1,168
Amortization and depreciation	-833	-852	-358	-2,043

In 2010, other unallocated income and expenses mainly include the IPO costs.

Geographic information

The Company is domiciled in Germany. The Group’s revenue from external customers for the periods presented and the total of non-current assets as at the end of each of the periods presented are analyzed in the following:

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

	2010 EUR k	**2009 EUR k**
Germany	30,391	27,422
EMEA (Europe, Middle East and Africa)	3,044	2,454
Asia Pacific	1,092	9
Other regions	238	215
	34,765	**30,100**

No individual customer accounts for more than 10 % of total revenue at present.

Non-current assets by geographic area break down as follows:

	2010 EUR k	2009 EUR k
Germany	35,703	31,270
EMEA	21	60
Asia Pacific	1,380	1,168
	37,104	**32,498**

5. REVENUE

Revenue breaks down as follows:

	2010 EUR k	2009 EUR k
Software	16,222	12,857
Maintenance services	14,573	13,412
Consultancy and support services	3,970	3,831
Total revenue	**34,765**	**30,100**

Cost of sales mainly contains cost of purchased goods, personnel expenses and non-personnel expenses of the support and consulting business units.

6. OTHER OPERATING INCOME

Other operating income breaks down as follows:

	Note	2010 EUR k	2009 EUR k
Income from the reversal of impairment of trade receivables	(19)	16	58
Income from the release of provisions and accruals		83	132
Grant income in respect of research and development work*		1,115	473
Gain on disposal of an associate	(32)	-	138
Cross-charged selling and distribution costs		90	18
Exchange rate gains		109	-
Changes in value of available-for-sale securities		104	-
Other		111	116
Total		**1,628**	**935**

* The amount represents various subsidies granted by the Federal Ministry of Education and Research in Germany for the financing of two research and development projects led by the Group. There are no unfulfilled conditions or contingencies relating to these grants.

7. OTHER OPERATING EXPENSES

	2010 EUR k	2009 EUR k
IPO costs	3,663	–
Exchange differences on available-for-sale securities	173	–
Other costs	–	115
Total	**3,836**	**115**

8. OTHER FINANCIAL INFORMATION

	2010 EUR k	2009 EUR k
Personnel expenses		
Wages and salaries	12,911	11,036
Social security and pension costs	2,112	1,947
Total personnel expenses	**15,023**	**12,983**
Minimum lease payments under operating leases:		
Office buildings	738	507
Equipment	226	417
	964	**924**
Depreciation and impairment of property, plant and equipment	166	190
Amortization and impairment of intangible assets	2,657	1,853
	2,823	**2,043**
Product warranty provision:		
Additional provision	216	486
Unused amounts reversed	–	-35

9. FINANCE INCOME AND COSTS

Finance income and costs break down as follows:

	2010 EUR k	2009 EUR k
Bank interest income	27	71
Interest income from available-for-sale securities	108	214
Income from the write-up of non-current financial assets	53	–
Other finance income	2	49
Total finance income	**190**	**334**
Interest expense on finance leases	-16	-20
Other finance costs	-133	-5
Total finance costs	**-149**	**-25**

10. INCOME TAX EXPENSE

The Company is subject to German corporate income tax including solidarity surcharge and trade tax. The applicable tax rates for the Company for the years ended 31 December 2009 and 2010 are 30.725 %.

The provision for income tax for the Group's subsidiaries is based on the respective tax rates applicable to them as determined in accordance with the relevant income tax rules and regulations for the countries in which they are domiciled during the periods presented.

The major components of the income tax expense break down as follows:

	2010 EUR k	2009 EUR k
Current tax	2,129	2,050
Deferred tax	391	712
Total tax expense for the fiscal year	**2,520**	**2,762**

A reconciliation of the expected income tax expenses applicable to profit before tax at the statutory income tax rates for the countries in which the Company and the majority of its subsidiaries are domiciled to the actual income tax expense incurred by the Group for each of the periods presented is provided in the following.

	2010 EUR k	2009 EUR k
Profit before tax	**7,993**	**9,056**
Expected tax expense	2,455	2,782
Non-deductible expenses and tax-exempt income	-39	-37
Trade tax additions	11	–
Unused tax losses for which no deferred taxes were recognized	124	-2
Profit and losses of associate	-13	5
Other	-18	14
Current income tax expense	**2,520**	**2,762**

11. 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. As a result of the capital increase, the number of shares increased from previously 5,783,334 to 28,916,670; (see note 22).

In accordance with IAS 33.64 the per share calculations for the years presented are adjusted retrospectively based on the current number of shares outstanding:

	2010 EUR k	2009 EUR k
Net profit for the year	5,473	6,294
Number of bearer shares outstanding	28,916,670	28,916,670
Earnings per share	**EUR 0.19**	**EUR 0.22**

No adjustment has been made to the basic earnings per share amounts for the periods presented as no diluting events occurred during these periods.

12. GOODWILL

	31 Dec 2010 EUR k	31 Dec 2009 EUR k
I&C Segment	7,096	7,096
CS Segment	6,939	6,939
	14,035	**14,035**

Goodwill arose from the acquisition of RIB Bausoftware GmbH and the business division RIB FSuite. Following the acquisition, the Company merged with RIB Bausoftware GmbH in 2003. In the course of the merger, RIB Bausoftware GmbH was dissolved.

Impairment testing of goodwill

The recoverable amount of the cash-generating unit has been determined based on a value in use calculation, using cash flow projections based on financial budgets covering a three-year period with a growth rate of 1 % assumed for cash flows beyond the three-year period. The discount rates applied to the cash flow projections are as follows:

	31 Dec 2010	31 Dec 2009
I&C Segment	10.66 %	9.42 %
CS Segment	10.77 %	9.47 %

Below is a description of each key assumption on which the management board has based its cash flow projections to undertake impairment testing of goodwill.

Revenue and expenses

Revenue and expenses are projected using a mixed top-down and bottom-up approach. Revenue planning is based on market research on the worldwide potential of software license sales for the Company's target groups and regions. The revenue projections for the I&C Segment and the CS Segment take into account the Group's strategy – achieving above-average growth with new, innovative products and tapping into new market segments and winning new customers. Cost of materials and third-party services projections were matched to revenue growth. Personnel expenses and non-personnel expenses are likewise aligned to revenue growth. Capital expenditures, development costs and other operating expenses are projected based on historical data and the management board's experience.

Discount rates

The discount rates used are before tax and reflect specific risks relating to the relevant units.

13. OTHER INTANGIBLE ASSETS

	31 Dec 2010 EUR k	31 Dec 2010 EUR k
Development services	15,148	12,732
Other	889	1,075
	16,037	**13,807**

Intangible assets increased by EUR 2,230k in fiscal 2010. The statement of changes in non-current assets provided as an exhibit contains a detailed presentation.

14. PROPERTY, PLANT AND EQUIPMENT

	31 Dec 2010 EUR k	31 Dec 2009 EUR k
Property, plant and equipment	3,631	2,801
	3,631	**2,801**

Property, plant and equipment increased by EUR 830k in fiscal 2010. The statement of changes in non-current assets provided as an exhibit contains a detailed presentation.

15. INVESTMENTS IN ASSOCIATES

The Group has a 49.96 % interest in RIB Asia Ltd.
RIB Asia Ltd is not listed on a stock exchange. The following table provides summarized information on the Group's investment in RIB Asia Ltd.

	2010 EUR k	2009 EUR k
Share of the associate's assets and liabilities		
Current assets	143	151
Non-current assets	2,402	2,303
Current liabilities	57	179
Non-current liabilities	0	0
Equity	**2,602**	**2,634**
Share of the associate's revenue and profit		
Revenue	138	231
Profit	60	-19
Carrying amount of the investment	**1,199**	**1,168**

16. PREPAID LAND LEASE PAYMENT

The land lease payment of EUR 500k paid in advance in fiscal 2008 relates to the construction of property in Guangzhou, the People's Republic of China. Upon completion, this property will be used as the Group's European Outsourcing Center ("EOC").

The leasehold land is held under a 50-year lease term and is situated in Guangzhou, the People's Republic of China.

17. OTHER ASSETS

Other assets of the Group break down as follows:

	31 Dec 2010		31 Dec 2009	
	Non-current EUR k	Current EUR k	Non-current EUR k	Current EUR k
Tax refund claims	–	299	–	81
Government grants	–	242	–	–
Other receivables	–	347	–	223
Deferred IPO costs	–	162	–	50
Prepaid expenses	–	152	–	233
Other	91	–	113	–
Total other assets	**91**	**1,202**	**113**	**587**

Other assets included grants from federal funds that have been applied for but not yet received. Also included are deferred IPO costs in connection with the floatation planned in Germany.

18. DEFERRED TAX

The movements in deferred income tax assets and liabilities of the Group during the periods presented are as follows:

DEFERRED TAX ASSETS

	Pensions EUR k	Unused tax losses EUR k	Lease liabilities EUR k	Other EUR k	Total EUR k
As of 1 January 2009	**106**	**–**	**101**	**18**	**225**
Deferred tax charged to consolidated income statement during the year	5	17	-35	39	26
As of 31 December 2009 and 1 January 2010	**111**	**17**	**66**	**57**	**251**
Deferred tax charged to consolidated income statement during the year	158	-17	-16	89	214
As of 31 December 2010 and 1 January 2011	**269**	**–**	**50**	**146**	**465**

DEFERRED TAX LIABILITIES

	Capitalized development costs EUR k	Consolidation adjustments EUR k	Assets held under leases EUR k	Other EUR k	Total EUR k
As of 31 December 2008 and 1 January 2009	**3,029**	**655**	**100**	**37**	**3,821**
Deferred tax recognized in the consolidated income statement during the year	881	-117	-36	10	738
Deferred tax recognized in other comprehensive income during the year	–	–	–	7	7
As of 31 December 2009 and 1 January 2010	**3,910**	**538**	**64**	**54**	**4,566**
Deferred tax recognized in the consolidated income statement during the year	742	-159	-13	38	608
Deferred tax recognized in other comprehensive income during the year	–	–	–	-11	-11
As of 31 December 2010 and 1 January 2011	**4,652**	**379**	**51**	**81**	**5,163**

The following amounts are disclosed in the consolidated statement of financial position after the country-specific netting of deferred tax balances:

	31 Dec 2010 EUR k	31 Dec 2009 EUR k
Deferred tax assets	146	74
Deferred tax liabilities	4,844	4,389

19. TRADE RECEIVABLES

Movements in trade receivables were as follows:

			Due in	
	As of 31 Dec 2010 EUR k	As of 31 Dec 2009 EUR k	more than one year 31 Dec 2010 EUR k	more than one year 31 Dec 2009 EUR k
Trade receivables (gross)	7,767	4,570	1,466	–
Allowance for impairment	861	878	–	–
Trade receivables (net)	**6,906**	**3,692**	**1,466**	**–**

As part of the product introduction of iTWO, long-term payment terms were arranged with a major customer resulting in a shift in the age structure of trade receivables.

The carrying amount of the Group's trade receivables approximates their fair value.

The ageing analysis of trade receivables that are past due but not impaired is as follows:

	Total EUR k	< 30 days EUR k	30-60 days EUR k	60-90 days EUR k	90-120 days EUR k	>120 days EUR k
31 December 2010	1.504	550	238	222	97	397
31 December 2009	616	311	92	26	187	–

Based on the information available as of the end of the fiscal year there were no indications that the past due but not impaired receivables would not be settled.

Movements in the allowance for the impairment of trade receivables were as follows:

	31 Dec 2010 EUR k	31 Dec 2009 EUR k
Opening balance	878	232
Charge for the year	165	721
Utilized	-107	-17
Unused amounts reversed	-75	-58
Closing balance	**861**	**878**

The allowances recognized on receivables concern customers who were in financial difficulties or who were in arrears. The Group has not obtained collateral or taken out credit insurance for these balances. If there is evidence that a debtor is experiencing financial difficulty, the receivables are immediately impaired by 100 %. Before the Group enters into contracts with new customers that exceed certain internally defined limits, it reviews the customers' credit standing to mitigate credit risk.

20. AVAILABLE-FOR-SALE FINANCIAL ASSETS

Available-for-sale securities comprise short-term sovereign bonds of Norway, Singapore and the United States, with interest rates of 6.00 %, 1.375 % and 0.875 % p.a. respectively.

The fair values of the sovereign bonds are based on quoted prices on an active market.

21. CASH AND CASH EQUIVALENTS

	31 Dec 2010 EUR k	31 Dec 2009 EUR k
Cash on hand	28	20
Bank balances	7,124	3,653
Cash and bank balances, unrestricted	**7,152**	**3,673**

In fiscal 2010, bank balances accrued interest at floating interest rates (based on call money rates) ranging between 0.25 % and 0.72 % (fiscal 2009: between 0.36 % and 2.46 %). The bank balances are deposited with creditworthy banks with no recent history of default.

The carrying amount of the Group's cash and cash equivalents approximates their fair value.

22. EQUITY

Issued capital

By shareholder agreement dated 11 May 2010, which was entered in the commercial register on 24 June 2010, the annual general meeting approved a EUR 23,133,336.00 increase in issued capital by converting an amount of EUR 20,483,947.26 from the capital reserves and EUR 2,649,388.47 from the revenue reserves.

As a result, the Company's capital stock increased to EUR 28,916,670.00 as of 31 December 2010. It is divided into 28.916.670 bearer shares with a share of EUR 1.00 each in the capital stock of the Company.

By resolution of the annual general meeting of 11 May 2010, the Board of Directors of the Company is authorized, with the approval of the Supervisory Board, to increase the capital stock of the Company once or in several installments by a total amount of up to EUR 14,458k up until 10 August 2011 by issuing par value bearer shares in return for contributions in cash or in kind, and to determine a commencement date for profit participation that deviates from the law, in accordance with Art. 7 of the Articles of Incorporation and bylaws. The new shares must be offered to the shareholders for subscription. However, the Board of Directors is authorized, with the approval of the Supervisory Board, to preclude the shareholders' subscription rights.

The Board of Directors made no use of this authorization in the reporting year.

Capital reserves

The capital reserves disclosed as of 31 December 2010 amounts to EUR 813k. Following the increase in the Company's issued capital, it decreased from EUR 21,297k to EUR 813k. This corresponds to a decrease of EUR 20,484k.

The capital reserve of EUR 21,297k disclosed as of 31 December 2009 contains the premium from the contribution of RIB Bausoftware GmbH to the Company by the founding shareholders, together with the premium from the capital increase in fiscal 2006.

Legal reserve

In the financial statements as of 31 December 2010, an amount of EUR 47k was transfered to the legal reserve pursuant to Sec. 150 (2) AktG ["Aktiengesetz": German Stock Corporation Act].

23. ACCUMULATED OTHER COMPREHENSIVE INCOME

Accumulated other comprehensive income breaks down as follows:

	31 Dec 2010 EUR k	31 Dec 2009 EUR k
Available-for-sale reserve	-27	15
Foreign currency translation reserve	360	293
	333	**308**

The available-for-sale reserve records fair value changes of available-for-sale financial assets.

The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign subsidiaries.

24. DIVIDENDS

The Board of Directors board proposes not to pay a dividend for fiscal 2010.

The annual general meeting passed a resolution to pay a dividend of EUR 0.10 for fiscal 2009 for each of the 5,783,334 ordinary shares, i.e., a total profit distribution of EUR 578k. The dividend was announced and paid out on 12 May 2010.

25. PENSIONS AND SIMILAR OBLIGATIONS

The provision for pensions and similar obligations covers the pension fund scheme of the Company, RIB Information Technologies AG, RIB Deutschland GmbH and RIB Engineering GmbH. The schemes are only valid for employees who joined the Group prior to April 1995.

The company pension plans are defined benefit plans that cover commitments for retirement, disability and survivor benefits of employees. The amount of the claims depends on the length of service and the remuneration payable to employees. The plans are unfunded and are covered by the Group's assets.

In addition to the company pension plans, the Group made contributions to statutory pension insurance funds which fall under the definition of defined contribution plans. The Group's contributions to these defined contribution plans came to EUR 944k in fiscal 2009 and EUR 971k in fiscal 2010.

The following actuarial methods and assumptions were used to calculate the pension provisions:

- Calculation basis: 2005 G mortality tables
- Notional interest rate: 4.9 % p.a. (2009: 5.8 % p.a.)
- Pension growth trend: 1.75 % p.a. (2009: 1.5 % p.a.)
- Salary growth trend: 1.75 % p.a. (2009: 1.5 % p.a.)
- Employee turnover: 2.5 % p.a. (2009: 2.5 % p.a.)

(a) Movements in pension provisions in the consolidated statement of financial position were as follows:

	2010 EUR k	2009 EUR k
Pension provisions as of 1 January	2,696	2,775
Current service cost	9	15
Interest cost	146	157
Actuarial gains(-)/losses	308	-92
Pension payments	-165	-159
31 December	**2,994**	**2,696**

Actuarial gains and losses are recognized immediately in profit and loss.

(b) The amounts recognized in the consolidated income statement are as follows:

	2010 EUR k	2009 EUR k
Current service cost	9	15
Interest cost	146	157
Actuarial gains(-)/losses	308	-92
Total pension gains(-)/cost	**-463**	**80**

The total pension cost is disclosed in the income statement.

In addition, the Group has incurred costs for defined contribution plans operated by public authorities. These expenses are recorded in the income statement.

26. FINANCE LEASE OBLIGATIONS

The Group leases certain hardware and software for research and development purposes. These leases are classified as finance leases and have remaining lease terms ranging from one to three years.

The carrying amounts of the leased assets at the end of each of the periods presented were as follows:

	31 Dec 2010 EUR k	31 Dec 2009 EUR k
Finance lease assets	164	232

The future minimum lease payments and their present value as of 31 December 2009 and 2010 are presented in the following:

	Minimum lease payments 31 Dec 2010 EUR k	Minimum lease payments 31 Dec 2009 EUR k	Present value of minimum lease payments 31 Dec 2010 EUR k	Present value of minimum lease payments 31 Dec 2009 EUR k
Amounts payable:				
Within one year	113	148	109	137
In the second to third year, inclusive	59	81	55	77
Total minimum lease payments	**172**	**229**	**164**	**214**
Future finance charge	-8	-15		
Total net finance lease, obligation	**164**	**214**		
Current portion	-109	-137		
Non-current portion	55	77		

27. TRADE PAYABLES

The carrying amounts of trade payables closely approximate their fair value.

The Company's trade payables are non-interest-bearing and fall due for payment within one year.

28. PROVISIONS

The movements of the Group's provisions are as follows:

	Warranty provisions EUR k	Provision for outstanding services EUR k	Litigation provisions EUR k	Other provisions EUR k	Total EUR k
As of 1 January 2009	**427**	**124**	**90**	**50**	**691**
Utilized	-392	-109	-25	-13	-539
Unused amounts reversed	-35	–	–	–	-35
Arising during the year	486	–	–	13	499
As of 31 December 2010 and 1 January 2010	**486**	**15**	**65**	**50**	**616**
Utilized	-486	-15	–	-13	-514
Unused amounts reversed	–	–	–	–	–
Arising during the year	216	22	150	18	406
As of 31 December 2010 and 1 Jan 2011	**216**	**22**	**215**	**55**	**508**

The Group provides warranties related to the functionality on its products to its customers. The amount of the provision for the warranties is estimated based on revenue volumes and past experience of the actual rate of returns. The estimation basis is reviewed on an ongoing basis and revised where appropriate.

29. ACCRUALS

The Group's accruals break down as follows:

	31 Dec 2010 EUR k	31 Dec 2009 EUR k
Accrued payroll and social security	1,209	928
Outstanding license obligations	50	27
Commission	236	360
Accrual for outstanding invoices	810	136
Other	198	109
	2,503	**1,560**

30. DEFERRED REVENUE

The amounts disclosed comprise revenue billed to or received from customers in relation to the provision of software maintenance services which had not yet been recognized by the Group as the services had not yet been provided at the end of each of the periods presented.

31. OTHER CURRENT LIABILITIES

Other current liabilities break down as follows:

	31 Dec 2010 EUR k	31 Dec 2009 EUR k
Tax liabilities	433	416
Other liabilities	192	246
Social security liabilities	202	47
Security deposits	46	46
	873	**755**

The Group's other current liabilities are non-interest-bearing. The carrying amounts of current liabilities closely approximate their fair values.

32. DISPOSAL OF AN ASSOCIATE

The Group's 49 % interest in TWO IT Service GmbH was sold in fiscal 2009 for a purchase price of EUR 388k, resulting in a gain on disposal of EUR 138k.

33. COMMITMENTS

(a) Capital commitments

	31 Dec 2010 EUR k	31 Dec 2009 EUR k
Contractually agreed, but still pending		
Outsourcing agreement	4,000	2,250
European Outsourcing Center	622	1,200
	4,622	**3,450**

The investment obligations relate to transactions with related parties (cf. note 35).

(b) Operating lease arrangements

As lessees
The Group leases certain office buildings and technical equipment under operating lease arrangements, with leases negotiated for terms of one to five years.

At the end of each of the periods presented, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	31 Dec 2010 EUR k	31 Dec 2009 EUR k
Due in less than 1 year	753	805
Due in between two and five years	814	337
Total	**1,567**	**1,142**

34. CONTINGENT LIABILITIES

The Group had no material contingent liabilities as of 31 December 2009 and 31 December 2010.

35. RELATED PARTY TRANSACTIONS

(a) During the periods presented, The Group engaged in the following material transactions with related parties:

	Note	2010 EUR k	2009 EUR k
Associates and other related parties			
Purchase of services	(1, 2)	2,250	2,337
Prepayments for construction investment	(2)	833	2,519
Purchase of non-current assets		225	–
		3,308	**4,856**
Key management personnel of the Group			
Purchase of services	**(3, 4)**	**210**	**343**

(b) Outstanding balances with related parties:

The Group had the following material receivables from and liabilities to related parties:

	Note	31 Dec 2010 EUR k	31 Dec 2009 EUR k
Receivables from related parties			
Owed by a subsidiary of an associate	(2)	3,961	3,128
Liabilities to related parties			
Owed to a subsidiary of an associate		–	–
Other		–	30
		–	**30**

Remarks:

(1) Pursuant to a development agreement entered into between RIB Information Technologies AG and TWO Limited, a company incorporated in Hong Kong and a wholly owned subsidiary of TWO IT Services GmbH, in December 2005, TWO Limited has undertaken to provide the premises and furnish, manage and run the development center in Guangzhou where RIB Information Technologies AG was engaged for the provision of development services for RIB software solutions. An amount of EUR 2,250k was paid by RIB Information Technologies AG to TWO Limited during fiscal 2009. Said development agreement expired in December 2009 and was replaced by an outsourcing agreement between TWO Limited and the Company dated 8 December 2010. Under this agreement, TWO Limited provides the Company with outsourcing services which include fully fitted office space and software development work including the necessary personnel. The outsourcing fee for fiscal 2010 came to EUR 2,250k. An additional outsourcing agreement was concluded for 2011. This results in a financial obligation of EUR 4,000k.

(2) TWO Limited was engaged as general contractor to construct an office building in Guangzhou, the People's Republic of China. The building is expected to be completed in the second quarter of 2011. Upon completion, subject to compliance with the regulations applicable in the People's Republic of China, the building is to be transferred together with a land use right to the Company or a subsidiary of the Company yet to be incorporated in China. It is intended to transfer the completed building to TWO Limited which will operate the European Outsourcing Center in the premises and reserve part of the outsourcing capacities for the Company so that it can operate its software development activities. In fiscal 2009 and fiscal 2010, the Group made investment payments of EUR 2,519k and EUR 833k respectively based on the stage of completion. These payments are not secured by collateral, do not bear interest and are not repayable at a specified point in time. The outstanding investment obligations for the European Outsourcing Center amounted to EUR 622k as of 31 December 2010.

(3) Foshan Alliance Limited, a company incorporated in Hong Kong, was engaged to provide consulting services on the strategic development of business activities of the Company in the People's Republic of China. Foshan Alliance is wholly owned by RIB International Ltd., which is in turn wholly owned by Mr. Thomas Wolf. In fiscal 2009 and fiscal 2010, consultancy fees of EUR 300k and EUR 180k respectively were paid to Foshan Alliance Limited for its consulting services.

(4) The former chairman of the supervisory board, Mr. Jörg Gertz, a tax consultant, advises various subsidiaries of the Company on tax issues and the compilation of their annual financial statements and payroll accounting. In fiscal 2009 and fiscal 2010, consultancy fees of EUR 43k and EUR 30k respectively were paid out to Mr. Jörg Gertz. Mr. Gertz was a member of the supervisory board until 30 August 2010.

(5) In December 2010, we decided in the interest of the Company and our shareholders to obtain a direct investment in the development activities that are currently outsourced by the Group. Against this backdrop, we concluded a non-binding memorandum of understanding with Mr. Thomas Wolf under which we aim to acquire the shares in GZ TWO held by TWO HK and the shares in TWO Consulting held by Foshan Alliance in the second quarter of 2011. Based on the agreed method to determine the purchase price, we expected a purchase price ranging between EUR 3.0m and EUR 4.0m.

(c) Compensation of key management personnel of the Group:

	31 Dec 2010 EUR k	31 Dec 2009 EUR k
Salaries	625	384
	625	**384**

36. FAIR VALUE HIERARCHY

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments:

Level 1: fair values measured based on quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2: fair values measured based on valuation techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly

Level 3: fair values measured based on valuation techniques for which any inputs which have a significant effect on the recorded fair value are not observable, either directly or indirectly

As of 31 December 2009 and 2010, the Group held the following financial assets measured at fair value. There were no financial liabilities measured at fair value.

Assets measured at fair value as of 31 December 2009

	Level 1 EUR k	Level 2 EUR k	Level 3 EUR k	Total
Available-for-sale financial assets:				
Sovereign bonds	14,324	–	–	14,324

Assets measured at fair value as of 31 December 2010:

	Level 1 EUR k	Level 2 EUR k	Level 3 EUR k	Total EUR k
Available-for-sale financial assets:				
Sovereign bonds	10,191	–	–	10,191

In the reporting periods, there were no transfers between levels 1 and 2 and no transfers into or out of level 3.

37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The financial assets of the Group mainly include cash and bank balances, trade receivables, investments in associates and available-for-sale financial assets, which arise directly from its operations. Financial liabilities of the Group mainly include trade payables, finance lease obligations and other liabilities.

The Group mainly operates in Europe and its ordinary operating activities expose it to a variety of financial risks (including market risks, such as currency risk and interest rate risk; liquidity risk; and credit risk). The Group's overarching risk management system seeks to mitigate potential adverse effects on the Group's financial performance. The Group does not use derivative financial instruments to hedge its risk exposures.

(i) Market risk

Market risk can be broken down into foreign currency risk, interest rate risk and security price risk.

(a) Foreign currency risk

Recognized assets and liabilities may be exposed to exchange rate risk arising from future commercial transactions both on the procurement side, from the purchase of materials and services, as well as on the sales side, from the sale of software solutions and the provision of services.

The majority of the Group's subsidiaries conduct their transactions in their functional currencies. The Group's operations in Europe are located in the euro zone and the majority of the sales and purchase transactions are denominated in euro. Services purchased from TWO Limited under the development agreement are also invoiced in euro.

The operations in the UK and in the United States are conducted in pounds sterling (GBP) and US dollars (USD), and the assets and liabilities recognized in GBP and USD. Business in Asia is conducted in Hong Kong dollars (HKD), Singapore dollars (SGD) and in USD, and the assets and liabilities recognized in HKD and SGD.

The Group does not use any forward exchange contracts to hedge against currency risks from procurement and sales transactions as the management board does not consider the currency risk material at present. Accordingly, no sensitivity analysis is presented.

(b) Interest rate risk

As the Group has no significant interest-bearing assets and liabilities, the Group's results of operations and operating cash flows are largely independent of changes in market interest rates. Accordingly, no sensitivity analysis is presented.

(c) Security price risk

The security price risk of the Group is the risk that the fair values of securities decrease as a result of fluctuations in quoted market prices. The Group is exposed to security price risk arising from an individual investment classified as available-for-sale financial assets (Note 17) as at 31 December 2009 and 2010. The Group's security investments concern sovereign bonds issued by Norway, Singapore and the United States, which are measured at the quoted market price as of 31 December 2009 and 2010.

(ii) Liquidity risk

Liquidity risk is monitored on the basis of cash flow planning and projections. The Group monitors its liquidity requirements arising from operating activities, investing activities and financing activities. Prudent liquidity risk management entails maintaining sufficient cash and ensuring the availability of funding through an adequate level of credit facilities.

During the periods presented, the Group had no interest-bearing bank borrowings because the Group generated adequate cash flows from its operating activities.

The contractual maturity of financial liabilities including trade payables and finance lease obligations is disclosed in Note 27 and Note 26. Other financial liabilities, which are included under accruals and other current liabilities, are generally not subject to contractually fixed terms. They are paid on a regular basis or in line with the general terms and conditions of the respective counterparty.

(iii) Credit risk

The Group's maximum exposure to credit risk in relation to financial assets concerns the possibility that counterparties may be unable to meet their obligations and corresponds to the carrying amount of those assets as stated in the consolidated statement of financial position.

Credit risk is managed by reviewing the creditworthiness of customers before entering into transactions. The Group makes references to credit ratings from external credit agencies, if available.

Payment terms and conditions are modified appropriately in response to any deterioration of the credit ratings of the customers.

The Group has established different credit terms for different customers. The average credit period granted is 14 to 30 days. Occasionally, certain customers enjoy a longer credit period. The Group reviews the recoverable amount of each individual receivable at the end of each reporting period. taking into account the customer's financial position, past experience and other factors to ensure that adequate impairment losses are recognized for uncollectible amounts.

The Group does not have significant exposure to any individual debtors or contractual counterparties.

Occasionally, customers will settle payment after the credit period given. In such cases, management considers various ways to handle the situation including suspension of supplies until settlement is made, taking legal action or requesting collateral.

The Group's cash and cash equivalents are mainly deposited with reputable banks. The credit risk of the Group's other financial assets, which comprise trade and other receivables, arises from default of the counterparty, with a maximum exposure equal to the carrying amounts of these assets. The Group has no other financial assets which carry significant exposure to credit risk.

(iv) Capital risk management

The Group's objectives for managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group is currently funding its capital expenditures through internally generated funds from its operations. The Group manages capital based on the gearing ratio, defined as net debt divided by total capital plus net debt. The Group's policy is to keep the gearing ratio below 50%. Net debt is defined as interest-bearing liabilities to banks, net of liquid funds and it excludes liabilities incurred for working capital purposes. Capital includes equity attributable to the owners of the Company.

The Group's gearing ratio was zero throughout the periods presented.

Fair values

The carrying amounts of the Group's financial instruments approximate their fair values due to the short term to maturity at the end of each of the periods presented.

38. SUBSEQUENT EVENTS

RIB Software AG has been listed on the Frankfurt Stock Exchange (Prime Standard) since 8 February 2011. We refer to the Company's management report for more information on the IPO.

39. AUDITOR'S FEES

The auditor's fees for the auditor Ernst & Young GmbH, Stuttgart, in accordance with Sec. 314 (1) No. 9 HGB break down as follows:

	2010 EUR k	2009 EUR k
Audit of the financial statements	85	–
Other attest services	41	–
Other services	20	–
Total	**146**	**–**

40. REMUNERATION OF THE SUPERVISORY BOARD AND THE BOARD OF DIRECTORS

The total remuneration paid to the members of the Board of Directors of RIB Software AG in fiscal 2010 comes to EUR 625k (prior year: EUR 325k). It comprises the compensation paid by RIB Software AG.

RIB Software AG only pays the members of the Board of Directors a fixed salary that is not performance-based. The remuneration for the Board of Directors activities in the discontinued business units, which was accounted for pro rata temporis in the prior year, contained performance-unrelated fixed salary components as well as performance-based components. The Board of Directors remuneration contained a long-term incentive component amounting to EUR 124k.

The total remuneration of the Supervisory Board for fiscal 2010 amounts to EUR 42k (prior year: EUR 59k). All remuneration amounts fall due in the short term.

There are no other obligations in favour of the Supervisory Board and the Board of Directors.

41. AVERAGE HEADCOUNT FOR THE YEAR

EMPLOYEES WITHIN THE MEANING OF SEC. 314 (1) NO. 4 HGB	2010	2009
General administration	23	20
Research and development	83	83
Sales and distribution	70	65
Support/consulting	73	67
Total	**249**	**235**

Disclosure pursuant to Sec. 160 (1) No. 8 AktG

RIB International Ltd., Samoa, has notified us that it no longer holds a controlling interest in our Company but that it continues to directly hold more than one quarter of the shares in our Company.

Mr. Thomas Wolf has notified us that he directly and indirectly holds a controlling interest in RIB Software AG. In accordance with Sec. 20 (6) AktG, we made the following announcement regarding this: "RIB International Ltd., Samoa has notified us pursuant to Sec. 20 (5) AktG that it no longer holds a controlling interest in our Company. It has additionally informed us that it continues to directly hold more than one fourth of the shares in our Company (investment within the meaning of Sec. 20 (3) AktG). Mr. Thomas Wolf, Hong Kong, has notified us pursuant to Sec. 20 (4) AktG that he directly and indirectly holds a controlling interest in our Company.

We also point out that Mr. Thomas Wolf notified us after the end of the reporting period that he no longer holds a controlling interest in our Company.

A list of shareholdings as of 31 December 2010 is provided below:

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

	Nominal capital in local currency	Share in capital %	Equity EUR k	Net profit/loss for the year EUR k
Fully consolidated entities				
Germany				
RIB Deutschland GmbH, Stuttgart	EUR 154 k	100.00	1,027	245
RIB Engineering GmbH, Stuttgart	EUR 110k	100.00	797	217
RIB Information Technologies AG, Stuttgart	EUR 360k	100.00	1,370	509
RIB Research & Development AG, Stuttgart	EUR 50k	100.00	48	-1
RIB Sales International GmbH, Stuttgart	EUR 50k	100.00	49	-1
STRAPS Bausoftware GmbH, Stuttgart	EUR 38k	100.00	113	0
Other countries				
RIB Limited Hong Kong/ People's Republic of China	HKD 100,000k	100.00	4,894	87
RIB Software (Americas) Inc., Wilmington, Delaware/USA [1]	USD 30	100.00	-505	-287
RIB stavebni Software s.r.o., Prague/Czech Republic	CZK 1,000k	100.00	79	40
RIB Software (UK) Limited, Chelmsford, Essex/UK [1]	GBP 50k	100.00	271	555
RIB PTE. Limited Singapore [1]	SGD 1	100.00	-119	-115
Subsidiaries carried at cost				
RIB FZ LLC Fujairah, UAE [1] [2] [4]	AED 100	100.00	–	–
RIB iTWO PTY Limited Sydney, Australia [1] [2] [4]	AUD 1,500	100.00	–	–
MAC International Company Limited [3] [4]	HKD 25,000k	24.98	–	–
Associates accounted for using the equity method				
RIB Asia Ltd., Hong Kong/ People's Republic of China	HKD 26,000k	49.96	2,427	60

[1] Indirect investment via RIB Limited, [2] The Company was established in fiscal 2010. Financial statements as of 31 December 2010 are not available yet
[3] Indirect investment of RIB AG via RIB Asia Ltd, [4] Data is not available yet

STATEMENT OF CHANGES IN NON-CURRENT ASSETS AS OF 31 DECEMBER 2010

	Cost				Accumulated amortization, depreciation and impairment				Carrying amounts	
	As of 1 Jan 2010 EUR k	Additions EUR k	Disposals EUR k	As of 31 Dec 2010 EUR k	As of 1 Jan 2010 EUR k	Additions EUR k	Disposals EUR k	As of 31 Dec 2010 EUR k	As of 31 Dec 2010 EUR k	As of 31 Dec 2009 EUR k
1. Goodwill	22,332	0	0	22,332	8,297	0	0	8,297	14,035	14,035
2. Other intangible assets										
a) Development work	15,684	4,647	754	19,576	2,952	2,231	754	4,428	15,148	12,733
b) Other	1,892	240	0	2,135	818	426	0	1,246	889	1,074
	17,576	4,887	754	21,711	3,770	2,657	754	5,674	16,037	13,807
3. Property, plant and equipment	4,311	1,033	73	5,272	1,512	166	36	1,642	3,631	2,801
Total	**44,220**	**5,920**	**827**	**49,316**	**13,579**	**2,823**	**790**	**15,613**	**33,703**	**30,643**

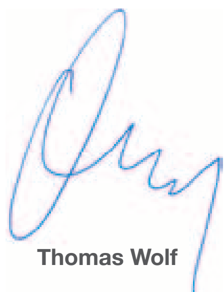
DECLARATION OF THE LEGAL REPRESENTATIVES

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

Stuttgart, 31 March 2011

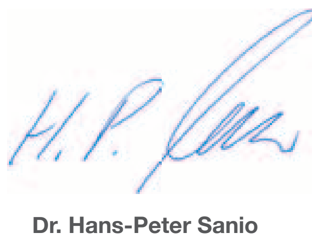
RIB Software AG
Stuttgart

The Board of Directors



Thomas Wolf

Michael Sauer



Dr. Hans-Peter Sanio

AUDIT OPINION

The group auditor issued the following opinion on the full consolidated financial statements and the group management report.

“To RIB Software AG:

We have audited the consolidated financial statements prepared by RIB Software AG, Stuttgart, comprising the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of financial position, the statement of changes in equity, the statement of cash flows, and the notes to the consolidated financial statements, together with the group management report for the fiscal year from 1 January to 31 December 2010. The preparation of the consolidated financial statements and the group management report in accordance with IFRSs as adopted by the EU, and the additional requirements of German commercial law pursuant to Sec. 315a (1) HGB [“Handelsgesetzbuch”: German Commercial Code] is the responsibility of the Company’s management. Our responsibility is to express an opinion on the consolidated financial statements and on the group management report based on our audit.

We conducted our audit of the consolidated financial statements in accordance with Sec. 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 Sec. 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, 4 April 2011

Ernst & Young GmbH
Wirtschaftsprüfungsgesellschaft

Marbler
Wirtschaftsprüfer

Boelcke
Wirtschaftsprüfer

FUTHER INFORMATION

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

April 2011

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