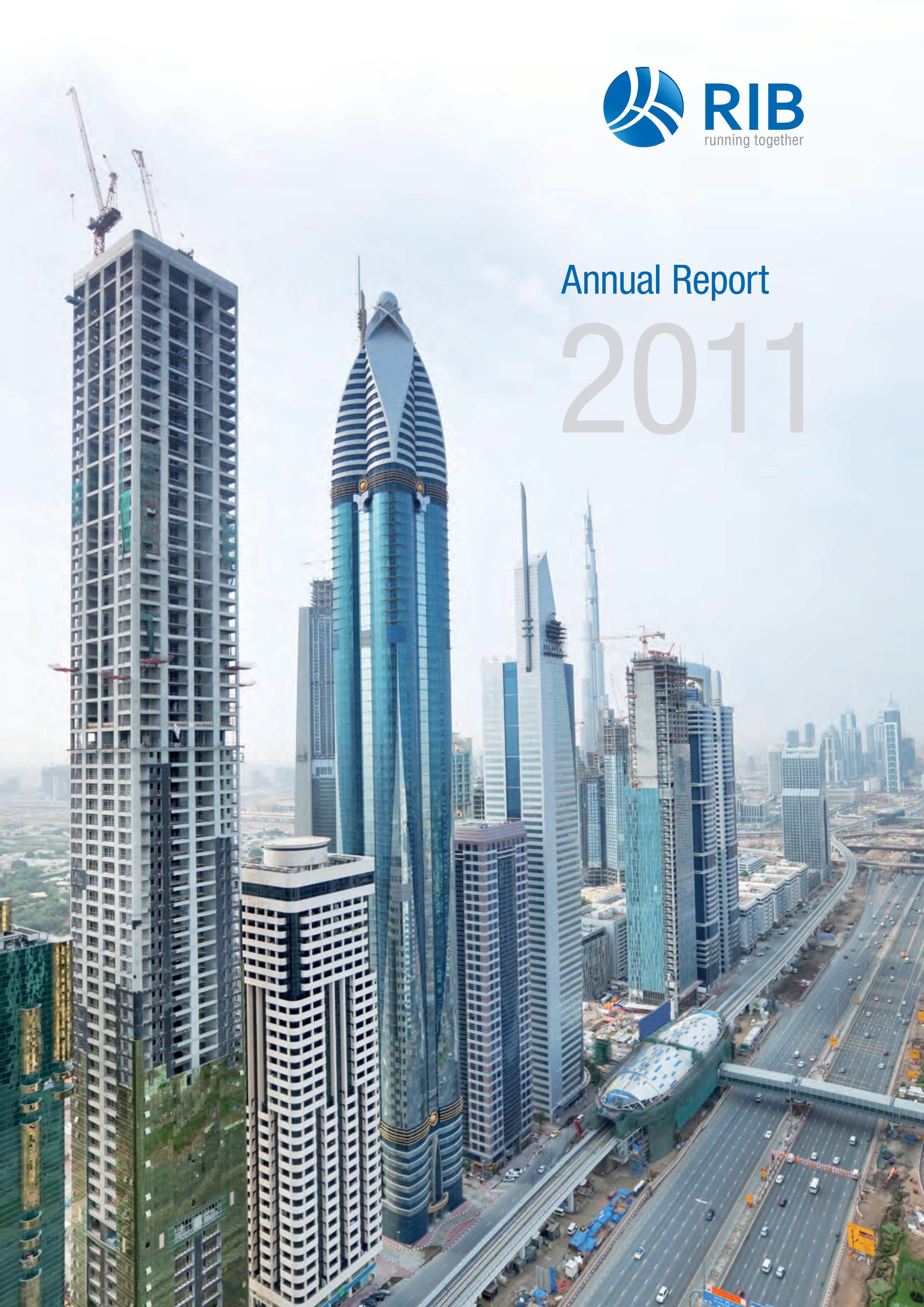
RIB
running together

Annual Report 2011



ANNUAL REPORT 2011
RIB SOFTWARE AG

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Vortag
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Deutsche Börse welcomes
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RIB Software AG
Sektor: Software
8. Februar 2011
Konsortialbank:
UBS Investment Bank
UBS
Skontroführer:

Share Fact Sheet

RIB Software AG registered with the commercial register of the District Court of Stuttgart (Amtsgericht Stuttgart), Germany under registration number HRB 20490

Share capital: February 4, 2011	38,715,420.00 EUR
Shares outstanding: February 4, 2011	38,715,420
Class:	Ordinary Shares
Initial trading:	February 8, 2011
International Securities Identification Number	
ISIN:	DE000A0Z2XN6
German Security Identification Number	
WKN:	A0Z2XN
Stock symbol:	RSTA
Ticker symbol Reuters:	RSTAG.DE
Ticker symbol Bloomberg:	RSTA:GR
Transparency Standard:	Prime Standard
Market Segment:	Regulated Market

JANUARY 2011

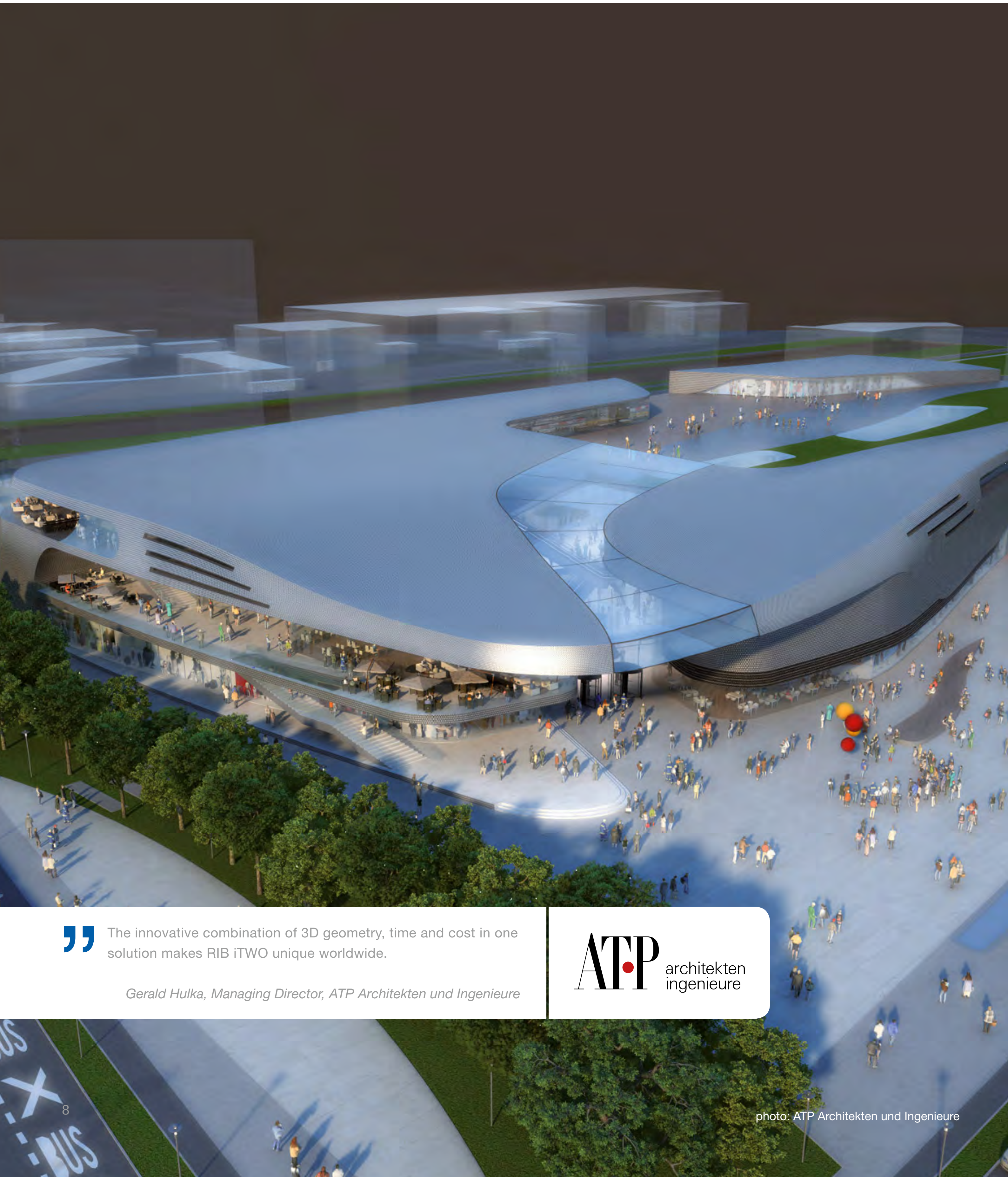
RIB founded the subsidiary RIB iTWO Software Private Limited in Mumbai (India)

FEBRUARY 2011

Successful IPO of RIB Software AG

FEBRUARY 2011

The KLAUS-Gruppe (Germany) contracts RIB for company-wide switchover to iTWO (p. 14)



> The innovative combination of 3D geometry, time and cost in one solution makes RIB iTWO unique worldwide.
>
> *Gerald Hulka, Managing Director, ATP Architekten und Ingenieure*

architekten ingenieure

photo: ATP Architekten und Ingenieure

SAW (Germany) implements iTWO

FEBRUARY 2011

Orascom (Egypt) decides to integrate RIB iTWO

MARCH 2011

Larsen & Toubro (India) purchases RIB iTWO software

MARCH 2011

ATP Architekten und Ingenieure

Employees:	450
Website:	www.atp.ag
Headquarters:	Innsbruck, Austria
Major projects:	Fraunhofer IFAM, Bremen (2013); BVB BI Basler Verkehrsbetriebe, Basel (2013); Shopping Center Siska, Ljubljana (2014)
Business areas:	Lead Planning, Architecture, Structural Engineering, Technical Building Installations, Site Supervision, R&D

Why iTWO

- innovative 5D functionalities
- better visualisation of the completed building for the customer
- iTWO provides all relevant costs and schedule information as well as the economic conditions
- customer is thoroughly informed
- all country-specific aspects are fully supported
- expansion of leading position in Europe with iTWO

Details

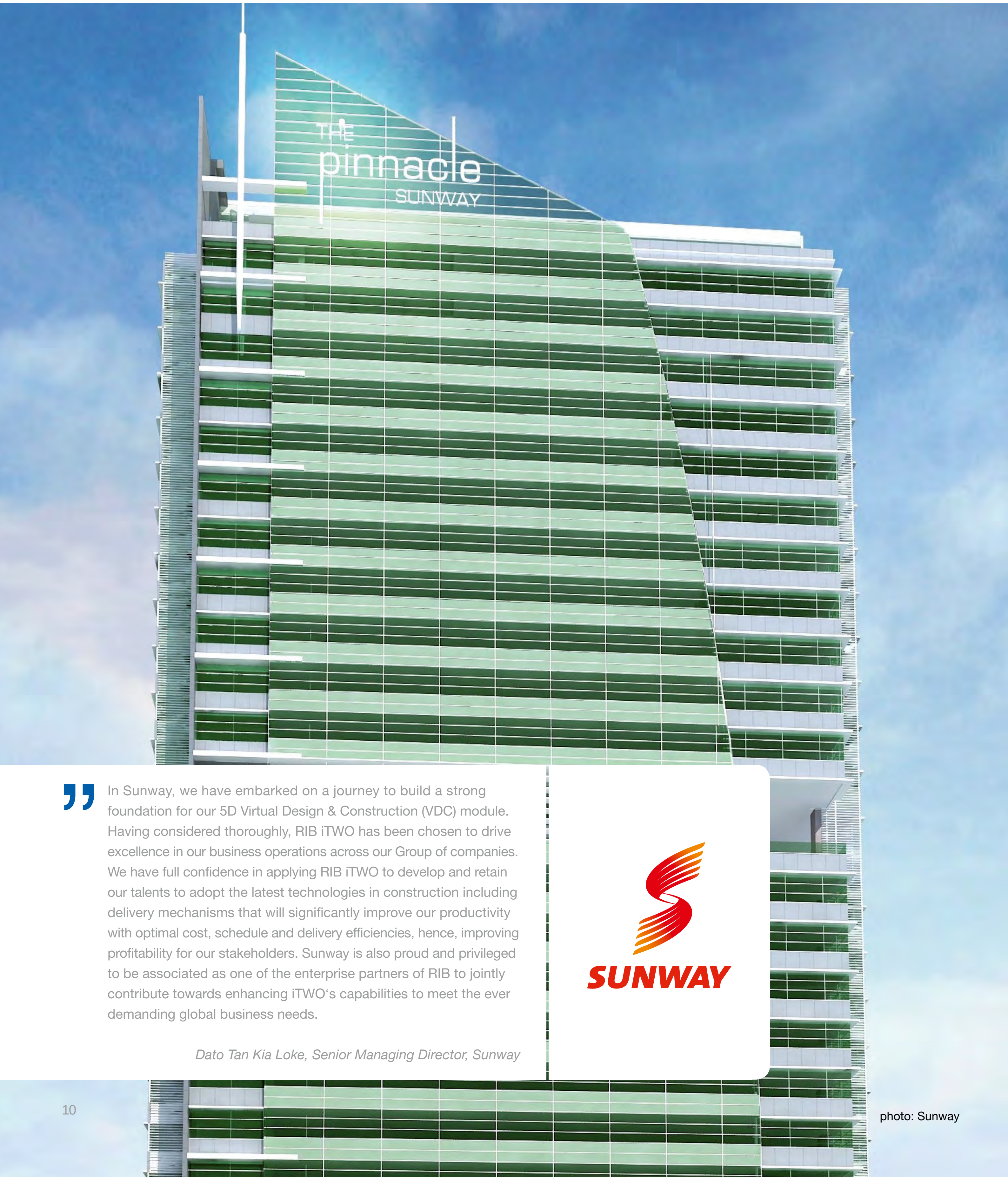
ATP Architekten und Ingenieure was founded in post-war Europe as a one-architect enterprise and rapidly developed into a successful project developer for the production and logistics sector.

In the seventies, the knowledge of modern integrated planning methods in industry led to an integrated partnership of architects and engineers and consequently to a broadening of the company's skills. Over 30 years later, ATP now operates as an integral lead developer with a workforce of 450 employees at eight locations in Austria, Germany, Switzerland and CEE, and is reputedly one of the most successful architecture and engineering companies in Europe.

APRIL 2011
AMEY (UK) switches to iTWO

JUNE 2011
alfanar (Saudi Arabia) decides to implement RIB iTWO (p. 12)

JULY 2011
Global construction consultancy Davis Langdon (UK) introduces iTWO



> „In Sunway, we have embarked on a journey to build a strong foundation for our 5D Virtual Design & Construction (VDC) module. Having considered thoroughly, RIB iTWO has been chosen to drive excellence in our business operations across our Group of companies. We have full confidence in applying RIB iTWO to develop and retain our talents to adopt the latest technologies in construction including delivery mechanisms that will significantly improve our productivity with optimal cost, schedule and delivery efficiencies, hence, improving profitability for our stakeholders. Sunway is also proud and privileged to be associated as one of the enterprise partners of RIB to jointly contribute towards enhancing iTWO's capabilities to meet the ever demanding global business needs.
>
> *Dato Tan Kia Loke, Senior Managing Director, Sunway*

SUNWAY

photo: Sunway

HWP Planungsgesellschaft (Germany) focuses on intelligent internationalisation with iTWO 5D

JULY 2011

RIB gains ATP, one of its largest new iTWO customers in the planning sector in Austria (p. 8)

AUGUST 2011

Sunway

Employees:	12,000
Headquarters:	Bandar Sunway, Selangor, Malaysia
Website:	www.sunway.com.my
Major projects:	Rihan Heights, Al Reem Island, 4G10 & 4G 11 – Putrajaya, BioXcell, LEGOLAND, Gas District Cooling (GDC) plant, Pinewood Iskandar Malaysia Studios, Kuala Lumpur Convention Centre, Traders Hotel Kuala Lumpur, Kajang SILK Highway
Business areas:	Design & Build, Building, Civil & Infrastructure Works, Mechanical, Electrical and Plumbing Engineering, Foundation & Geotechnical Works, Industrialised Building System (IBS) and Machinery & Logistics

Why iTWO

„RIB iTWO is an integrated and comprehensive software system for construction projects that bridges the gap between CAD and ERP systems. It eliminates tons of manual procedures from the conventional practice thus increases accuracy, efficiency and transparency in our daily works. I am confident that RIB iTWO could enhance our competitive edge over time.“

Liew Ee Lin, VDC-Manager, Sunway

Details

Sunway Construction is a homegrown Malaysian construction company known for its passion to deliver innovative, cost effective and quality design and build solutions for its client.

Sunway Construction Sdn Bhd is a 100% subsidiary of Sunway Berhad, a company listed in Kuala Lumpur Stock Exchange. With its many awards – such as the Industry Excellence Award or Malaysia Business Award 2010 and Malaysian Construction Industry Excellence Award 2009, Sunway Construction occupies one of the leading positions in Asia and the Middle East. It now wishes to further expand this position by using iTWO 5D.

AUGUST 2011

Jacobs Engineering UK introduces iTWO

SEPTEMBER 2011

Company licence agreement for iTWO 5D with Sunway Construction (Malaysia) (p. 10)

> The iTWO software is expected to standardise estimations and improve their accuracy by minimizing human errors. We plan to use iTWO to further integrate operation processes with SAP.
>
> *Marco van de Sandt, Group CIO, alfanar*

photo: alfanar

RIB iTWO wins China Information Industry Award in the IT Systems for the Construction Industry category

SEPTEMBER 2011

Company licence agreement for iTWO 5D with Bilfinger Berger (Germany)

SEPTEMBER 2011

alfanar

Employees:	13,000	Website:	www.alfanar.com
Headquarters:	Riyadh, Saudi Arabia		

Major projects: Enhancement of power generation of the Hail Simple-Cycle plant by 6 X 80 MW, New Haramain High Speed Railway extra high voltage substations, construction of new 380/230/13.8 KV substation for Qurayyah IPP power generation evacuation, civil works for Jeddah RO Plant 260,000 M3/D, King Abdullah Financial District (KAFD) four 132kV substations with MEP works for 4 high rise towers

Business areas: The Construction Division provides complete Turnkey Engineering, Procurement and Construction (EPC) including Engineering Design, Construction, Testing and Commissioning, and Operation and Maintenance for Simple & Combined Cycle Projects, HV & EHV Substations – Indoor and Outdoor, HV & EHV Transmission Lines – Overhead and Underground, Electromechanical Projects, Civil Infrastructure Projects

Why iTWO

- to enhance the market competitiveness by providing integrated estimations
- integration of the planning and real-time construction activities using a dependable technology as well as flexible software
- highly structured planning and accuracy
- integration with SAP enterprise resource planning infrastructure (finance, supply chain, human resources)
- high quality standards

Details

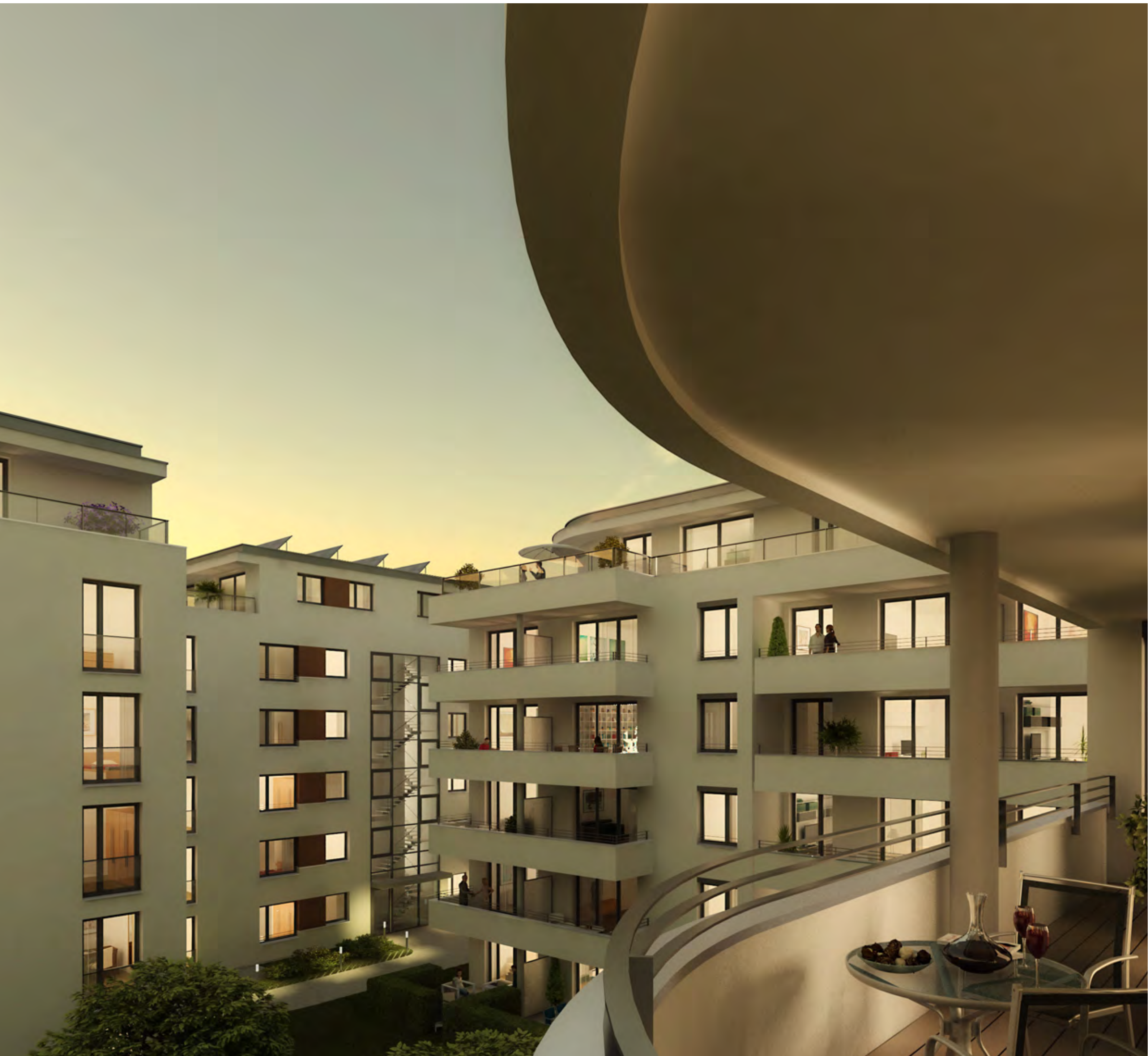
Established in 1976, alfanar operates construction and manufacturing businesses, design and development centres in the Middle East and other countries from its headquarters in Riyadh.

Lusail Real Estate (Qatar) switches to RIB iTWO

OCTOBER 2011

According to "Die Welt" newspaper, RIB Software AG is one of Germany's top 20 medium-sized companies

OCTOBER 2011



"We plan to use the model-based working method with iTWO 5D mainly for large-scale housing projects. Our portfolio includes residential properties with 200 apartments or more. We handle the entire project management ourselves.

Jörg Klaus, sole proprietor, KLAUS-Gruppe

KLAUS GRUPPE

photo: KLAUS-Gruppe

GMR Infrastructure (India) purchases iTWO BIM 5D corporate software

DECEMBER 2011

Al Muhaidib Group & Sons (Saudi Arabia) decides to integrate iTWO

DECEMBER 2011

KLAUS-Gruppe

Employees:	600
Headquarters:	Augsburg and Munich, Germany
Website:	www.klaus-gruppe.de
Major projects:	Wohnturm Sternenhimmel, Valentins-Terrassen, Unterschleißheim, Terrassenhaus Menterschwaige, Wohnen auf der Südseite
Business areas:	Property Development, Civil Engineering, Building Construction, Building Services, Precast Components, Metal Engineering, Roof Lifting, Material Sales

Why iTWO

- greater investment certainty
- optimised cost management
- quick recognition of risks before they arise
- shorter project lead times
- around 20 years of successful experience with RIB software at the KLAUS-Gruppe
- flexible solution for construction tasks of different sizes

Details

A total of seven companies belong to the Bavarian KLAUS-Gruppe. Besides housing construction and property development activities, the company´s portfolio includes building construction and civil engineering services.
For example, the company has its own gravel and stone crushing plant, has shares in asphalt mixing plants and carries out civil engineering projects with its high-performance fleet of machinery and equipment. With regard to building construction, the KLAUS-Gruppe realises carcassing and turnkey construction projects, besides producing precast concrete components for projects of its own and other clients in its own precast component factory. Last but not least, the company´s range of services is rounded off by special areas such as metal engineering, construction services, roof lifting and extension, and the licensing of a self-developed and patented hydraulic roof lifting system.

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

Dear Shareholders,

The planning and control of projects on the basis of digital construction models with BIM* ERP solutions, like LEED** previously, is currently developing into a megatrend in the global construction industry. The construction industry with an estimated volume of USD 12.7 trillion in 2020 (= 14% of global GDP) will probably invest up to 1% a year (USD 127 bn) in IT in the coming years. Governments, investors, property developers, engineering companies and general contractors are gradually beginning to switch their technical ERP systems to BIM ERP systems (*BIM – Building Information Modeling, **LEED = Leadership in Energy and Environmental Design).

We are offering a solution in the form of iTWO BIM ERP that fully corresponds to this trend. We are therefore the technology and innovation leader in a market that offers excellent opportunities for growth. According to a study by McGraw Hill in the USA already 49% and in Europe 36% of the companies surveyed expect cost savings, a shorter project duration and better profit margins through the use of BIM solutions, which will lead to a rising demand in this area. We expect further opportunities from our new xTWO Cloud platform, because cloud computing could develop into the next revolution in the computer industry. Using the xTWO platform in the second quarter of 2012, we intend to offer information services for craft enterprises, construction companies, builder's merchants and manufacturers of building materials. This information can be presented on the xTWO Cloud platform with their performance and solution offer.

We were able to corroborate that we are in the market with the right products and at the right time through several successful Phase II closings with globally operating top construction groups, such as the Indian GMR Infrastructure Limited, Sunway Construction Sdn Bhd, Malaysia, and Bilfinger Berger SE. With iTWO we were able to substantially increase the international software turnover by 82.3% to EUR 2.3 m (2010: EUR 1.2 m). There was particularly large demand for iTWO in the growth region of Asia.

In Germany the demand for iTWO increased in particular in the area of small and medium-sized companies. iTWO software sales in this target group rose 100% to EUR 1.8 m (2010: EUR 0.9 m). Even if our turnover with EUR 35.1 m (2010: EUR 34.8 m) lies only 0.9% above that of the previous year, in 2011 we were again able to raise the record result of the previous year by 7.7%, because in a year characterised by economic uncertainties with restrained growth around the globe we cautiously adapted our investments into the development of new markets accordingly. We see ourselves very well positioned for the future, therefore, and on the basis of our cash assets due to our successful IPO in February 2011 we can invest in the development of new products and acquisitions in order to more quickly expand our customer networks both nationally and internationally.

The first weeks of this financial year have turned out to be very promising. RIB has already signed another phase II order for iTWO BIM ERP with Heinrich Schmid of Reutlingen, a leading national and international provider of high-skilled craftsmanship. This is founded on a well-filled pipeline that we have built up nationally and internationally.

This annual report gives you detailed information on our strategies and our financial year 2011. 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 2012.

Kind regards,

Thomas Wolf　　Michael Sauer　　Dr. Hans-Peter Sanio

CORPORATE GOVERNANCE

A. Corporate Governance Report

In accordance with the recommendations of subsection 3.10 of the German Corporate Governance Code, the Board of Directors and the Supervisory Board of RIB Software AG herewith present their Corporate Governance Report:

Responsible corporate management

RIB Software AG is committed to the principles of good and responsible corporate management. These include in particular close and constructive cooperation between the Supervisory Board and the Board of Directors on the basis of mutual trust; this cooperation is informed by the objective of sustainably creating added value and by a culture of open corporate communication and intensive customer support.

The Board of Directors and Supervisory Board of RIB Software AG broadly comply with the principles of good corporate governance as expressed in the German Corporate Governance Code, this compliance being voluntary and a matter of conviction. Insofar as the Board of Directors and the Supervisory Board have decided to depart from the recommendations of the German Corporate Governance Code, reference is herewith made to the Declaration of Compliance of RIB Software AG and the explanations contained therein.

Furthermore, the Corporate Governance Code contains suggestions in relation to whose observance no declaration is required. Neither these nor the specific recommendations that they contain are binding. The Company's Board of Directors and Supervisory Board comply with the suggestions of the German Corporate Governance Code to the extent that this appears to them to be in the interests of the Company and its shareholders. The German Corporate Governance Code in the currently version of 26 May 2010 was circularised by the Federal German Ministry of Justice on 2 July 2010 in the electronic Federal Gazette and is published on the website www.corporate-governance-code.de.

Avoidance of conflicts of interest

It is the opinion of the Supervisory Board that its membership includes a sufficient number of independent persons who have no commercial or personal connection with the company or its Board of Directors. No former members of the Board of Directors belong to the Supervisory Board. No Supervisory Board member is a company officer or performs advisory functions for a major competitor of RIB Software AG or of the Group. No consultancy or other service contracts or employment contracts were in existence between members of the Supervisory Board and the Company.

Deductible for D&O insurance

RIB Software AG has taken out asset-damage liability insurance cover ("D&O insurance") for the members of the Board of Directors, thereby taking into account the statutory requirements with respect to a deductible. D&O insurance cover has also been arranged for the members of the Supervisory Board. However, no deductible is foreseen in connection with the latter, for reasons stated in the Declaration of Conformity.

Membership of the Board of Directors and remuneration of directorships

In consultation with the Board of Directors, the Supervisory Board operates a long-term succession planning programme. When changes to the membership of the Board of Directors are imminent, the Supervisory Board pays due attention in the appointment of replacements to variety and in particular endeavours to ensure that women are adequately represented. The Supervisory Board is nonetheless aware that to date extremely few women have obtained senior management positions in German companies, for which reason it seems unrealistic to place the Company under an obligation to reserve a certain number of places or a certain percentage of the membership of the Board of Directors for women by a specific date.

The remuneration of the members of the Board of Directors – as presented in the Declaration of Compliance – is disclosed in accordance with statutory provisions.

Election to the Supervisory Board and objectives for its composition

Candidates are individually elected to the Supervisory Board. Shareholders are notified of candidatures for the chairmanship of the Supervisory Board.

Consideration is given in relation to proposals for the election of Supervisory Board members to ensuring that the resulting composition of the Supervisory Board is such that it will have the expertise, skills and specialist experience required to duly perform its assigned duties. In the selection of candidates special attention is paid to the specific situation of the company, its international activities, potential conflicts of interests, diversity and a reasonable representation of women. It has been decided not to set specific targets in relation to the composition of the Supervisory Board for the reasons stated in the Declaration of Compliance.

Annual General Meeting

The shareholders may exercise their rights before or during the Annual General Meeting, at which they can discuss all items on the agenda as well as raise questions relating to the Company's affairs and propose materially relevant motions, to the extent provided for under the Articles of Incorporation. The Annual General Meeting decides on all matters provided for under law with binding effect on all shareholders and the Company. The Board of Directors presents the Annual Financial Statements and the Consolidated Annual Financial Statements to the Annual General Meeting. The Annual General Meeting votes on the appropriation of profits and on motions to formally approve the actions of the Board of Directors and the Supervisory Board. It normally appoints the members of the Supervisory Board and the independent auditors. Furthermore, the Annual General Meeting votes in particular on changes to the Articles of Incorporation and on major corporate initiatives such as corporate contracts and changes of legal form, on the issue of new shares and of convertible bonds and warrants as well as the authorisation to purchase treasury shares. Shareholders normally have a pre-emption right over new shares in proportion to their share of the ordinary capital.

Each share in the company entitles the holder to one vote. Every shareholder who has been entered in the share register on the date of the Annual General Meeting and who has given notice of attendance in due time is entitled to participate in the Annual General Meeting. Shareholders who are not able to be present in person have the option of exercising their voting rights via a bank, a shareholders' association, the proxy appointed by the Company who is bound by voting instructions or by another proxy of their choice.

The Annual General Meeting is normally chaired by the Chairman of the Supervisory Board. The latter ensures that the Annual General Meeting is conducted in an expeditious fashion and is guided by the suggestion of subsection 2.2.4 DCGK (German Corporate Governance Code), whereby an Ordinary General Meeting should be concluded after no more than four to six hours.

The invitation to the Annual General Meeting and the reports and documents to be presented to the Annual General Meeting are published in accordance with the provisions of the AktG (Companies Act) and the said reports and documents, including the Annual Report are made available on the Company website.

Risk management

The responsible handling of commercial risks is one of the basic principles of good corporate management. The Board of Directors is responsible for providing adequate risk management and risk controlling in the company and regularly reports to the Supervisory Board about existing risks and trends in risks.

Detailed information about risk management is provided in the Risk Report on pages 37 to 39 of the Annual Report. This also contains the report on the accounts-based internal control and risk management system.

Transparency

Shareholders, analysts, investors and the public are regularly and topically informed by RIB Software AG about the status of the company and about significant changes to the company. The Annual Report, the Half-Yearly Financial Report and the Quarterly Reports are published at the due times. Information about current events and new trends is provided by means of press reports and ad hoc notices if appropriate.

The website http://ir.rib-software.com serves as a central information platform. The dates for publication of regular financial reports are contained in the Annual Report and are also posted sufficiently in advance on the Company's website (http://ir.rib-software.com – Investor Relations – Financial Calendar). This information is also forwarded to the Frankfurt Stock Exchange as well as a selection of national and international media.

Events that were not previously known to the public that could significantly influence the value of RIB shares will be immediately disclosed by ad hoc notices, unless in individual cases the company is exempted from its duty of disclosure. All persons who work for the company and have due access to insider information are and will be informed about the obligations resulting from the insider trading rules of the Securities Trading Act. If the Company becomes aware that a party has obtained 3, 5, 10, 15, 20, 25, 30, 50 or 75 per cent of the voting rights in the Company by purchase, sale or in any other way, the Company will immediately disclose this circumstance.

The statutory requirements on disclosures and public notices as well as the duties relating to the forwarding of information and documents to the Federal Financial Supervisory Authority (BaFin) and the public register have and continue to be complied with.

Directors' dealings

In accordance with § 15a WpHG (Securities Trading Act), members of the Board of Directors and of the Supervisory Board and persons who have a close personal relationship to the former are statutorily required to disclose the purchase and sale of shares in RIB Software AG or any related financial instruments if the value of the transactions which they have conducted within a calendar year reaches or exceeds the amount of EUR 5,000. Insofar as the Company has been notified of such transactions, this information has been duly published in the company register.

The member of the Board of Directors, Thomas Wolf, directly and indirectly holds approx. 30.12% of the shares in the Company. The member of the Board of Directors, Michael Sauer, directly and indirectly holds approx. 1.3% of the shares in the Company. Apart from this, the members of the Board of Directors and of the Supervisory Board do not possess either individually or jointly shares in the Company or associated financial instruments equivalent to more than 1% of the shares issued by the Company.

Accounting principles and audit of the annual financial statements

The accounts of the RIB Group are maintained in compliance with the international financial reporting standards (IFRS) as these are to be applied in the European Union. The Annual Financial Statements (Separate Financial Statements) of RIB Software AG are drawn up in compliance with the provisions of the German commercial code (HGB). The separate annual financial statements and consolidated annual financial statements are prepared by the Board of Directors and are reviewed by the independent auditor and by the Supervisory Board. The quarterly reports and the half-yearly financial report are discussed by the audit committee with the Board of Directors before publication. The consolidated annual financial statements are published within 90 days of the end of the respective financial year, the interim reports are published within 45 days of the end of the respective reporting periods.

BW PARTNER Bauer Wulf Schätz Hasenclever Stiefelhagen Partnerschaft, Wirtschaftsprüfungsgesellschaft, Steuerberatungsgesellschaft, Stuttgart, has audited the consolidated and separate annual financial statements. The auditor of the annual financial statements is independent. The focal points of the audit were determined in consultation with the auditor and among other things it was agreed that grounds for disqualification or partiality identified during the audit would be immediately eliminated or reported. The Supervisory Board has also arranged that the independent auditor immediately reports all findings and events uncovered during the performance of the audit of the annual financial statements that could have a significant influence on the duties of the Supervisory Board and that the independent auditor is to inform the Supervisory Board or note this in the audit report if circumstances that render the Declaration of Compliance with the German Corporate Governance Code issued by the Board of Directors and the Supervisory Board incorrect are revealed when the audit of the annual financial statements is carried out.

Furthermore, the Company publishes a list of third-party companies in which it holds an equity interest that is not insignificant for the Company in which it gives the name and registered head office of the company, the size of the equity interest, the size of the equity capital and its operating result for the last financial year.

B. Declaration of compliance pursuant to § 161 German Companies Act (AktG)

RIB Software AG has been listed on the stock exchange since 8 February 2011. The Board of Directors and Supervisory Board of RIB Software AG are issuing a declaration of compliance for the first time. The following declaration of compliance is therefore limited, pursuant to § 15 Introductory Act to the Stock Corporation (EGAktG), to confirming compliance with the "Government Commission on the German Corporate Governance Code" or which recommendations are not applied and the reasons for this.

The Board of Directors and Supervisory Board of RIB Software AG declare that the recommendations of the "Government Commission on the German Corporate Governance Code" (German Corporate Governance Code – GCGC) as amended 26 May 2010 (published in the electronic Federal Gazette on 2 July 2010) have been complied with, with the exception of the following departures:

1. **Section 2.3.3 GCGC:**

   The authorisation provided for in the articles of association of the company to make provision in the invitation to the Shareholders' Meeting that shareholders may also cast their votes without taking part in the Shareholders' Meeting in writing or by means of electronic communication to be determined in detail in the invitation (postal vote) shall not be applied until further notice. Performing the postal vote currently still involves certain legal imponderables. Therefore, in the interest of all shareholders, the Board of Directors shall not apply the aforementioned authorisation until and only once in its opinion the legal imponderables have been adequately clarified.

2. **Section 3.8 GCGC:**

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

3. **Section 4.2.3 para. 2 GCGC:**

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

   Section 4.2.3 para. 4 GCGC:

   The management contracts do not currently provide for a severance cap in the event of early termination without important grounds. Such an arrangement seemed unnecessary on conclusion of the agreements owing to the fact that the company was not listed on the stock exchange. Furthermore, the management contracts which came into force or which were extended at the beginning of 2010 run for a period of three years until 31 December 2012. The Supervisory Board is of the opinion that the short contract term of three years offers adequate protection against unreasonable severance payments, so that a subsequent introduction of a severance cap was not agreed either.

4. **Section 4.2.5 GCGC:**

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

5. **Section 5.1.2 GCGC:**

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

6. **Section 5.4.1 paras. 1 and 2 GCGC:**

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

7. **Section 5.4.6 para. 1 GCGC:**

   According to the currently applicable remuneration policy, the deputy chairman of the Supervisory Board is not treated separately. This seems appropriate, since the deputy chairman only takes on special duties in the event that the chairman is unavailable.

   Section 5.4.6 para. 2 GCGC:

   The members of the Supervisory Board do not receive any performance-based remuneration in addition to a fixed remuneration. Performance-based remuneration for the Supervisory Board would be inconsistent with the Supervisory Board's supervisory and monitoring function and could in particular cause conflicts of interest, arising from decisions of the Supervisory Board, which might influence the performance criteria.

   Section 5.4.6 para. 3 GCGC:

   The remuneration paid to the members of the Supervisory Board and any further payments made or benefits granted by the company to the members of the Supervisory Board are not itemised individually in the Corporate Governance report. The individual remuneration paid to the members of the Supervisory Board for their Board activities is already transparent within the scope of the statutory disclosures; separate disclosure in the Corporate Governance report therefore seems unnecessary. The individual disclosure of any further remuneration paid or benefits granted by the company in individual cases would be inconsistent with the legitimate personal interests of the individual Supervisory Board members.

Stuttgart, December 2011

The Board of Directors The Supervisory Board

Report of the Supervisory Board to the Annual General Meeting 2012 of RIB Software AG

Regular meetings

The Supervisory Board monitored the Board of Directors of RIB Software AG in the financial year 2011 in accordance with the regulations as established in company law. It also looked after its consulting function. The basis of the work of the Supervisory Board was the regular detailed, oral and written reports made by the Board of Directors. The Supervisory Board was directly involved in all decisions of material significance for the company. No conflicts of interest were identified by the Supervisory Board.

The Board of Directors comprehensively reported to the Supervisory Board in four meetings in the year under review and outside of meetings about the situation of the company, the business development, important business incidents, the implementation of the corporate planning, questions of risk management for the company and material investment and/or acquisition plans. The object and scope of the Board of Directors' reporting did justice to the requirements made by the Supervisory Board. To the extent required, the Supervisory Board passed resolutions outside the meetings using written documents circulated to the members.

The examinations made by the Supervisory Board during the Supervisory Board meetings were related in particular to the strategic alignment of the company, the development of the international business, the product strategy and the progress and medium-term planning in the product development in the area of iTWO.

Supervisory Board meeting: 5 April 2011

In the Supervisory Board balance sheet meeting on 5 April 2011, the annual financial statements and the management report presented by the Board of Directors as well as the consolidated financial statements and the consolidated management report as of 31 December 2010 and the report of the Board of Directors on the relationships with affiliated companies in financial year 2010 (dependency report) were discussed in detail. Furthermore, the Supervisory Board concerned itself with the changed consolidated financial statements and the changed consolidated management report as of 31 December 2009. The audit reports from the auditors were also available to the Supervisory Board for examination. The auditors also took part in the meeting and reported about the material results of their audit. The members of the Supervisory Board used the opportunity to ask questions of the auditors present and thus to gain for themselves a comprehensive picture to supplement their examination of the documents in preparation for the meeting. The Supervisory Board adopted the audited annual financial statements 2010 of RIB Software AG and approved the voluntary consolidated financial statements 2010 according to IFRS as well as the changed voluntary consolidated financial statements 2009 according to IFRS. In addition, the report of the Supervisory Board was passed to the ordinary general meeting 2011 and the agenda of the general meeting on 20 May 2011 was discussed and passed.

A further emphasis of this meeting was the formation of two committees of the Supervisory Board with effect as of 31 May 2011. Elected as members of the Audit Committee were: Dr. Matthias Rumpelhardt (chairperson), Sandy Möser and Keith Chau Kwok Keung. The Nomination and Remuneration Committee is composed of: Sandy Möser (chairperson), Dr. Matthias Rumpelhardt and Barrie David Sheers. Provisions as established in company law were observed in the appointment of members to the committees.

Supervisory Board meeting: 20 May 2011

In the meeting on 20 May 2011, besides the presentation and discussion on the report of the Board of Directors to the ordinary general meeting the focus was on the current situation of the company and of the business development. The Board of Directors elaborated on the expanded fundamental strategic goals of the management: 1. technology leadership; 2. cost leadership; 3. growth in turnover and net results.

Supervisory Board meeting: 3 November 2011

In addition to the report of the Board of Directors on the ongoing business development and the introduction of the Board of Directors' planning approaches for financial year 2012, the emphases of the meeting on 3 November 2011 were the passing of the resolution to change the rules of procedure for the Supervisory Board as well as the setting of rules of procedure for the Audit Committee and the Nomination and Remuneration Committee.

Supervisory Board meeting: 14 December 2011

Within the context of the meeting on 14 December 2011 the Board of Directors elaborated in detail on the turnover, results and investment planning for the financial year 2012 conveyed to the Supervisory Board in advance. It also reported in detail on the restructuring in the area of R&D that occurred in recent months according to markets, projects and responsibilities and the fundamental plans in product development until 2015. The planning was discussed in detail and approved by the Supervisory Board. In its meeting on 14 December 2011, the Supervisory Board also concerned itself with the German Corporate Governance Codex and approved the declaration of compliance pursuant to Section 161 AktG (German Stock Corporation Act). The declaration of compliance is published in the 2011 Annual Report as well as on the company's website http://ir.rib-software.com/de/investor-relations/corporate-governance/declaration-of-compliance/.

Composition of the Supervisory Board

As of 25 December 2010, Dr. Jörg Sievert departed from the company‘s Supervisory Board. With the resolution of the Stuttgart Local Court dated 9 May 2011, Mr Klaus Hirschle was appointed as a member of the Supervisory Board. It will be proposed to the ordinary general meeting on 24 May 2012 that Mr Hirschle be elected to the Supervisory Board for the remaining period of office of the Supervisory Board.

Audit and adoption of the 2011 annual financial statement

BW PARTNER Bauer Wulf Schätz Hasenclever Stiefelhagen Partnerschaft, Wirtschaftsprüfungsgesellschaft, Steuerberatungsgesellschaft, Stuttgart, Germany ("BW PARTNER"), elected as statutory auditor and consolidated auditor by the general meeting of RIB Software AG on 20 May 2011 was commissioned in writing with the audit of the accounting by the chairman of the Supervisory Board. The statutory auditor submitted a statement of independence pursuant to Section 7.2.1 of the German Corporate Governance Codex with its letter dated 21 March 2011 to the Supervisory Board. The statement confirms that no business, financial, personal or other relationships between the auditor, its bodies and audit managers on the one hand and the company and its body members on the other exist that could be the basis of doubt in its independence.

The accounting, the annual financial statements and the management report of RIB Software AG as of 31 December 2011, 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 2011 (dependency report) as well as the consolidated financial statements and the consolidated management report for financial year 2011 structured according to the International Financial Reporting Standards ("IFRS") were audited by BW PARTNER, and awarded an unqualified audit opinion. The audit opinion of the dependency report issued by the auditors is as follows:
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 Board of Directors."

The above-named annual and consolidated financial statement documents and the dependency report as well as the audit reports of the auditors were sent to all members of the Supervisory Board for review in due time ahead of the Supervisory Board's balance sheet meeting in order to ensure a careful and thorough review by the Supervisory Board. At its meeting on 13 March 2012, the Supervisory Board thoroughly discussed the questions appearing relevant to it on the basis of the audit reports handed out with the statutory auditors present in the meeting. The statutory auditors reported to the Supervisory Board on the course of the audit and its material results. No material flaws of the internal control and risk management system were detected by the auditors. After the concluding result of its own audit of the annual financial statement, the consolidated financial statement and the management reports for RIB Software AG and the Group, the Supervisory Board raised no objections and was in agreement with the audit results of BW PARTNER. The Supervisory Board approved the annual financial statements and the consolidated financial statements for 2011 of RIB Software AG. Thus, the annual financial statements of RIB Software AG have been adopted pursuant to Section 172 AktG. The Supervisory Board reviewed and agreed to the Board of Directors' proposal for the appropriation of the profit.

The Supervisory Board has also acknowledged the report of the Board of Directors about the relationships to affiliated companies and the result of the audit of this report by the statutory auditor. After its own audit, the Supervisory Board agrees with the result of the audit of the dependency report by the statutory auditor. The Supervisory Board, after its own audit and as a result of the discussions within the context of the Supervisory Board balance sheet meeting, is of the view that the findings of the Board of Directors are accurate and therefore no objections are to be raised against the statement of the Board of Directors at the end of the dependency report.

The Supervisory Board thanks the members of the Board of Directors and all employees of RIB Software AG and the companies affiliated with it for their commitment and the successful collaboration in the interest of the company and its shareholders this past year.

Stuttgart, 13 March 2012

Sandy Möser
Chairwoman of the Supervisory Board
for the Supervisory Board

GROUP MANAGEMENT REPORT FOR THE FISCAL YEAR 2011

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 50 years. The parent company RIB Software AG (hereinafter also referred to as RIB AG) 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, minimise risks relating to costs and deadlines and improve construction quality. We offer our customers an end-to-end software solution to deal with the major processes related to cost and 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.

We decentralised our research and development activities in 2005, and since then we have been using the additional capacities of a development company in China. In July 2011 RIB Software AG acquired all the shares in this Chinese company. This meant that the previously outsourced development activities could be fully integrated into the RIB Group.

In the past the RIB Group predominantly operated in German-speaking countries. With the objective of internationalising our business activities, the wholly owned subsidiary RIB Limited based in Hong Kong was founded at the end of 2009, which has since then operated the international business with the software iTWO.

We organise the distribution of our products in German-speaking countries under the umbrella of RIB Software AG via two German subsidiaries, RIB Engineering GmbH and RIB Deutschland GmbH. So far ten international distribution companies have been set up in total under the umbrella of RIB Limited. In the reporting year RIB Limited developed international versions of the software iTWO and concluded the first contracts with customers.

A.2. Key events in the reporting period

IPO in the Prime Standard of the Frankfurt Stock Exchange on 8 February 2011

On 8 February 2011 RIB Software AG successfully obtained a listing in the Prime Standard of the Frankfurt Stock Exchange to support its growth strategy. A total of 15,681,140 registered shares were placed worldwide at a price of EUR 9.25 per share. The IPO was heavily oversubscribed. More than 99% of the shares were allocated to institutional investors, of which around 11% were investors in Germany. The total volume of the capital measure amounted to EUR 145m, EUR 90.7m of which originated from a capital increase resulting from the issue of new shares. The issue was accompanied by UBS, London, as Lead Sole Global Coordinator as well as *equinet* Bank and BERENBERG BANK as Co-Lead.

Takeover of GZ TWO and TWO Consulting

With two contracts of 29 July 2011, RIB Software AG acquired all the shares in the Chinese companies Guangzhou TWO Information Technology Co., Ltd (hereinafter referred to as GZ TWO) and Guangzhou TWO Consulting Co. Ltd (hereinafter referred to as TWO Consulting). The interests were sold by TWO Limited and Foshan Alliance Limited, both headquartered in Hong Kong. The majority of the interests in the selling companies are (indirectly) held by Mr Thomas Wolf.

The interests were acquired on the basis of an agreement in principle concluded in 2010 with the objective of integrating the previously outsourced development activities, including the associated human resources and marketing activities, into the Group.

Acquisition costs for GZ TWO amounted to EUR 8,169k. This figure consists of the purchase price (EUR 3,570k) and of the waiver of a claim to the transfer of a site with buildings accounted for in GZ TWO (EUR 4,599k). Acquisition costs for TWO Consulting amounted to EUR 100k.

A.3. Profitability at record level

Although sales only increased by 0.9% to EUR 35.1m (previous year: EUR 34.8m), the earning power of the RIB Group improved considerably. The profit before taxes, adjusted to allow for IPO costs, was up 7.7% to EUR 12.6m (previous year: EUR 11.7m). With an operating earnings margin of 35.9% (previous year: 33.6%), the company therefore broke through the 35% barrier for the first time.

A.4. Research and development

With the ratio of R&D expenses to revenue still high at approximately 31% (previous year: 26%), the RIB Group remains ahead of its competitors in this respect, once again investing in innovation and technology in 2011. There are currently approximately 240 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 GZ TWO.

RIB iTWO, the world’s first fully integrated software solution for digital planning and construction (BIM 5D), was expanded significantly in 2011. With the new RIB iTWO Edition 2012, it is now possible to virtually plan, execute, control and simulate infrastructure projects. In addition, as of the reporting date, construction work can now also be calculated and billed interactively directly in the virtual model via finished components. With an efficient new controlling component, the first step was taken in the direction of Business Intelligence (BI). RIB iTWO BI supports procedures and processes for the systematic analysis of consolidated project data. The aim is to process and present information which will facilitate improved operating and strategic decisions in terms of corporate goals.

With the new xTWO platform, the first release of which was completed at the end of 2011, the RIB Group has taken an important step in the direction of cloud computing. The xTWO platform will offer information services for craftsman's businesses, construction companies, builder's merchants and manufacturers of building materials in a cloud solution from 2012. This information can be presented on the xTWO platform with their performance and solution offer. Via the integration of xTWO and iTWO, providers of building services and building materials can be identified directly in the iTWO application via the xTWO platform and electronic tendering and award processes can be executed.

At the last Supervisory Board meeting of fiscal 2011 the planned strategic development projects for RIB iTWO and the new xTWO platform up to 2015 were presented and approved. An R&D budget of EUR 9.4 million was resolved for 2012 on the basis of this plan and distributed over new products, maintenance and services. The structure of development teams in the development companies working for the RIB Group was adjusted accordingly.

A.5. Marketing and sales

RIB Deutschland GmbH sells the German version of RIB iTWO in the German-speaking area. RIB Limited, Hong Kong, has developed the international versions of RIB iTWO and markets them in the USA, Asia, India, Australia and in the Middle East. Overall, RIB iTWO attracted a large number of new customers in fiscal 2011, including an initial phase II key account in Malaysia with a total order volume for licences, services and maintenance of USD 2.3m.

A.6. Market conditions

Our target groups are still 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. In this context, the general conditions were also shaped by the financial and economic crisis in 2011. Owing to the unsolved debt crisis, especially in Europe and the USA, and the continuing weak economic development in both economic regions, the level of uncertainty is high and the markets are very volatile. This led to a persisting reluctance to invest seen in our target groups.

A.7. Strategy

Our primary aim is to take the pole position in our target markets for digital planning and construction software with RIB iTWO. In addition, from 2012, our goal is to interlink the partners participating in the construction in one cloud via our new xTWO internet platform. With xTWO, we want to tap into new customers in the areas of builders' merchants, building materials production and craftsmen. We intend to achieve these goals by taking the steps below:

- Migrate existing customers to RIB iTWO
- Interlink existing and new customers via the xTWO platform
- Expand our international market presence
- Make strategic acquisitions
- Press ahead with innovation and development for new products

On 8 February 2011 RIB Software AG successfully obtained a listing in the Prime Standard of the Frankfurt Stock Exchange to support this growth strategy. Parts of the issue proceeds are to be invested for the acquisition of existing customer networks of small and medium-sized software companies in our international core markets. A further portion of the funds will be used to further develop iTWO and develop new software products, such as the new xTWO platform. In this way, we want to further extend the lead over our competitors and consolidate our market position worldwide.

B. RESULTS OF OPERATIONS, FINANCIAL POSITION AND NET ASSETS

B.1. Results of operations

Total revenues rise slightly by 0.9%

With the successful phase II contracts with top globally operating construction corporations, such as the Indian GMR Infrastructure Limited, Sunway Construction Sdn Bhd, Malaysia, and Bilfinger Berger SE, international software sales with iTWO grew significantly by 83.3% to EUR 2.2m (previous year: EUR 1.2m). Although the key account sector, with software sales of EUR 6.1m, failed to build on last year's successful figures (EUR 6.5m), due to expected phase II orders for Q4 being postponed to fiscal 2012, software earnings were slightly up on the previous year (EUR 16.2m) at EUR 16.3m. Service revenue rose by 2.7% to EUR 15.0m (previous year: EUR 14.6m). Consulting revenue was down EUR 0.3m on the previous year (EUR 4.0m) at EUR 3.7m. Overall, sales revenues were up on last year (EUR 34.8m) by 0.9% at EUR 35.1m.

Gross margin again over 79% in 2011

Once again, the 2011 gross margin at 79.5% matched the previous year's very high level (79.6%). Other operating income increased from EUR 1.6m in fiscal 2010 to EUR 3.4m (up 112.5%), mainly as a result of income from exchange rate differences amounting to EUR 1.9m and government subsidies received for research projects of EUR 0.8m.

Selling and distribution costs rose by 4.8% to EUR 8.8m (previous year: EUR 8.4m), mainly as a result of further expanding the international sales organisation. Administrative expenses were slightly down on the previous year (EUR 2.6m) at EUR 2.5m. R&D expenses rose by 13.6% to EUR 7.5m (previous year: EUR 6.6m). After deducting EUR 3.0m for amortisation of internally generated software (previous year: EUR 2.2m) and adding production costs of EUR 6.2m for the internally generated software capitalised in the reporting year (previous year: EUR 4.6m), R&D expenses were

20% higher than the previous year and came to EUR 10.8m (previous year: EUR 9.0m). This is essentially due to the increased personnel expenses of our Chinese development employees at GZ TWO and the exchange rate trend of the EUR versus the YUAN. Other operating expenses of EUR 4.5m (previous year: EUR 3.8m) contain non-recurring expenses of EUR 3.9m in connection with preparing for the IPO (previous year: EUR 3.7m).

EBT margin adjusted for IPO expenses stood at 35.9%, passing the 35% mark for the first time

The operating result (EBIT), adjusted for IPO expenses, rose by 1.7% to EUR 11.8m (previous year: EUR 11.6m). The EBIT margin of 33.7% therefore matched the previous year's excellent level (33.3%). We managed to generate growth in our operating result despite continuing to invest heavily in the development of new products and setting up the international sales organisation.

The financial results including the share of profit and losses of associates came to EUR 0.7m (prior year: EUR 0.1m). This increase is largely due to interest income from banks based on the high levels of liquid funds.

Profit before income tax (EBT) amounted to EUR 8.6m compared to EUR 8.0m in the prior year. Adjusted for the expenses arising from the IPO, profit before taxes came to EUR 12.6m – an increase of 7.7% on the prior year's result of EUR 11.7m. With an EBT margin of 35.9% (previous year: 33.6%), the 35% mark was exceeded for the first time. Profit after taxes of EUR 5.6m (previous year: EUR 5.5m) was just above the previous year's level. Adjusted for the extra costs arising from the IPO (incl. the resultant tax breaks), an operating profit before taxes of around EUR 8.3m (previous year: around EUR 8.0m) could be achieved. The profit per share, adjusted in this way, stood at EUR 0.22 (previous year: EUR 0.28).

B.2. Financial position

The net cash flow from operating activities amounted to EUR 9.3m, an increase of 38.8% on the previous year's figure of EUR 6.7m. Adjusted for expenses incurred in connection with IPO preparations (including the resultant tax breaks), net cash flows from operating activities rose by around 29.0% to roughly EUR 12.0m (previous year: around EUR 9.3m).

Without the cash paid and received for the maturity and sale of securities, net cash flows used in investing activities came to EUR -10.2m (prior year: EUR -5.7m). The cash outflow for intangible assets of EUR 6.4m (previous year: EUR 4.9m) essentially contains the payments relating to internally generated capitalised software. Investments of EUR 2.9m (previous year: EUR 0.0m) are attributable to the acquisition of all the shares in the Chinese companies GZ TWO and TWO Consulting by RIB Software AG completed with the contract of 29 July 2011. Additional scheduled payments in the amount of EUR 0.7m (previous year: EUR 0.8m) were made for the continuation as planned of the building project EOC I (European Outsourcing Centre I) in Guangzhou/People's Republic of China in the period up to 29 July 2011.

Net cash flows used in financing activities amounted to EUR 89.0m (previous year: EUR -0.9m). This amount mainly comprises the IPO gross issue proceeds of EUR 90.6m minus the payments for the IPO of EUR 1.5m.

B.3. Net assets

Total assets amounted to EUR 163.2m (previous year: EUR 61.1m). This increase is mainly due to the IPO which was completed in the reporting year. Other significant changes resulted from the initial consolidation of GZ TWO and the increase in capitalised development work (up from EUR 15.1m to EUR 18.4m).

Securities decreased due to the redemption of two fixed-interest securities investments owing to maturity from EUR 10.2m to EUR 3.7m. The remaining securities relate exclusively to low risk bonds denominated in foreign currency.

Cash and cash equivalents increased to EUR 103.2m (previous year: EUR 7.2m), which is mainly due to the inflow of funds from the IPO and the sale of investments in securities.

Equity amounted to EUR 144.3m (previous year: EUR 47.6m). This change is essentially due to the increase in the capital reserves as a result of the IPO to EUR 80.6m (previous year: EUR 0.8m) and the increase in the subscribed capital from EUR 28.9m to EUR 38.7m as well as the rise in the net assets from EUR 17.5m to EUR 23.1m. The equity ratio therefore rose from 77.9% to 88.4%.

Long-term debts increased from EUR 7.9m to EUR 8.6m. This is essentially due to the rise in deferred taxes by EUR 0.9m to EUR 5.7m (previous year: EUR 4.8m). Current liabilities increased by EUR 5.6m to EUR 10.3m. This rise of EUR 4.1m is due to the purchase price liability for the assumption of loan receivables vis-à-vis GZ TWO. We refer to Section 41 of the Consolidated Financial Statements for information on transactions with related parties.

B.4. Non-financial performance indicators

To us, successful entrepreneurial conduct means ensuring and retaining a close and partnership-based cooperation between our employees and customers long term. Only by doing so, can our employees develop and successfully market market-driven solutions and implement them for our customers. In this way, we create added value for our customers, employees and shareholders and secure the sustainable economic success of the RIB Group.

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. On the basis of our considerable innovative, economic and financial strength, we can offer them jobs which are interesting and are secure in the long term. We offer flexible working hours, variable goal-oriented remuneration structures and internal further training schemes. These benefits vary from region to region and are based on actual requirements. Thus, for example, via our subsidiary RIB Limited, we offer comprehensive training and further education schemes in a Centre of Excellence created especially for this purpose for the currently rapidly growing numbers of international employees.

Our clientele includes all partners involved in construction projects, from investors and architects and engineering companies to construction companies carrying out the work. We offer these customers target-group-oriented solutions based on a fully integrated, model-based technology platform. Our software is geared to making cooperation between the various project participants easier, increasing the efficiency of project management, reducing risks of cost overruns and delays and improving the cost-efficiency and quality of the building work carried out. As a result of the high professional and technical quality of our work, we have been able to build up long-term and stable customer relations and steadily increase our customer base nationally and internationally.

To safeguard our innovative strength long term, we not only work closely with customers, but also get involved in various sponsored research projects and maintain close contact with universities and innovative collaborations with industry, such as the 5D Initiative of the ENCORD Group (http://www.5d-initiative.eu/), which are aimed at actively promoting model-based planning and construction in the construction industry.

B. 5. Overall assessment

The management of the RIB Group assumes that the companies in the RIB Group are excellently positioned in the market with their range of solutions and services based on their high innovative, economic and financial strength. With a high level of liquid funds, the RIB Group has financial reserves which can be used for further growth.

C. SUBSEQUENT EVENTS

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

D. TAKEOVER-RELATED INFORMATION AND EXPLANATORY REPORT

D.1. Details on the capital of RIB Software AG

The capital stock of RIB Software AG amounts to EUR 38,715,420.00. The capital stock is divided into 38,715,420 ordinary shares with a par value of EUR 1.00 each. The shares are registered shares. The right of shareholders to the securitisation of their shares and to any profit-sharing and renewal coupons is excluded.

There are no restrictions in terms of voting rights or the transfer of shares. There are no shares with special rights that confer controlling powers or voting right controls for employees participating in the capital.

As far as we are aware based on the notifications we have received pursuant to the German Securities Trading Act (WpHG), only the Chairman of the Board of Directors, Mr Thomas Wolf, held shares in the capital directly or indirectly via RIB International Ltd., Apia/Samoa, that exceed 10% of the voting rights as of the reporting date.

The Board of Directors is authorised, with the Supervisory Board's approval, to increase the capital stock of RIB Software AG until 19 May 2016 once or several times by up to a total of EUR 19,357,710.00 by issuing up to 19,357,710 new bearer shares with a par value of EUR 1.00 each against contributions in cash or in kind.

In general, the new shares must be offered to the shareholders for subscription, but they may also be acquired by banks on condition that they offer them to the shareholders for subscription. The Board of Directors is however authorised, with the Supervisory Board's approval, to exclude the shareholders' legal subscription right,

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

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

(3) insofar as the interest in the share capital attributable to the new shares for which the subscription right is excluded does not in total exceed ten percent of the share capital both at the time when this authorisation enters into force and at the time when it is exercised and the issue price of the new shares is not significantly below the listed price of the shares of RIB Software AG of the same category within the meaning of Sections 203 (1 and 2) 186 (3) sent. 4 of the German Stock Corporation Act (AktG).

The share of the share capital attributable to the new shares for which the subscription right pursuant to subsections (1) to (3) above is excluded may not exceed in total 20 percent of the share capital of RIB Software AG both at the time when this authorisation enters into force and at the time when it is exercised. Furthermore, the Board of Directors decides on the issue of new shares, the content of the share rights and the conditions of the share issue with the Supervisory Board's approval. The Supervisory Board is authorised to adapt the wording of the Articles of Incorporation and bylaws according to the extent of the capital increase arising from the Authorised Capital;

(4) The share capital of RIB Software AG has been conditionally increased by up to EUR 1,548,616.00 due to the issue of up to 1,548,616 new bearer shares with a par value of EUR 1.00 each. The conditional capital increase will only be carried out to the extent that subscription rights were issued pursuant to the share option scheme 2011 in accordance with a resolution of the annual general meeting of 20 May 2011, holders of the subscription rights make use of their exercise right and RIB Software AG does not grant any treasury stock to fulfil the subscription rights, whereby only the Supervisory Board is responsible for granting and processing subscription rights to members of the Board of Directors. The new shares shall participate in the profit from the start of the fiscal year in which the issue of shares takes place.

D.2. Particulars of the appointment or dismissal of members of the Board of Directors and of the Supervisory Board of the parent company

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

The Supervisory Board comprises six members, who are appointed by the annual general meeting. Provided the annual general meeting does not stipulate a shorter term of office, the Supervisory Board members shall be appointed until the end of the annual general meeting which decides on the ratification of the acts of the Supervisory Board for the fourth fiscal year after the beginning of the period of office. The fiscal year in which the term of office commences is not counted.

E. REMUNERATION REPORT

The Supervisory Board members of the parent company receive an annual fixed remuneration (Remuneration 1). The members of a Supervisory Board committee also receive an annual supplementary remuneration (Remuneration 2) provided the committee has met at least once in the fiscal year. Chairmanship of the Supervisory Board or one of its committees is remunerated with one-and-a-half-times the applicable aforementioned amount. Members of the Supervisory Board who only belong to the Supervisory Board or one of its committees for part of the fiscal year receive a payment that corresponds to the proportion of their length of service compared with the fiscal year as a whole.

The remuneration for the Supervisory Board is comprised as follows:

2011 (figures in EUR k)	Remuneration 1	Remuneration 2	Total remuneration
Sandy Möser	15.5	0.0	15.5
Dr. Matthias Rumpelhardt	10.3	0.0	10.3
Eran Davidson	0.0	0.0	0.0
Keith Chau Kwok Keung	10.3	0.0	10.3
Barrie David Sheers	10.3	0.0	10.3
Klaus Hirschle	6.6	0.0	6.6
Total remuneration	**53.0**	**0.0**	**53.0**

2010 (figures in EUR k)	Remuneration 1	Remuneration 2	Total remuneration
Sandy Möser	12.0	0.0	12.0
Jörg Gertz	10.3	0.0	10.3
Dr. Matthias Rumpelhardt	10.3	0.0	10.3
Jörg Sievert	0.0	0.0	0.0
Eran Davidson	0.0	0.0	0.0
Keith Chau Kwok Keung	6.6	0.0	6.6
Barrie David Sheers	2.8	0.0	2.8
Total remuneration	**42.0**	**0.0**	**42.0**

The remuneration of the Board of Directors of the parent company comprises a fixed (Remuneration 1) and a performance-based element (Remuneration 2). The fixed element includes the basic salary and other taxable salary components such as the company car. The variable remuneration is dependent on the attainment of profit targets. Upon entry into force of the Act on Appropriateness of Management Board Remuneration (VorstAG) of 5 August 2009 a remuneration component with a long term incentive effect was also called for by the legislators. To implement these requirements, the remuneration system of the Board of Directors is currently being revised accordingly. A decision is to be taken on the implementation of the new system at the first Supervisory Board meeting of fiscal 2012.

The remuneration of the Board of Directors is composed as follows:

2011 (figures in EUR k)	Remuneration 1	Remuneration 2	Total remuneration
Thomas Wolf	300.0	50.0	350.0
Dr. Hans-Peter Sanio	133.7	24.0	157.7
Michael Sauer	194.1	50.0	244.1
Total remuneration	**627.8**	**124.0**	**751.8**

2010 (figures in EUR k)	Remuneration 1	Remuneration 2	Total remuneration
Thomas Wolf	300.0	0.0	300.0
Dr. Hans-Peter Sanio	132.4	24.0	156.4
Michael Sauer	193.0	50.0	243.0
Total remuneration	**625.4**	**74.0**	**699.4**

F. OPPORTUNITY AND RISK REPORT

F.1. Opportunity report

The RIB Group expects a positive environment for fiscal 2012. At present it is difficult to assess the effects of the still existing uncertainty due to the financial market crisis and the potentially negative consequences of the still unsolved debt crisis in Europe and the USA 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 internationalisation 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 and the new internet platform xTWO.

If things develop as planned, the RIB Group expects considerable growth in revenue and earnings over the next few years, despite the increasing 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 2011 a large number of customers migrated to RIB iTWO technology. 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 convert further sections of the ARRIBA customers to RIB iTWO in the next few years.

Strategic collaborations

Collaborations are to be stepped up in fiscal 2012.

International expansion

The RIB Group plans to strengthen its existing international business relationships and expand into further foreign markets as one of its major strategic goals. 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 that many subcontractors and smaller service providers also decide to introduce the software of the RIB Group to ensure smooth cooperation with the large companies which are their business partners.

Innovation

The RIB Group has state-of-the-art and highly innovative software solutions, especially for technical and business processes in construction and plant engineering. With the completion of the first stage of RIB iTWO BI and the first version of our new xTWO platform at the end of 2011 we have two further software solutions with good additional potential for the coming years in our product range. With xTWO we want to tap into new customers in the areas of builders' merchants, building materials production and craftsmen and generate additional sales potential in the existing and new target groups. By integrating the development platform in China, we have been able to further intensify the international cooperation between German and Chinese development teams and will also concentrate on innovation and expansion in 2012.

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. However, in fiscal 2011 it became apparent that the purchase price expectations for potential acquisition targets were much too high. For this reason, no contracts have been concluded so far. However, the RIB Group assumes that as a result of the persisting financial market crisis in 2012 the purchase price expectations will be lower and therefore acquisitions might become possible.

F.2. Risk report

F.2.1. Risk management and internal control system

We operate a risk management system to detect, assess and deal with risks in a targeted manner and at an early stage. We base our risk management guidelines on our uniform company definition of risk, i.e., when a situation could significantly hinder the RIB Group's ability to achieve its corporate goals and fulfil its duties immediately or in the future.

General responsibility for identifying risks at an early stage and taking countermeasures if necessary lies with the Board of Directors. When carrying out this task the Board of Directors is supported by the senior management.

The risk areas specified by the Board of Directors are explained in detail in the following section. The individual risks identified in the respective risk areas have been assessed within the scope of a quantitative and qualitative risk analysis. If the risks are not likely to be consciously accepted, appropriate countermeasures have been defined.

The functionality of our risk early warning system is regularly monitored. Reporting on the existing risks is carried out to the Board of Directors on a quarterly basis in the form of cumulative risk overviews.

The risk management system which has been set up as well as the internal control system also cover risks which could have an impact on the accounting process and therefore on the regularity of the financial statements of the RIB Group. In particular, these are risks relating to inaccuracies and infringements, risks in the area of data collection and security, risks of deactivating existing internal controls as well as the inappropriate assessment of facts and scope of discretion.

The main regulations and measures for dealing with accounting-related risks are the clear assignment of responsibilities when preparing quarterly and annual financial statements, the predefinition of binding guidelines for the accounting treatment of business transactions as well as the use of consolidation software which supports monthly analysis and monitoring of the figures of all reporting units. In particular, the process of turnover realisation is already strictly controlled in the contract initiation phase. All customer contracts are subjected to an approval process. Deviations from standardised regulations have to be approved in advance by the Board of Directors of the parent company if defined threshold values are exceeded.

F.2.2 Overview of potential risks

The following risk areas have been defined as part of our risk management system:

- Sales risks
- Development risks
- Financial risks
- Acquisition risks
- Cooperation risks

Sales risks

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

In 2011, the German market still accounted for a major portion of the RIB Group’s revenue. Until now we have been able to meet the expectations of our customers with regard to the scale and completeness of our services. In fiscal 2012 the share of sales in other markets is set to rise. In this case, there is a risk that the range of functions of the software in terms of international requirements as well as the quality and availability of consulting services and the helpdesk service cannot be met in full. This could have a negative impact on the results of operations, financial position and net assets of the RIB Group.

The RIB Group’s new product RIB iTWO enables end-to-end virtual planning and management of construction processes using a 5D construction model – from the very first planning stages to completion of construction projects. The new model-based approach to work is expected to bring about major changes to the key construction processes. It is possible that the industry will take longer to convert to these new technologies than anticipated. This could have a negative impact on our future revenue and results of operations.

Development risks

The RIB Group is exposed to strong competition when it comes to development and market launch times. In order to hold onto its competitive edge, the RIB Group has to invest heavily, from a monetary and human resources perspective, in product development and product launches in particular in the development companies working for the RIB Group. In this case, there is a risk that the range of functions of the software will not be sufficient in terms of customer requirements and regional market conditions, for instance changes in the legal framework or standards, to satisfy customers' needs. This could lead to delivery delays or could necessitate costly product adjustments. In addition, there is a danger that existing or new software providers react quicker and with higher quality to the changes in customer and market needs.

Highly qualified engineers and computer scientists are employed at the majority of the development companies working for the RIB Group. The loss of individual employees from this area would not be expected to have a significant negative impact on the business activities of the RIB Group. However, there could be severe disadvantages if several employees were to leave the development department of the RIB Group simultaneously or in quick succession – for instance as a result of being headhunted by competitors or setting up as competitors in markets of relevance for the RIB Group. This could lead to project and delivery delays and place contractual performance with customers at risk.

Financial risks

Following the successful IPO, the RIB Group has a high level of liquid assets at its disposal. Liquid funds are invested in low-risk, short- and medium-term time deposits and fixed-rate securities. A portion of the liquid assets and the securities listed on the reporting date still exist or are traded 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.

The continuing financial crisis, especially the over-indebtedness of some EU countries could lead to a global economic or euro crisis. As a result, payment default risks could occur with regard to our securities and liquid assets which are invested with various banks. In addition, other risks could occur with regard to the fair value of fixed-interest securities, especially due to changes in interest rates. This could have a negative impact on our financial and asset situation.

For further information on the financial risk management and policy of the RIB Group, please refer to the corresponding explanations in the Notes to the Consolidated Financial Statements (Section 43).

Acquisition risks

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. Should no suitable acquisition opportunities present themselves or should key employees or customers be lost following an acquisition, this could have detrimental effects on profit expectations.

Cooperation risks

The cooperation between the RIB Group and SAP has not yet developed as expected. There is a risk that our expectations will continue to remain unfulfilled. This could have a negative effect on our turnover expectations.

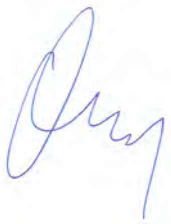
Note on forecast

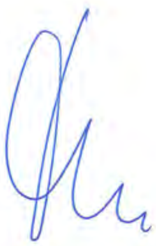
This section of the management report includes forward-looking statements and information, i.e. statements about events that lie in the future. Such forward-looking statements can be recognised by the fact that they use words such as ‘should’, ‘will’, ‘expect’, ‘intend’, ‘plan’, ‘estimate’, ‘in the opinion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

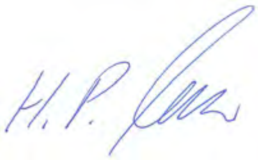
Stuttgart, 7 March 2012

RIB Software AG

The Board of Directors







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

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED INCOME STATEMENT FOR FISCAL YEAR 2011

	Note	2011 EUR k	2010 EUR k
Revenue	(9)	**35,103**	**34,765**
Cost of sales	(10)	-7,202	-7,084
Gross profit		**27,901**	**27,681**
Other operating income	(11)	3,360	1,628
Selling and distribution costs		-8,815	-8,415
Administrative expenses		-2,475	-2,577
Research and development expenses		-7,542	-6,560
Other operating expenses	(12)	-4,529	-3,836
Finance income	(14)	931	190
Finance costs	(14)	-194	-149
Share of profit and losses of associates		-1	31
Profit before tax		**8,636**	**7,993**
Income tax expense	(15)	-3,059	-2,520
Net profit of the Group for the year		**5,577**	**5,473**
Earnings per share:			
diluted and basic	(16)	EUR 0.15	EUR 0.19

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR FISCAL YEAR 2011

	Note	2011 EUR k	2010 EUR k
Net profit of the Group for the year		**5,577**	**5,473**
Other comprehensive income for the year			
Exchange differences	(29)	1,432	67
Changes in value of available-for-sale securities	(29)	41	-42
Other comprehensive income for the year	(29)	**1,473**	**25**
Total comprehensive income for the year		**7,050**	**5,498**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS OF 31 DEC 2011

	Note	31 Dec 2011 EUR k	31 Dec 2010 EUR k
Non-current assets			
Goodwill	(17)	16,967	14,035
Other intangible assets	(18,19)	19,739	16,037
Property, plant and equipment	(18)	5,142	3,631
Investments accounted for using the equity method	(20)	1,257	1,199
Prepaid land lease payment	(21)	0	500
Trade receivables	(25)	633	1,466
Other assets	(23)	86	91
Deferred tax assets	(24)	374	146
Total non-current assets		**44,198**	**37,105**
Current assets			
Trade receivables	(25)	7,127	5,440
Available-for-sale securities	(26)	3,664	10,191
Available-for-sale non-current assets	(22)	3,388	0
Other assets	(23)	1,617	1,202
Cash and cash equivalents	(27)	103,183	7,152
Total current assets		**118,979**	**23,985**
Total assets		**163,177**	**61,090**

	Note	31 Dec 2011 EUR k	31 Dec 2010 EUR k
Equity			
Issued capital	(28)	38,715	28,917
Capital reserves	(28)	80,620	813
Legal reserves	(28)	47	47
Accumulated other comprehensive income	(29)	1,806	333
Retained earnings		23,072	17,495
Total equity		**144,260**	**47,605**
Non-current liabilities			
Pension provisions	(31)	2,951	2,994
Finance lease obligations, non-current portion	(32)	11	55
Deferred tax liabilities	(24)	5,669	4,844
Total non-current liabilities		**8,631**	**7,893**
Current liabilities			
Trade payables	(33)	1,136	526
Provisions for income taxes		1,197	274
Other provisions	(34)	361	508
Accruals	(35)	1,802	2,503
Deferred revenue	(36)	1,037	799
Finance lease obligations, current portion	(32)	41	109
Other finance liabilities	(37)	4,142	0
Other liabilities	(38)	570	873
Total current liabilities		**10,286**	**5,592**
Total equity and liabilities		**163,177**	**61,090**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR FISCAL YEAR 2011

				Accumulated other comprehensive income			
	Issued capital (Note no. 28) EUR k	Capital reserves (Note no. 28) EUR k	Legal reserves (Note no. 8) EUR k	Changes in value of available-for-sale securities (Note no. 29) EUR k	Foreign currency translation reserve (Note no. 29) EUR k	Retained earnings EUR k	Total equity according to consolidated statement of financial position EUR k
As of 1 January 2010	**5,783**	**21,297**	**-**	**15**	**293**	**15,297**	**42,685**
Net profit of the Group for the year	-	-	47	-	-	5,426	5,473
Other comprehensive income for the year	-	-	-	-42	67	-	25
Total comprehensive income for the year	**-**	**-**	**47**	**-42**	**67**	**5,426**	**5,498**
Capital increase	23,134	-20,484	-	-	-	-2,650	-
Dividend payment	-	-	-	-	-	-578	-578
As of 31 December 2010 and 1 January 2011	**28,917**	**813**	**47**	**-27**	**360**	**17,495**	**47,605**
Net profit of the Group for the year	-	-	-	-	-	5,577	5,577
Other comprehensive income for the year	-	-	-	41	1,432	-	1,473
Total comprehensive income for the year	**-**	**-**	**-**	**41**	**1,432**	**5,577**	**7,050**
Capital increase	9,798	79,807	-	-	-	-	89,605
Dividend payment	-	-	-	-	-	-	-
As of 31 December 2011	**38,715**	**80,620**	**47**	**14**	**1,792**	**23,072**	**144,260**

CONSOLIDATED STATEMENT OF CASH FLOWS FOR FISCAL YEAR 2011

	Note	2011 EUR k	2010 EUR k
Cash flows from operating activities			
Profit before tax		8,636	7,993
Adjustments for:			
Depreciation and impairment of property, plant and equipment	(13)	171	166
Amortisation and impairment of intangible assets	(13)	3,316	2,657
Changes in allowance for impairment of trade receivables		-37	17
Other non-cash items		-585	45
Share of profit and losses of associates		1	-31
Restatement of deferred IPO costs		0	160
Interest expense and other finance cost	(14)	194	149
Finance income	(14)	-931	-190
		10,765	**10,966**
Working capital adjustments			
Increase/Decrease(-) in provisions and accruals		-891	1,133
Increase(-)/Decrease in receivables and other assets		-820	-3,877
Increase/Decrease(-) in trade payables and other liabilities		975	256
Cash generated from operations		10,029	8,478
Interest paid		-5	-16
Interest received		954	782
Income taxes paid		-1,644	-2,543
Net cash flows from operating activities		**9,334**	**6,701**
Cash flows from investing activities			
Proceeds from sale of non-current assets		3	0
Purchase of property, plant and equipment		-859	-895
Purchase of intangible assets		-6,416	-4,854
Payments for the acquisition of consolidated companies minus cash acquired		-2,903	0
Purchase(-)/Sale of available-for-sale securities		6,206	3,432
Net cash flows from investing activities		**-3,969**	**-2,317**
Cash flows from financing activities			
Dividends paid		0	-578
Deposits from capital increases		90,638	0
Cash paid for IPO		-1,490	-160
Cash paid for finance leases		-113	-167
Net cash flows from financing activities		**89,035**	**-905**
Change in cash and cash equivalents impacting on cash flow		**94,400**	**3,479**
Cash and cash equivalents at the beginning of the period		7,152	3,673
Currency-related change in cash and cash equivalents		1,631	0
Cash and cash equivalents at the end of the period		**103,183**	**7,152**
Composition of cash and cash equivalents			
Cash and bank balances, unrestricted	(27)	103,183	7,152

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR FISCAL YEAR 2011

1. Corporate information

RIB Software AG (the "Company") and its subsidiaries (together 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 support services for its customers.

The Company was incorporated in Germany on 7 October 1999 as a stock corporation and has been listed on the regulated market of Frankfurt am Main Stock Exchange since February 2011.

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

The Company's fiscal year is the calendar year. The consolidated financial statements were drawn up in euro. In the absence of any note to the contrary, the amounts are rounded to the nearest thousand euro (EUR k) and stated as such.

The consolidated financial statements and group management report of RIB Software AG were released by the management board for forwarding to the supervisory board on 7 March 2012.

2. Basis of preparation

The consolidated financial statements were prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union during the fiscal years under review.

The additional disclosures required pursuant to section 315a HGB (German Commercial Code) are included in the notes to the consolidated financial statements with references to the corresponding paragraphs.

The IASB has issued numerous new or revised standards that are binding for fiscal years commencing on or after 1 January 2011. These new or revised IFRSs have had no material impact on the consolidated financial statements during the relevant periods. The Group has applied uniform accounting standards for preparing and presenting its financial reporting for the periods under review. All accounting policies explained under point 4. (see below) were applied consistently during the entire period under review. Unless explained explicitly otherwise, the consolidated financial statements were drawn up on the basis of the historical cost convention (by way of which items are measured at historical cost or amortised cost).

3. Effect of new or revised IFRSs

The IASB has issued several new or revised standards that are to be applied for fiscal years commencing on or after 1 January 2011. The Group applied all relevant new and changed IFRSs in the preparation and presentation of its consolidated financial statements.

The following new or revised standards and interpretations to be applied for the first time in the fiscal year under review had no material effect on the consolidated financial statements:

- **IFRS (2010) "Improvements to IFRS"**
  The standard was issued by way of the annual improvement process of the IASB ("Annual Improvement Project"). Most amendments are clarifications of and corrections to existing IFRSs or subsequent amendments to changes already made to IFRSs.

- **Amendments to IFRS 1 (2010) "Limited Exemption from Comparative IFRS 7 Disclosures for First-time Adopters"**
  This is a minor amendment 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 2009 by way of the amendment to IFRS 7 "Financial Instruments: Disclosures". This ensures that first-time adopters of IFRSs benefit from the transition rules governing the application of the amended IFRS 7.

- **IAS 24 "Related Party Disclosures"**
  The new IAS 24 includes definitions of related companies and persons and clarifies uncertain points. It additionally introduces new disclosure requirements for companies which are controlled, jointly controlled or significantly influenced by a state with respect to the disclosure of relationships of this company to other companies controlled or significantly influenced by the same state.

- **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 warrants denominated in foreign currency. The above financial instruments are to be classified as equity in future.

- **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 a company has minimum funding requirements and makes prepayments to meet such minimum funding requirements. The amendments allow companies to recognise the economic benefit of such prepayments as an asset.

- **IFRIC 19 "Extinguishing Financial Liabilities with Equity Instruments"**
  IFRIC 19 governs the accounting treatment of financial liabilities extinguished using equity instruments, whereby the following is stipulated: A company'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 measured reliably, the equity instruments are to be measured such that they reflect the fair value of the financial liabilities extinguished. Any difference between the carrying amount of the financial instrument extinguished and the value of the equity instrument originally set is to be recognised in profit or loss.

The following standards and interpretations have already been published but not yet adopted as their adoption is not yet mandatory or is awaiting recognition in the EU:

- **Amendments to IFRS 1 (2010) "Severe Hyperinflation and Removal of Fixed Dates for First-Time Adopters"**
  The amendments replace previous references to the date 1 January 2004 with a reference to the date of transition to IFRS. In addition, guidance is included for cases where a company is unable to comply with all IFRS requirements due to hyperinflation. This amendment is effective for fiscal years commencing on or after 1 July 2011 and is not expected to affect RIB's consolidated financial statement.

- **Amendments to IFRS 7 (2010) "Financial Instruments - Disclosures"**
  On 7 October 2010, the IASB published enhanced disclosure requirements for derecognised financial instruments. The amendments provide financial report users with improved insight into transactions for the purpose of transferring assets (such as securitisations) including insight into the possible effect of the risks remaining with the issuing company. The amendment results in additional disclosure requirements if a disproportionately large amount of financial assets is transferred at the end of the reporting period. The guidance is effective for fiscal years commencing on or after 1 July 2011 and are not expected to affect RIB's consolidated financial statement.

- **Amendments to IFRS 9 (2009) "Classification and Measurement"**
  Published in November 2009, IFRS 9 revises the classification and measurement of financial instruments and provides for just two measurement categories for financial assets in future (at amortised cost and at fair value). As such, there are now only two formal measurement categories as compared with the four previously used. Classification is based, on the one hand, on the company's business model and, on the other hand, on the characteristic features of the contractual payment flows of the financial asset concerned. Notwithstanding this, the so-called "mixed model" remains intact via IFRS 9. With regard to structured products with embedded derivatives, assessment of mandatory separation and, if necessary, separate accounting only applies to non-financial base contracts (as well as currently for financial liabilities) - structured products with financial base contracts are to be classified and measured as a whole.
  Amended in October 2010, IFRS 9 continues to encompass guidance for the classification and measurement of financial liabilities as well as for derecognition purposes. A key amendment involves the recognition of changes in the fair value of financial liabilities (designated as being valued as impacting on income) which are attributable to changes in the company's own counterparty default risk.
  These requirements are to be applied retrospectively for the first time for fiscal years commencing on or after 1 January 2015. The effect on RIB's consolidated financial statement is currently being assessed.

- **Amendments to IAS 27 (2011) ("Separate Financial Statements")**
  Due to the publication of the amended IFRS 10, IAS 27 now only includes guidance governing separate financial statements. The amended standard is subject to mandatory application for fiscal years commencing after 1 January 2013.

- **IFRS 10 "Consolidated Financial Statements"**
  IFRS 10 replaces the guidance for consolidated financial statements set out in IAS 27 "Consolidated and Individual Financial Statements". SIC-12 "Consolidation - Special Purpose Companies" too is replaced by IFRS 10. Via IFRS 10, the IASB is now laying down the controlling approach as a uniform principle. According to IFRS 10, controlling is deemed to apply when the following three requirements are all met: (a) A company can exercise power over the holding company; (b) it is exposed to fluctuating return flows of funds from its holding and (c) it has the option of using power over the holding company such that it can determine how high the return flows of funds are. Moreover, the standard sets out comprehensive guidelines for implementing complex measures. These requirements are subject to mandatory application for fiscal years commencing on or after 1 January 2013. The effect on RIB's consolidated financial statement is currently being assessed.

- **IFRS 11 "Joint Arrangements"**
  IFRS 11 replaces IAS 31 "Stakes in Joint Companies" as well as SIC-13 "Jointly Managed Units - Non-monetary Contributions from Partner Companies". IFRS 11 stipulates the classification of joint agreements. A joint agreement is defined as being a contractual arrangement whereby two or more parties conduct management duties jointly. Joint management can extend to joint activities or a joint enterprise. In contrast to IAS 31, the accounting of jointly controlled assets is no longer addressed separately in IFRS 11; here the requirements for joint activities apply. The classification of a joint agreement as a joint activity or joint enterprise depends on the rights and duties the parties assume by way of the agreement. Furthermore, the equity method must be applied according to IFRS 11 for the incorporation of joint enterprises whereas IAS 31 allows either proportional consolidation or the equity method for jointly managed companies. These requirements are subject to mandatory application for fiscal years commencing on or after 1 January 2013. The effect on RIB's consolidated financial statement is currently being assessed.

- **IFRS 12 "Disclosure of Interests in Other Entities"**
  IFRS 12 deals with disclosures in the notes to the consolidated financial statements regarding stakes in other companies. In principal terms, the disclosures required by IFRS 12 are significantly more extensive than those required by the currently valid standard. These requirements are subject to mandatory application for fiscal years commencing on or after 1 January 2013. The effect on RIB's consolidated financial statement is currently being assessed.

- **IFRS 13 "Fair Value Measurement"**
  IFRS 13 groups the uniform guidelines in respect of the measurement of fair value as well as the disclosures associated with it. The standard defines the concept of fair value, lays down a framework for the measurement of fair value and stipulates the disclosures required for the measurement of fair value. The area of application of IFRS 13 is far-reaching and encompasses both financial and non-financial items. Apart from certain exceptions, IFRS 13 is always applicable in cases where another standard requires or allows the measurement of fair value or where disclosures concerning the measurement of fair value are required. Disclosure duties in accordance with IFRS 13 are as a rule more extensive than those required by the currently valid standard. These requirements are subject to mandatory application for fiscal years commencing on or after 1 January 2013. The effect on RIB's consolidated financial statement is currently being assessed.

- **Amendments to IAS 1 (2011) ("Presentation of Financial Statements")**
  The amendments result in additional disclosure duties with regard to other consolidated earnings such that the amounts included here are to be split into two categories: (a) into such items as can be reallocated to the income statement subject to certain requirements being met and (b) into such items as in future no longer impact on income. The income taxes payable on the items under other consolidated earnings are to be split in this way too. These amendments are subject to mandatory application for fiscal years commencing after 1 July 2012. The presentation of the items under other consolidated earnings is to be changed accordingly upon application of the amendments in future periods.

- **Amendments to IAS 12 (2010) "Deferred Tax: Recovery of Underlying Assets"**
  The IASB published these amendments to IAS 12 on 20 December 2010. These also result in amendments to the scope of application of SIC-21 (Income Tax Realisation on Revalued, Non-depreciable Assets). The amendments provide partial clarification of the treatment of temporary tax differences in connection with the application of the fair value model set out 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 amendments stipulate that reversal upon disposal be generally assumed. The amendments are applicable for fiscal years commencing on or after 1 January 2012. They are not expected to affect RIB's consolidated financial statement.

- **Amendments to IAS 19 (2011) ("Employee Benefits")**
  The revision of IAS 19 amends the treatment of performance-linked pension plans and benefits due upon termination of employment. The main amendment affects the accounting of changes in performance-linked obligations and plan assets. The new provision requires the immediate recognition of changes in performance-linked obligations and the fair value of the plan assets at the time of their occurrence. The "corridor approach" allowed by the previously valid IAS 19 has been abandoned. The accelerated recognition of past service cost continues to be possible. All actuarial gains and losses are to be posted under other consolidated earnings directly in the year of their occurrence. These requirements are subject to mandatory application for the first time for fiscal years commencing after 1 January 2013. The effect on RIB's consolidated financial statement is currently being assessed.

- **Amendments to IAS 28 (2011) ("Investments in Associates and Joint Ventures")**
  In accordance with the amended IAS 28, a company must account for a holding or partial holding in an associate or joint venture as being intended for sale insofar as the relevant criteria are met. Such remaining part of the holding in an associate or joint venture as is classified as not being intended for sale must be accounted for in accordance with the equity method until such time as the part classified as being intended for sale is disposed of. These requirements are subject to mandatory application for the first time for fiscal years commencing after 1 January 2013. They are not expected to affect RIB's consolidated financial statement.

- **Amendments to IFRS 7 and IFRS 9 (2011) "Mandatory Effective Date and Transition Disclosures"**
  The mandatory application of IFRS 9 is deferred herewith to periods commencing on or after 1 January 2015. Moreover, IFRS 9 formulates exceptions in the case of which a company can upon transferral to IFRS 9 make additional disclosures in the notes to the consolidated financial statements instead of adjusting its disclosures of the previous year. The additional disclosures in the notes to the consolidated financial statements required by IFRS 9 were included in IFRS 7 as an amendment. Furthermore, it must be possible on the basis of the information disclosed to reconcile the measurement categories according to IAS 39 and IFRS 3 with the balance sheet items and classification of financial instruments. These requirements are subject to mandatory application for fiscal years commencing on or after 1 January 2015. The effect on RIB's consolidated financial statement is currently being assessed.

- **Amendments to IAS 32 and IFRS 7 (2011) "Offsetting Financial Assets and Financial Liabilities“**
  The IASB has revised its requirements for offsetting financial liabilities and published its amendments to IAS 32 and IFRS 7 on 16 December 2011. The requirements for offsetting formulated in IAS 32 have been retained in principle and merely made more concrete via additional application guidelines. These emphasise explicitly on the one hand that an unconditional, legally enforceable offsetting right must exist even in the case of the insolvency of a party. On the other hand, criteria are set out by way of examples in the case of which the gross fulfilment of a financial asset and a financial liability can still produce a balance. These requirements are subject to mandatory application for fiscal years commencing on or after 1 January 2014. By contrast, new requirements laid down in IFRS 7 govern the disclosure duties in connection with certain offsetting agreements. The disclosure duty applies irrespective of whether the offsetting agreement actually results in the offsetting of the financial assets and financial liabilities concerned. The amendments to IFRS 7 are applicable retrospectively for fiscal years commencing on or after 1 January 2013. The effect on RIB's consolidated financial statement is currently being assessed.

- **IFRIC 20 "Stripping Costs in the Production Phase of a Surface Mine"**
  The interpretation deals with the accounting of stripping costs incurred in the production phase of a surface mine. The interpretation clarifies the circumstances under which stripping costs are to be recognised as assets and how the initial and subsequent measurement of the asset is to occur. The interpretation is subject to mandatory application for fiscal years commencing on or after 1 January 2013 and will have no effect on RIB's consolidated financial statement.

4. 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 unrealised 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 in order to benefit from it.

Associates

An associate is 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 profits or losses is presented under results from investments in associates. 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 recognise 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 recognises the amount in profit or loss.

Upon loss of significant influence over the associate, the Group measures and recognises any retaining investment at its fair value. Any difference between the carrying amount and the fair value is recognised 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 IFRS. Under consideration of these adjustments, the financial statements of all consolidated entities have been prepared in line with uniform accounting policies.

RIB iTWO Software Private Limited, Mumbai, India, has a fiscal year that is different from the calendar year. For Group accounting purposes, financial statements have been prepared as of the reporting date of the parent company.

The reporting date of all other consolidated entities was 31 December 2011.

Besides RIB Software AG as the parent company, the consolidated group comprises 17 fully consolidated entities, six of which are German and 11 are foreign entities. In addition, a foreign associate is included in the consolidated financial statements.

Goodwill

Goodwill arising on the acquisition of entities represents the excess of the cost 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 recognised in the consolidated statement of financial position as an asset, initially measured at cost and subsequently at cost less any impairment losses.

The carrying amounts of all goodwill are reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying amounts may be impaired. The Group performs its annual impairment tests 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 recognised. Any impairment losses recognised 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 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 methods 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 recognised is derecognised 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 derecognised.

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 amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each fiscal year end.

Capitalised development costs

Research costs are recognised through profit or loss. Expenditure incurred on projects to develop new software is capitalised 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 capitalised software development costs are amortised 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 internally created software 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 recognised 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 recognised in the income statement when the asset is derecognised.

Purchased software

Purchased software reflects the cost of EDP software used by the Group internally and not to generate revenue; it is capitalised at the costs incurred to acquire and bring to use the specific software and amortised 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 amortised 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 capitalised 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 capitalised 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.

Financial and other assets

Initial recognition and measurement

Financial assets within the scope of IAS 39 are classified as (i) financial assets at fair value through profit or loss, (ii) held-to-maturity investments, (iii) loans and receivables, (iv) 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 recognised 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. Upon initial recognition, such assets are measured in accordance with the effective interest method at amortised cost less impairments. The amortised costs are calculated under consideration of discounts or premiums upon acquisition, additional charges or costs that are incurred and that constitute an integral part of the effective interest, and transaction costs. The effective interest is presented under financial earnings in the income statement. Impairment expenses are recognised through profit or loss 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. Upon initial recognition, financial assets classified as available for sale are measured at fair value. Unrealised gains and losses are recognised as other consolidated earnings in the reserve for changes in value of available-for-sale securities until their disposal. At the time of disposal of the financial assets, the accumulated gains or losses are recognised through profit or loss in the income statement.

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 amortised cost

If there is objective evidence that an impairment loss on loans and receivables carried at amortised 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 value of the asset is reduced with the help of an impairment account. Impairment losses are recorded affecting net income in the 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 recognised, the previously recognised impairment loss is reversed by adjusting the allowance amount. Any subsequent reversal of an impairment loss is recognised in the income statement, to the extent that the carrying amount of the asset does not exceed its amortised 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 impairment account is used to reduce the carrying amount of the receivables. Impaired receivables are derecognised 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 amortisation) and its current fair value, less any impairment loss previously recognised in the income statement, is removed from other comprehensive income and recognised 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 a value change of 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 recognised in the income statement – is removed from other comprehensive income and recognised 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 recognised 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 derecognised 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 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.

Available-for-sale non-current assets

Non-current assets held for sale (or groups of assets and liabilities held for sale) are classified as such if their carrying amount will largely be recovered through sale and the sale is highly probable. They are measured at the lower of the carrying amount or fair value less costs to sell. In the statement of financial position, the non-current assets held for sale are presented under the current assets if the Group intends to sell them within 12 months of the reporting date or this is likely for other reasons.

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 recognised 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 amortised 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 recognised within finance costs in the income statement. Gains and losses are recognised in the income statement when the liabilities are derecognised as well as through the effective interest rate method amortisation process.

Derecognition of financial liabilities

A financial liability is derecognised 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 recognition of a new liability, and the difference in the respective carrying amounts is recognised in the 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 recognised amounts and there is an intention to settle on a net basis, or to realise 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 and for the purpose of the consolidated statement of financial position, cash and cash equivalents comprise cash on hand and demand deposits, including term deposits which are not restricted as to use.

Provisions

Provisions are recognised 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 recognised in the income statement.

Income tax expense

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

Actual 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 recognised using the SFP-oriented temporary concept 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 recognised 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 recognised 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 utilised, 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 recognised 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 utilised.

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 utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised 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 realised 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 recognised 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 recognised 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 the value-added tax to be refunded by or to be paid to the tax authorities is presented under assets or liabilities in the consolidated statement of financial position.

Revenue recognition

The Group recognises 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 combinations of the sale of software and the provision of training and maintenance services or other services. If the sales price of a software solution includes an identifiable amount for services not yet rendered, this amount is deferred and recognised as revenue over the period during which the services are rendered. The amount to be deferred is calculated by allocation of the transaction price to the identified service obligations in relation to their individual sales prices. If acceptance by the customer is required, revenue is recognised 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 recognised 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 recognises 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 recognises 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 recognised pro rata temporis using the effective interest method.

Government grants

Government grants are recognised 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 recognised 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.

Foreign currencies

The consolidated financial statements have been prepared in euro (EUR), the functional and presentation currency of the Company. Each entity in the Group (Group company) determines its own functional currency. In the annual financial statements of the Group companies, transactions in currencies other than the functional currency of the Group company (foreign currency) are translated at the exchange rate valid on the date of the transaction. At the end of the reporting period, monetary items in foreign currency are translated to the functional currency at the exchange rate on the reporting date. Any resulting translation differences are recognised through profit or loss. 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 that are measured at fair value in a foreign currency are translated using the exchange rate at the date when the fair value is determined.

The functional currencies of some foreign Group companies and associates are currencies other than the euro. As of the end of the fiscal year, the assets and liabilities of the Group companies are translated to the Company's reporting currency at the exchange rates on the reporting date. Income and expenses are translated at the weighted average exchange rate of the fiscal year. The resulting translation differences are recognised 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 reclassified in the income statement.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the fair value of identifiable assets and liabilities are treated as assets and liabilities of the foreign operation and translated at the closing rate. Any resulting translation differences are recognised in other comprehensive income and accumulated in the reserve for exchange differences.

Employee benefits

(a) Pensions and similar obligations

The Group has both defined benefit and defined contribution plans for its employees.

The provisions recognised in the consolidated statement of financial position in respect of defined benefit pension plans are the present value of the defined benefit obligation at the end of the reporting period.

The defined benefit obligations are calculated by independent actuaries using the projected unit credit method. The present value of the defined benefit obligations 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 recognised immediately in profit and loss.

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 recognised as an employee benefit expense when they fall due. Prepaid contributions are recognised 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 recognised as they are accrued to employees. A provision is recognised for the estimated liability for vacation accrued but not taken by employees up to the end of the reporting period.

Dividends

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

5. Significant accounting judgements, assumptions and estimates

The preparation of the Group's financial reporting requires management to make judgements, 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 may require a material future adjustment to the carrying amounts of the assets and liabilities affected.

Judgements

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

Capitalised development costs

The Board of Directors uses its judgement 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 the occurrence of technical problems in the future at the time of recognition. Judgement is exercised based on the best information available at the end of the reporting period. In addition, all internal activities related to the research and development of 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 coming fiscal years are discussed below:

(a) Accounting for mergers

We refer to the explanations in Section 7 with respect to estimation uncertainty in connection with acquisitions completed in the reporting period.

(b) 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 judgements and estimates. We refer to Section 17 for details of key assumptions and estimates used in testing goodwill for impairment.

The Board of Directors must exercise judgement 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 no longer 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 the value in use which is 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 make an impairment charge to the income statement.

(c) 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 judgements. An estimate for doubtful receivables 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.

(d) Income tax

The Group is subject to income taxes in various jurisdictions. Determining the provision for income taxes requires taking into account international tax regulations and includes significant judgements. There are many transactions and calculations for which the ultimate tax determination is uncertain. The Group recognises liabilities on whether tax payments are expected after evaluating the respective jurisdictions and fiscal courts. If the prospective final tax outcome diverges from the amounts that were initially recorded, such differences will impact the tax expense and deferred tax provisions in the periods concerned.

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

6. Changes to the Consolidated Group

As of 31 December, the Consolidated Group comprised the following additional fully consolidated entities compared to the consolidated financial statements as of 31 December 2010, which RIB Limited, Hong Kong, established by way of cash subscriptions:

- RIB iTWO PTY Limited, Sydney, Australia
- RIB iTWO Software Private Limited, Mumbai, India
- RIB FZ LLC, Fujairah, UAE
- Guangzhou RIB Software Company Limited, Guangzhou, People’s Republic of China

In the reporting period, RIB Software AG also acquired all interests in the following companies and fully consolidated these companies in the consolidated financial statements as at 31 December 2011:

- Guangzhou TWO Information Technology Company Limited, Guangzhou, People's Republic of China (hereinafter referred to as "GZ TWO")
- Guangzhou TWO Consulting Company Limited, Guangzhou, People's Republic of China (hereinafter referred to as "TWO Consulting")

We refer to the information on shareholdings in Section 47 with regard to the companies included in the consolidated financial statements.

7. Mergers

Under two agreements dated 29 July 2011, RIB Software AG acquired all interests in GZ TWO and TWO Consulting. The interests were sold by TWO Limited and Foshan Alliance Limited, both headquartered in Hong Kong. The majority of the interests in the selling companies were (indirectly) held by Mr Thomas Wolf.

The interests were acquired with the objective of integrating the previously outsourced development activities into the Group in order to secure the cost-effective development platform in the long-term. See Section 41, Comment 2 for more information.

In both cases the date of acquisition was 29 July 2011. For the sake of simplicity, the purchase price allocation was based on the value as at 31 July 2011.

Acquisition of GZ TWO

The acquisition costs amounted to EUR 8,169 thousand. This figure consists of the purchase price (EUR 3,570k) and of the waiver of a claim to the transfer of a site with buildings accounted for in GZ TWO (EUR 4,599k). The purchase price was transferred on 26 August 2011.

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

	Carrying amount 31 Jul 2011 EUR k	Fair value 31 Jul 2011 EUR k
Intangible assets	296	520
Property, plant and equipment	2,886	4,346
Other assets	240	416
Deferred tax assets	0	170
Trade receivables	719	719
Available-for-sale non-current assets	2,915	2,915
Cash and cash equivalents	670	670
	7,726	9,756
Debts towards TWO Limited	3,801	3,801
Other debts and other liabilities	18	18
Deferred tax liabilities	0	374
	3,819	4,193
Net assets	**3,907**	**5,563**
Goodwill from the company acquisition		2,606
Total acquisition costs		**8,169**

The goodwill from the acquisition reflects the benefits from the purchase of an operating development entity in China. As a whole, it is not deductible for tax purposes.

The identifiable asset values and assumed debts were recorded at their fair value at the time of acquisition as part of accounting for the company acquisition. The determination of the fair value is especially exposed to estimation uncertainties for the asset values and debts, whose previous carrying amount does not always correspond to the fair value.

In particular, this affected the office building European Outsourcing Centre I (hereinafter referred to as "EOC I") recorded under property, plant and equipment, as well as the associated leasehold land usage rights under intangible assets, when accounting for the GZ TWO company acquisition. These assets were valued at the carrying amount of the down payments made by RIB Software AG up to the time of the company acquisition. We also refer to the information on the transactions with related parties in Section 41, Comment 2. On this basis the EOC I was recognised at a fair value of EUR 4,099k and the land usage rights at a fair value of EUR 500k. The appropriateness of these amounts was confirmed by a market valuation performed on the valuation date by an internationally renowned real-estate expert. The fair value of the real-estate primarily depends on its future utilisation and on the development of property prices and rents in the People's Republic of China. Significant adverse changes of these influencing factors may necessitate a future depreciation which will impact on the income statement.

Acquisition of TWO Consulting

The acquisition costs amounted to EUR 100k. This was the contractually agreed purchase price, which was transferred on 26 August 2011.

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

	Carrying amount 31 Jul 2011 EUR k	Fair value 31 Jul 2011 EUR k
Property, plant and equipment	14	14
Other assets	5	5
Cash and cash equivalents	97	97
	116	116
Debts	10	10
	10	10
Net assets	**106**	**106**
Negative difference		-6
Total acquisition costs		**100**

Due to the low price of the acquisition, the total fair value of the assets and liabilities exceeds the acquisition costs by EUR 6k. The negative difference was reversed and is contained in the income statement in the item “other operating income”.

In the reporting period, both acquisitions did not have any material effect on the income statement presented in the consolidated statement of comprehensive income. This is due to the fact that the acquired companies only provide intra-Group services, predominantly for the expansion of the RIB iTWO software and the development of new products.

8. Segment Information

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

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

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

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

The Board of Directors monitors the results of the Group's operating segments separately for the purpose of making decisions about resource 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.

				2011
	I&C segment EUR k	**CS segment EUR k**	**Other EUR k**	**Total EUR k**
Total revenue, external sales	**16,333**	**18,756**	**14**	**35,103**
Segment profit (EBIT)	8,395	8,144	-4,716	11,823
Interest income and expense				737
Other unallocated income and expenses				-3,924
Profit before tax (EBT)				8,636
Income tax expense				-3,059
Net profit of the Group for the year				**5,577**
Segment assets as at 31 December	**11,145**	**11,740**	**140,292**	**163,177**
Other segment information:				
Share of profit and losses of associates			-1	-1
Investments in associates (included segment assets)			1,257	1,257
Amortisation and depreciation	-778	-842	-1,867	-3,487

				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 (EBIT)	6,983	9,210	-4,485	11,708
Interest income and expense				71
Other unallocated income and expenses				-3,788
Profit before tax (EBT)				7,993
Income tax expense				-2,520
Net profit of the Group for the year				**5,473**
Segment assets as at 31 December	**10,995**	**10,779**	**39,316**	**61,090**
Other segment information:				
Share of profit and losses of associates			31	31
Investments in associates (included segment assets)			1,199	1,199
Amortisation and depreciation	-795	-702	-1,326	-2,823

In the 2011 and 2010 fiscal years, 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 according to regions (based on the customer locations) for the periods presented and the total of non-current assets as at the end of each of the periods presented are analysed in the following:

	2011 EUR k	2010 EUR k
Germany	30,529	30,391
EMEA (Europe, Middle East and Africa)	2,174	3,044
Asia Pacific	2,199	1,092
Other regions	201	238
Total revenue	**35,103**	**34,765**

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

The non-current assets divided according to regions are as follows:

	31 Dec 2011 EUR k	31 Dec 2010 EUR k
Germany	34,058	35,704
EMEA	10	21
Asia Pacific	9,593	1,380
Other regions	-	-
Total	**43,661**	**37,105**

9. Revenue

Revenue breaks down as follows:

	2011 EUR k	2010 EUR k
Software	16,337	16,222
Service	15,037	14,573
Consulting	3,729	3,970
Total revenue	**35,103**	**34,765**

The breakdown of the software revenue is as follows:

	2011 EUR k	2010 EUR k
iTWO Key Account	6,069	6,496
iTWO Mass Market	1,791	937
iTWO SAP Channel	538	322
Other product lines	7,939	8,467
Total software	**16,337**	**16,222**

10. Cost of sales

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

11. Other operating income

Other operating income breaks down as follows:

	2011 EUR k	2010 EUR k
Income from the reversal of impairment of trade receivables	-	16
Income from the release of provisions and accruals	391	83
Grant income in respect of research and development work*	773	1,115
Cross-charged selling and distribution costs	17	90
Exchange rate gains	1,864	109
Changes in value of available-for-sale securities	11	104
Other	304	111
Total	**3,360**	**1,628**

* 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.

12. Other operating expenses

The other operating expenses break down as follows:

	2011 EUR k	2010 EUR k
IPO costs	3,924	3,663
Exchange differences on available-for-sale securities	308	173
Exchange differences on cash and cash equivalents available in foreign currencies	297	-
Other	-	-
Total	**4,529**	**3,836**

13. Other Financial Information

	2011 EUR k	2010 EUR k
Personnel expenses		
Wages and salaries	14,116	12,911
Social security and pension costs	2,116	2,112
Total	**16,232**	**15,023**
Minimum lease payments under operating leases		
Office buildings	789	738
Equipment	247	226
Total	**1,036**	**964**
Amortisation and depreciation		
of property, plant and equipment	171	166
of intangible assets	3,316	2,657
Total	**3,487**	**2,823**
Disclosure of the amortisation and depreciation of intangible assets in the income statement		
Cost of sales of the services to realise the revenue	-	157
Administrative expenses	12	92
Selling and distribution costs	247	-
Research and development expenses	3,057	2,408
Total	**3,316**	**2,657**
Product warranty provision		
Additional provision	224	216
Unused amounts reversed	-	-

14. Finance Income and Costs

Finance income and costs break down as follows:

	2011 EUR k	2010 EUR k
Finance income		
Bank interest income	762	27
Interest income from available-for-sale securities	53	108
Income from the write-up of non-current financial assets	94	53
Other	22	2
Total	**931**	**190**
Finance costs		
Interest expense on finance leases	-6	-16
Other	-188	-133
Total	**-194**	**-149**

15. Income Tax Expense

The parent company RIB Software AG is subject to German corporate income tax including solidarity surcharge and trade tax. The applicable tax rates for the company amounted to 30.725% in the 2010 fiscal year and 30.53% in the 2011 fiscal year.

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 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:

	2011 EUR k	2010 EUR k
Effective income tax	2,320	2,129
Deferred income tax	739	391
Total tax expense	**3,059**	**2,520**

A reconciliation of the expected tax expense applicable to profit before tax at the income tax rate of the parent company of 30.53% (previous year: 30.725%) to the income tax expense according to the income statement is provided in the following:

	2011 EUR k	2010 EUR k
Profit before tax	**8,636**	**7,993**
Expected tax expense	2,636	2,455
Non-deductible expenses and tax-exempt income	25	-39
Trade tax additions	8	11
Unused tax losses for which no deferred taxes were recognised	75	124
Profit and losses of associates	-	-13
Differences in tax rate for foreign subsidiaries	163	-
Taxes relating to other reporting periods	177	-
Impact of tax rate changes	-23	-
Other	-2	-18
Tax expense in accordance with the income statement	**3,059**	**2,520**

16. Earnings per share –diluted and basic

Earnings per share is determined by dividing the net income for the period allocable to the shareholders by the weighted number of bearer par value shares in circulation during the period.

As a result of the capital increase, the number of shares increased from 28,916,670 to 38,715,420 (cf. Section 28).

The weighted average of shares in circulation in the reporting period amounted to 37,802,660.

	2011 EUR k	2010 EUR k
Net profit of the Group for the year	5,577	5,473
Weighted average of shares in circulation	37,802,660	28,916,670
Earnings per share (diluted and basic)	**0.15 €**	**0.19 €**

17. Goodwill

	31 Dec 2011	31 Dec 2010
I&C Segment	7,096	7,096
CS Segment	6,939	6,939
GZ TWO development unit	2,932	-
Total	**16,967**	**14,035**

Goodwill relating to the I&C segment and the CS segment arose from the acquisition of RIB Bausoftware GmbH and the RIB FSuite business division. Following the acquisition, the Company merged with RIB Bausoftware GmbH in 2003. In the course of the merger, RIB Bausoftware GmbH was dissolved.

The goodwill relating to the development unit GZ TWO arose from the initial consolidation of this business in the reporting year, cf. Section 7.

The development of goodwill in the reporting year can be seen in Section 18. The full extent of the currency adjustments of EUR 326k account for the goodwill of the GZ TWO development unit and result from the differences in the exchange rates between the time of acquisition and the reporting date.

Impairment testing of goodwill

The recoverable amounts of the cash-generating units have been determined based on a value in use calculation, using cash flow projections for the I&C Segment and CS Segment based on financial budgets covering a three-year period with a growth rate of 1% assumed for cash flows beyond the three-year period. In the case of the GZ TWO development entity, cash flow projections based on financial budgets were used, covering a four-year period with no sustained growth assumed.

The discount rates applied to the cash flow projections are as follows:

	31 Dec 2011	31 Dec 2010
I&C Segment	9.04%	10.66%
CS Segment	9.02%	10.77%
GZ TWO development unit	8.29%	-

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

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.

For impairment testing the goodwill of the GZ TWO development entity, the revenue from the man-days rendered was calculated by multiplying the budgeted capacity in man-days by the daily rate expected in future. It was also assumed that the building EOC I, which is owned by the RIB Group, will be partially leased. Budgeting for personnel expenses and non-personnel expenses has been aligned to the budgeted capacity in terms of headcount or, as the case may be, man-days.

Discount rates

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

18. Statement of changes in non-current assets in fiscal year 2011

	Cost						Accumulated amortisation, depreciation and impairment							Carrying amounts	
	As of 1 Jan 2011 EUR k	Additions from initial consolidation EUR k	Additions EUR k	Additions/ disposals currency adjustments EUR k	Disposals EUR k	As of 31 Dec 2011 EUR k	As of 1 Jan 2011 EUR k	Additions from initial consolidation EUR k	Additions EUR k	Additions/ disposals currency adjustments EUR k	Disposals EUR k	Proportionate increase and decrease in equity EUR k	As of 31 Dec 2011 EUR k	As of 31 Dec 2011 EUR k	As of 31 Dec 2010 EUR k
1. Goodwill	**22,332**	**2,606**	**0**	**326**	**0**	**25,264**	**8,297**	**0**	**0**	**0**	**0**	**0**	**8,297**	**16,967**	**14,035**
2. Other intangible assets															
a) Internally generated software	19,576	0	6,210	0	0	25,786	4,428	0	2,981	0	0	0	7,409	18,377	15,148
b) Customer relationships	435	0	0	7	0	443	75	0	36	1	0	0	113	330	360
c) Purchased software	1,689	20	207	21	0	1,937	1,166	0	299	2	0	0	1,467	469	523
d) Land usage rights	0	500	0	56	0	556	0	0	0	0	0	0	0	556	0
e) Other	10	0	0	0	0	10	4	0	0	0	0	0	4	6	6
	21,711	**520**	**6,416**	**84**	**0**	**28,732**	**5,674**	**0**	**3,316**	**3**	**0**	**0**	**8,993**	**19,739**	**16,037**
3. Property, plant and equipment															
a) Furniture and fixtures	1,812	261	125	44	45	2,197	1,641	0	171	6	42	0	1,776	421	170
b) Prepayments	3,461	0	638	1	4,099	0	0	0	0	0	0	0	0	0	3,461
c) Assets under construction	0	4,099	96	526	0	4,721	0	0	0	0	0	0	0	4,721	0
	5,273	**4,360**	**859**	**571**	**4,144**	**6,918**	**1,641**	**0**	**171**	**6**	**42**	**0**	**1,776**	**5,142**	**3,631**
TOTAL	**49,316**	**7,486**	**7,275**	**981**	**4,144**	**60,914**	**15,612**	**0**	**3,487**	**9**	**42**	**0**	**19,066**	**41,848**	**33,703**

19. Other intangible assets

The internally generated software RIB iTWO is of material importance for the Group. RIB iTWO is a fully integrated software solution for digital planning and construction (BIM 5D).

Of the carrying amount for the internally generated software of EUR 18,377k (previous year: EUR 15,148k), the following amounts are attributable to RIB iTWO:

	31 Dec 2011 in EUR k	31 Dec 2010 in EUR k
Carrying amount	13,133	10,051
of which uncompleted portion at the reporting date	2,341	2,187
Remaining amortisation period of the modules completed by the reporting date	9 to 10 years	10 years

The uncompleted portion involves newly developed additional modules, which are not completed, marketed and amortised until subsequent years.

20. 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 summarised information on the Group's investment in RIB Asia Ltd.

	31 Dec 2011 in EUR k	31 Dec 2010 in EUR k
Share of the associate's assets and liabilities		
Current assets	93	143
Non-current assets	2,487	2,402
Current liabilities	5	57
Non-current liabilities	0	0
Equity	**2,585**	**2,602**

	2011 in EUR k	2010 in EUR k
Share of the associate's revenue and profit		
Revenue	0	138
Profit	-1	60
Carrying amount of the investment	**1,257**	**1,199**

21. Prepaid land lease payment

On acquisition of all the shares in GZ TWO (see Section 7), the prepaid lease payment as reported in the previous year, amounting to EUR 500k, was given as consideration for acquisition of the company. The relevant land usage right was recognised as an addition under other intangible assets as part of the initial consolidation.

22. Available-for-sale non-current assets

This item comprises the European Outsourcing Centre II (hereinafter referred to as "EOC II", a site with buildings in the People's Republic of China, which has passed to the Group within the scope of the acquisition of GZ TWO; see Section 7).

The seller of the GZ TWO interest is entitled to request the surrender of EOC II within a period of 12 months. In return, GZ TWO will be entitled to a claim amounting to the book value of EOC II as of the transfer date. The Board of Directors believes that the seller of the GZ TWO interests will exercise his right.

23. Other assets

Other assets of the Group break down as follows:

	31 Dec 2011		31 Dec 2010	
	Non-current EUR k	Current EUR k	Non-current EUR k	Current EUR k
Income tax refund claims	-	83	-	114
Other tax refund claims		190		185
Government grants	-	176	-	242
Other receivables	-	761	-	347
Deferred IPO costs	-	-	-	162
Prepaid expenses	-	407	-	152
Other	86	-	91	-
Total	**86**	**1,617**	**91**	**1,202**

Other assets included grants from federal funds that have been applied for but not yet received.

24. 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 2010	**111**	**17**	**66**	**57**	**251**
Deferred tax recognised in the consolidated income statement during the year	158	-17	-16	89	214
As of 31 December 2010 and 1 January 2011	**269**	**0**	**50**	**146**	**465**
Addition from initial consolidation (with no effect on profit or loss)	-	170	-	-	170
Deferred tax recognised in the consolidated income statement during the year	11	462	-34	-87	352
As of 31 December 2011	**280**	**632**	**16**	**59**	**987**

Deferred tax assets relating to tax losses refer to RIB Limited, Hong Kong, in the amount of EUR 561k. RIB Limited suffered start-up losses in the reporting year as a result of setting up the international sales organisation. We believe that realisation of the deferred tax asset will be accompanied by successful implementation of our international sales strategy as scheduled, and the deferred taxes can be realised in full.

The unused losses of RIB Software (UK) Limited and RIB Software (Americas) Inc., amounting to EUR 87k and EUR 160k, respectively, were not capitalised, since we cannot assume with sufficient certainty that, in the foreseeable future, taxable profit will be available against which the deductible temporary differences can be utilised.

Deferred tax liabilities

	Capitalised development costs EUR k	Consolidation adjustments EUR k	Assets held under leases EUR k	Other EUR k	Total EUR k
As of 1 January 2010	**3,910**	**538**	**64**	**54**	**4,566**
Deferred tax recognised in the consolidated income statement during the year	742	-159	-13	38	608
Deferred tax recognised in other comprehensive income during the year	0	0	0	-11	-11
As of 31 December 2010 and 1 January 2011	**4,652**	**379**	**51**	**81**	**5,163**
Addition from initial consolidation (with no effect on profit or loss)	0	374	0	0	374
Deferred tax recognised in the consolidated income statement during the year	739	-48	-35	435	1,091
Deferred tax recognised in other comprehensive income during the year	0	105	0	6	111
Deferred tax booked against capital reserves during the year, with no effect on profit or loss	0	0	0	-457	-457
As of 31 December 2011	**5,391**	**810**	**16**	**65**	**6,282**

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

	31 Dec 2011 EUR k	31 Dec 2010 EUR k
Deferred tax assets	374	146
Deferred tax liabilities	5,669	4,844

Deferred tax liabilities of EUR 4,760k are not expected to be realised until twelve months have passed. Deferred tax assets are expected to be realised in full within twelve months.

25. Trade receivables

Movements in trade receivables were as follows:

	As of 31 Dec 2011 EUR k	As of 31 Dec 2010 EUR k	Due in: more than one year 31 Dec 2011 EUR k	Due in: more than one year 31 Dec 2010 EUR k
Trade receivables (gross)	8,605	7,767	633	1,466
Allowance for impairment	845	861	-	-
Trade receivables (net)	**7,760**	**6,906**	**633**	**1,466**

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 Dec 2011	1,889	1,368	104	94	157	166
31 Dec 2010	1,504	550	238	222	97	397

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:

	2011 in EUR k	2010 in EUR k
Opening balance	861	878
Charge for the year	66	165
Utilised	-32	-107
Unused amounts reversed	-71	-75
Change resulting from foreign currency conversion	21	0
Closing balance	**845**	**861**

The allowances recognised 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.

26. Available-for-sale securities

Available-for-sale securities comprise short-term sovereign bonds of Singapore, with a nominal interest rate of 1.375% p.a.

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

27. Cash and cash equivalents

	31 Dec 2011 in EUR k	31 Dec 2010 in EUR k
Cash on hand	41	28
Bank balances	103,142	7,124
Cash and bank balances, unrestricted	**103,183**	**7,152**

In fiscal 2011, bank balances accrued interest at floating interest rates (based on call money rates and time deposit rates) ranging between 0.12% and 4.5% (fiscal year 2010: between 0.25% and 0.72%). 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.

28. Equity

Issued capital

	2011 Number	2010 Number
Shares issued		
As of 1 January	28,916,670	5,783,334
Capital increase by way of the IPO	9,798,750	-
Capital increase from company funds	-	23,133,336
As of 31 December	**38,715,420**	**28,916,670**

All shares issued are fully paid up and are in circulation. The par value of the bearer shares is EUR 1.00.

Capital increase

By resolution of the annual general meeting of 11 May 2010, the Board of Directors of RIB Software AG is authorised, with the approval of the Supervisory Board, to increase the capital stock of the Company once or in several instalments by a total amount of up to EUR 14,458k up until 10 August 2011 by issuing new 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 had to be offered to the shareholders for subscription. However, the Board of Directors was authorized, with the approval of the Supervisory Board, to preclude the shareholders' subscription rights.

Based on the above authorisation, the Board of Directors of the Company decided on 23 January 2011 and on 3 February 2011 with the approval of the Supervisory Board of the same date respectively to increase the capital stock of the Company from EUR 28,917k by EUR 9,799k to EUR 38,715k by the issue of 9,798,750 new par-value bearer shares with a par value of EUR 1.00 per share in return for contributions in cash.

The new shares were subscribed by the syndicated banks on 3 February 2011 and placed on the Frankfurt Stock Exchange in the course of the subsequent IPO. The capital increase was entered in the Commercial Register on 4 February 2011.

Authorised capital

By resolution of the annual general meeting of 20 May 2011, the Board of Directors of RIB Software AG is authorised, with the approval of the Supervisory Board, to increase the capital stock of the Company once or in several instalments by a total amount of up to EUR 19,358k up until 19 May 2016 by issuing new 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 authorised, with the approval of the Supervisory Board, to preclude the shareholders' subscription rights.

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

Contingent capital

Also by resolution of 20 May 2011, the annual general meeting adopted a stock option plan and approved contingent capital for this purpose. The Board of Directors is authorised to increase the capital stock of the Company by a total amount of up to EUR 1,549k up until 19 May 2016 by issuing new par-value bearer shares. The new shares shall participate in profit from the beginning of the fiscal year in which the issue occurs. Insofar as members of the Board of Directors are affected, the Company's Supervisory Board alone is authorised accordingly.

The Board of Directors and Supervisory Board made no use of this authorisation in the reporting year.

Capital reserves

The capital reserves developed in the reporting period as follows:

	EUR k
As of 31 December 2010 and 1 January 2011	813
Allocation of the premium from the capital increase	80,840
Transaction costs	-1,033
As of 31 December 2011	**80,620**

The transaction costs of the capital increase of EUR 1,490k were recognised after deduction of the associated tax advantages of EUR 457k as deduction from the capital reserves.

Legal reserve

No allocation was made to the legal reserve in the year under review in accordance with the provisions of Sec. 150 (2) AktG ["Aktiengesetz": German Stock Corporation Act]. An amount of EUR 47k was transferred to the legal reserve in the previous year.

29. Accumulated other comprehensive income

Accumulated other comprehensive income breaks down as follows:

	31 Dec 2011 in EUR k	31 Dec 2010 in EUR k
Available-for-sale reserve	14	-27
Foreign currency translation reserve	1,792	360
Total	**1,806**	**333**

The available-for-sale reserve records fair value changes of available-for-sale financial assets resulting from price changes of EUR 20k, as well as compensatory deferred taxes of EUR 6k.

The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign subsidiaries. The sharp rise is basically due to the performance of the Hong Kong Dollar and Chinese Yuan against the Euro in the period under review.

30. Dividends

The Board of Directors proposes to pay a dividend of EUR 0.08 per share, a total of EUR 3,097k, to shareholders in fiscal year 2012, for the past fiscal year. This dividend still has to be approved at the annual general meeting. Consequently it has not been recognised as a liability in these fiscal statements.

A dividend was not paid for fiscal 2010.

31. 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 971k in fiscal 2010 and the same amount in fiscal 2011.

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

- Calculation basis: 2005 G mortality tables
- Notional interest rate: 4.95% p.a. (2010: 4.9% p.a.)
- Pension growth trend: 1.75% p.a. (2010: 1.75% p.a.)
- Salary growth trend: 1.75% p.a. (2010: 1.75% p.a.)
- Employee turnover: 2.5% p.a. (2010: 2.5% p.a.)

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

	2011 in EUR k	2010 in EUR k
Pension provisions as of 1 January	2,994	2,696
Current service cost	11	9
Interest cost	139	146
Actuarial gains(-)/losses	-26	308
Pension payments	-167	-165
Pension obligations as of 31 December	**2,951**	**2,994**

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

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

	2011 in EUR k	2010 in EUR k
Current service cost	11	9
Interest cost	139	146
Actuarial gains(-)/losses	-26	308
Total pension cost	**124**	**463**

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.

32. Finance lease obligations

The Group leases certain hardware and software for research and development purposes. These leases are classified as finance leases if the relevant requirements are satisfied. They have remaining lease terms of up to two years.

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

	31 Dec 2011 in EUR k	31 Dec 2010 in EUR k
Finance lease assets	52	164

The future minimum lease payments and their present value as of 31 December 2011 and 31 December 2010 are presented in the following:

	Minimum lease payments 31 Dec 2011 EUR k	Minimum lease payments 31 Dec 2010 EUR k	Present value of minimum lease payments 31 Dec 2011 EUR k	Present value of minimum lease payments 31 Dec 2010 EUR k
Amounts payable:				
Within one year	44	113	41	109
In the second to third year, inclusive	10	59	11	55
Total minimum lease payments	**54**	**172**	**52**	**164**
Future finance charge	-2	-8		
Total net finance lease, obligation	**52**	**164**		
Current portion	41	109		
Non-current portion	11	55		

33. Trade payables

The carrying amounts of trade payables closely approximate their fair value. The trade payables are non-interest-bearing and fall due for payment within one year.

34. Other provisions

The movements of other 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 2010	**486**	**15**	**65**	**50**	**616**
Utilised	-486	-15	-	-13	-514
Unused amounts reversed	-	-	-	-	-
Arising during the year	216	22	150	18	406
As of 31 December 2010 and 1 January 2011	**216**	**22**	**215**	**55**	**508**
Utilised	216	7	150	13	386
Unused amounts reversed	-	-	-	-	-
Arising during the year	224	-	-	15	239
As of 31 December 2011	**224**	**15**	**65**	**57**	**361**

The Group provides warranties related to the functionality on its products to its customers. The amount of the provisions 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.

35. Accruals

The accruals break down as follows:

	31 Dec 2011 EUR k	31 Dec 2010 EUR k
Accrued payroll and social security	1,077	1,209
Outstanding licence obligations	27	50
Commission	143	236
Accrual for outstanding invoices	269	810
Other	286	198
Total	**1,802**	**2,503**

36. 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 recognised by the Group as the services had not yet been provided at the end of each of the periods presented.

37. Other finance liabilities

This involves a purchase price liability in respect of TWO Limited, Hong Kong, arising from the transfer of a loan receivable against GZ TWO. For further information, see Section 41, comment 3.

38. Other liabilities

Other liabilities break down as follows:

	31 Dec 2011 EUR k	31 Dec 2010 EUR k
Tax liabilities	171	433
Social security liabilities	183	202
Security deposits	-	46
Other	216	192
Total	**570**	**873**

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

39. Financial commitments

a) Capital commitments

	31 Dec 2011 EUR k	31 Dec 2010 EUR k
Contractually agreed, but still pending		
Outsourcing agreement	-	4,000
European Outsourcing Centre	-	622
Total	**0**	**4,622**

The capital commitments relate to transactions with related parties (see Section 41).

b) Operating lease arrangements

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 2011 EUR k	31 Dec 2010 EUR k
Due in less than 1 year	1,321	753
Due in between two and five years	872	814
Total	**2,193**	**1,567**

40. Contingent liabilities

There were no material contingent liabilities as of 31 December 2011 and 31 December 2010.

41. Related party transactions

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

	Note	2011 EUR k	2010 EUR k
Related parties			
Purchase of services	(1, 2)	1,950	2,250
Prepayments for construction investment	(2)	1,122	833
Associates			
Purchase of non-current assets		-	225
Total		**3,072**	**3,308**
Key management personnel of the Group			
Purchase of services		0	210

b) Outstanding balances with related parties:

	Note	31 Dec 2011 EUR k	31 Dec 2010 EUR k
Receivables from related parties			
Owed by TWO Limited	(2)	50	3,961
Liabilities to related parties			
Owed to TWO Limited	(2,3)	4,142	0

The liabilities owed to TWO Limited are unsecured.

Notes:

(1) Pursuant to a development agreement entered into in December 2005 between RIB Information Technologies AG and TWO Limited, a company incorporated in Hong Kong in which the chairman of RIB Software AG, Mr Thomas Wolf, indirectly holds the majority of shares, TWO Limited has undertaken to provide the premises and furnish, manage and run the development centre 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 Software AG to TWO Limited during fiscal 2010. Said development agreement expired in December 2010 and was replaced by an outsourcing agreement between TWO Limited and the Company dated February 2011. Under this agreement, TWO Limited provided the Company with outsourcing services which include fully fitted office space and software development work including the necessary personnel. The outsourcing agreement was terminated with the acquisitions expounded above, effective 31 July 2011. In the period from January to July 2011, development services of EUR 1,950k were charged to the Group.

(2) In December 2010, we decided to obtain a direct investment in the development activities that were outsourced by the RIB Group until that time. Against this backdrop, we concluded a non-binding memorandum of understanding with Mr Thomas Wolf under which the aim was to acquire all the shares in GZ TWO and in Guangzhou TWO Consulting Company Limited, Guangzhou/People's Republic of China (hereinafter referred to as "TWO Consulting"). The sole

shareholder of TWO Consulting was Foshan Alliance Ltd with registered office in Hong Kong, in which the chairman of RIB Software AG, Mr Thomas Wolf, holds the majority of shares. The operating assets of GZ TWO include an office building under construction in Guangzhou/People's Republic of China, EOC I (European Outsourcing Centre). RIB Software AG had engaged TWO Ltd in 2008 to construct EOC I as general contractor.

The memorandum of understanding of 2010 was implemented through two agreements of 29 July 2011, by which RIB Software AG acquired all the shares in the companies GZ TWO and TWO Consulting. In this connection RIB Software AG waived its claim against TWO Ltd relating to the transfer of EOC I held in GZ TWO, for which RIB Software AG had made prepayments of EUR 4,599k up to that point in time.

(3) TWO Ltd. had financed GZ TWO partly through a non-interest-bearing shareholder loan of USD 5.4 million up to the sale of the shares to RIB Software AG. Following the share acquisition described above, RIB Software AG acquired this loan receivable against GZ TWO by agreement dated 29 December 2011. The purchase price was agreed in Euro, amounting to EUR 4,142k when converted at the exchange rate applicable on the date the agreement was signed. The loan is due for repayment on 31 March 2012; it remains non-interest-bearing until that time. Transfer of the loan receivable requires approval by the relevant Chinese authority. This approval was not yet available when the consolidated financial statements were prepared. If approval is not granted within 90 days of the date of contract, TWO Ltd is required to take back the loan receivable. RIB Software AG must pay the purchase price to TWO Ltd for transfer of the loan receivable within 3 working days after official approval has been granted. The purchase price liability is also non-interest-bearing until that time. The Group believes that the loan receivable was assigned with legally binding effect and has recognised the purchase price liability in respect of TWO Ltd in these consolidated financial statements.

During the reporting period, there were no other transactions with related parties with a material effect on the Group's earnings, financial and assets position.

c) Compensation of key management personnel of the Group:

Compensation of key management personnel refers to the salaries of the Board of Directors and remuneration for the Supervisory Board of the parent company. We refer also to Section 45.

42. 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 2010 and 31 December 2011, 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 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**

Assets measured at fair value as of 31 December 2011:

	Level 1 EUR k	**Level 2 EUR k**	**Level 3 EUR k**	**Total EUR k**
Available-for-sale financial assets:				
Sovereign bonds	3,664	-	-	**3,664**

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

43. Financial risk management and policy

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. 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 other price risks.

(a) Foreign currency risk

Recognised 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 the majority of 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, Hong Kong, up to 31 July 2011 for the development of software were also invoiced in euro.

The Group conducts its transactions in the regions outside the euro zone in the following currencies:

- Pound Sterling (GBP)
- US dollar (USD)
- Hong Kong dollar (HKD)
- Singapore dollar (SGD)
- Czech koruna (CZK)
- Australian dollar (AUD)
- Indian rupee (INR)
- Chinese yuan (CNY)
- United Arab Emirates dirham (AED)

The assets and liabilities are recognised in the above currencies and converted into the presentation currency (euro) for the consolidated financial statements.

The Group does not use any forward exchange contracts to hedge against currency risks from procurement and sales transactions.

If the euro had been 10% stronger against the currencies listed above as at 31 December 2011, an additional expense of some EUR 2,500k would have arisen in the income statement. If the euro had been 10% weaker against the currencies listed above as at 31 December 2011, an additional income of some EUR 2,600k would have arisen in the income statement.

(b) Interest rate risk

The Group's interest rate risk is the risk that the fair values of available-for-sale securities fall (rise) as a result of interest rate changes. The Group's security investments concerned sovereign bonds issued by Norway, Singapore and the United States as of 31 December 2010. These were measured at the quoted market price as of 31 December 2010. As of 31 December 2011 the Group now only holds sovereign bonds issued by Singapore, measured at the quoted market price as of 31 December 2011. If the market rate of interest at the reporting date had been 100 basis points higher, it would have given rise to an expense in the consolidated statement of comprehensive income of some EUR 100k. This expense would have been recognised in equity without affecting the income statement. If the market rate of interest at the reporting date had been 100 basis points lower, it would have given rise to income in the consolidated statement of comprehensive income of some EUR 100k. This expense would have been recognised in equity without affecting the income statement.

(c) Other price risks

Price risks due to hypothetical changes in prices with an effect on financial instruments do exist as of 31 December 2011 and did not exist as of 31 December 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 period presented, the Group had no interest-bearing bank borrowings.

The contractual maturity of financial liabilities including trade payables and finance lease obligations is disclosed in Sections 32 and 33. 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 recognised 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.

The Group is currently funding its capital expenditures through internally generated funds from its operations and from available liquid funds. 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.

44. Auditor's fees

The auditor's fees for the auditor BW PARTNER, Bauer Wulf Schätz Hasenclever Stiefelhagen Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft, Stuttgart, in accordance with Sec. 314 (1) No. 9 HGB break down as follows:

	2011 in EUR k
Audit of the financial statements	
for fiscal 2011	78
for the additional audit of the 2009 consolidated financial statements	20
	98
Tax advice	**59**
Other services	
Advice on IPO	69
Other services	46
	115
Total	**272**

45. Remuneration of the Company's Supervisory Board and the Board of Directors

The total remuneration paid to the members of the Board of Directors in fiscal 2011 comes to EUR 628k (previous year: EUR 625k). The members of the Board of Directors received only a basic salary that is not performance-based for their work in fiscal 2011 ("Remuneration 1"). The Board of Directors' remuneration also includes a performance-based element ("Remuneration 2") for their work in the previous year, amounting to EUR 124k (previous year: EUR 74k). As of 31 December 2011 there were no outstanding balances arising from Board of Directors' remuneration.

The total remuneration of the Supervisory Board for fiscal 2011 amounts to EUR 53k (previous year: EUR 42k). The remuneration of the Supervisory Board is reported as current liabilities as at 31 December 2011.

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

For further information we refer to the remuneration report in the group management report under Section E.

46. Average headcount for the year

Employees within the meaning of sec. 314 (1) no. 4 HGB

	2011	2010
General administration	42	23
Research and development	169	83
Sales and distribution	80	70
Support/consulting	86	73
Total	**377**	**249**

47. Disclosure on shareholdings pursuant to sec. 314 (2) HGB

	Share of capital %
Fully consolidated entities	
Germany	
RIB Deutschland GmbH, Stuttgart	100.00
RIB Engineering GmbH, Stuttgart	100.00
RIB Information Technologies AG, Stuttgart	100.00
RIB Research & Development AG, Stuttgart	100.00
RIB Sales International GmbH, Stuttgart	100.00
STRAPS Bausoftware GmbH, Stuttgart	100.00
Other countries	
RIB Limited, Hong Kong/People's Republic of China	100.00
RIB Software (Americas) Inc.,Wilmington, Delaware/USA	100.00
RIB stavebni Software s.r.o., Prague/Czech Republic	100.00
RIB Software (UK) Limited, London/England	100.00
RIB PTE. Limited, Singapore	100.00
RIB FZ Limited Liability Company, Fujairah/United Arab Emirates	100.00
RIB iTWO PTY Limited, Sydney, New South Wales/Australia	100.00
RIB iTWO Software Private Limited, Mumbai/India	100.00
Guangzhou RIB Software Company Limited, Guangzhou/People's Republic of China	100.00
Guangzhou TWO Consulting Company Limited, Guangzhou/People's Republic of China	100.00
Guangzhou TWO Information Technology Company Limited, Guangzhou/People's Republic of China	100.00
Associates accounted for using the equity method	
RIB Asia Ltd., Hong Kong/People's Republic of China	49.96

Stuttgart, 7 March 2012

RIB Software AG

The Board of Directors

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

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.”

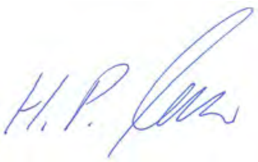
Stuttgart, 7 March 2012

RIB Software AG

The Board of Directors

Thomas Wolf

Michael Sauer



Dr. Hans-Peter Sanio

AUDIT OPINION

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 2011. 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 Section 315a (1) HGB [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 Section 317 HGB and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the consolidated financial statements in accordance with the applicable financial reporting framework and in the group management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the group and expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the consolidated financial statements and the group management report are examined primarily on a test basis within the framework of the audit. The audit includes assessing the annual financial statements of those entities included in consolidation, the determination of entities to be included in consolidation, the accounting and consolidation principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements and the group management report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion, based on the findings of our audit, the consolidated financial statements comply with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to Section 315a (1) HGB and give a true and fair view of the net assets, financial position and results of operations of the Group in accordance with these requirements. The group management report is consistent with the consolidated financial statements and as a whole provides a suitable view of the Group's position and suitably presents the opportunities and risks of future development.

Stuttgart, 07.03.2011

BW PARTNER

Bauer Wulf Schätz Hasenclever Stiefelhagen Partnerschaft
Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft

Olaf Brank Wirtschaftsprüfer	Philipp Hasenclever Wirtschaftsprüfer

FINANCIAL STATEMENTS OF RIB SOFTWARE AG (HGB) (EXCERPT)

BALANCE SHEET

RIB Software AG, Stuttgart

ASSETS			31.12.2011 EUR	31.12.2010 EUR
A.	**Non-current assets**			
	I.	Intangible assets		
		1. Commercial and industrial property rights and similar rights and values as well as licenses to such acquired for a consideration	346,048.89	430,366.50
		2. Goodwill	8,271,565.71	9,650,160.00
			8,617,614.60	**10,080,526.50**
	II.	Property, plant and equipment		
		1. Furniture and fixtures	80,941.30	60,461.41
		2. Prepayments for assets under construction	0.00	3,960,760.86
			80,941.30	**4,021,222.27**
	III.	Financial assets		
		1. Investments in affiliated companies	18,852,217.61	6,042,026.16
		2. Investments	1,058,063.75	1,058,063.75
			19,910,281.36	**7,100,089.91**
			28,608,837.26	**21,201,838.68**
B.	**Current assets**			
	I.	Receivables and other assets		
		1. Trade receivables	6,235,805.21	6.327,179.27
		2. Receivables from affiliated companies	4,426,598.01	137,809.28
		3. Other assets	41,121.92	224,178.04
			10,703,525.14	**6,689,166.59**
	II.	Securities		
		Other securities	3,529,916.99	10,042,537.17
	III.	Cash on hand, bank balances	91,467,453.24	657,267.67
			105,700,895.37	**17,388,971.43**
C.	**Prepaid expenses**		**405,358.77**	**146,715.33**
			134,715,091.40	**38,737,525.44**

EQUITY AND LIABILITIES

			31.12.2011 EUR	31.12.2010 EUR
A.	**Equity**			
	I.	Issued capital	38,715,420.00	28,916,670.00
	II.	Capital reserves	81,652,577.56	812,890.06
	III.	Revenue reserves statutory reserves	47,588.47	47,588.47
	iV.	Retained earnings	3,409,698.71	904,180.92
			123,825,284.74	**30,681,329.45**
B.	**Provisions**			
		1. Pension provisions	2.584,530.00	2,622,105.00
		2. Provisions for taxation	911,000.00	35,680.00
		3. Other provisions	634,800.00	1,346,000.00
			4,130,330.00	**4,003,785.00**
C.	**Liabilities**			
		1. Trade payables	914,225.69	315,420.77
		2. Liabilities to affiliated companies	1,024,450.81	2,728,208.43
		3. Other liabilities	4,254,533.66	459,041.79
		– Of which taxes EUR 0,00 (prior year: EUR 317,803.20)		
		– of which social security liabilities EUR 13.189,29 (prior year: EUR 15,359.01)		
			6,193,210.16	**3,502,670.99**
D.	**Prepaid expenses**		**566,266.50**	**549,740.00**
			134,715,091.40	**38,737,525.44**

INCOME STATEMENT FOR FISCAL YEAR 2011

RIB Software AG, Stuttgart

		2011		2010	
		EUR	EUR	EUR	EUR
1.	Revenues / total performance		32.816.331,46		32.720.662,98
2.	Other operating income		4.730.283,55		3.001.297,91
	▪ of which from currency translation: EUR 1,712,822.87 (prior year: EUR 108,550.91)				
3.	Material costs				
	a) Expenses for auxiliary and process materials and for purchased goods b) Expenses for services purchased	- 1,273,472.38 - 9,919,341.98	- 11,192,814.36	- 1,250,888.24 - 9,000,924.55	- 10,251,812.79
4.	Personnel expenses				
	a) Wages and salaries b) Social security and pension costs - Of which for pension schemes EUR 5,769.48 (prior year: EUR 77,909.02)	- 1,618,740.77 - 238,424,04	- 1,857,164.81	- 1,731,616.86 - 324,327.25	- 2,055,944.11
5.	Amortisation of intangible non-current assets and depreciation on property, plant and equipment		- 1,528,622.28		- 1,517,631.48
6.	Other operating expenses		- 13,980,429.67		- 15,295,510.71
	▪ of which from currency translation: EUR 262,608.20 (prior year: EUR 490.22)				
7.	Other interest and similar income		36,655.82		50,385.21
	▪ of which from affiliated companies EUR 36,655.82 (prior year: EUR 50,385.21)				
8.	Other interest and similar income		869,682.18		492,511.43
9.	Depreciation of current assets		0.00		- 187,007.31
10.	Interest and similar expenses		-180,451.00		- 133,542.00
	▪ of which write-ups: EUR 132,751.00 (prior year: EUR 133,514.00)				
11.	**Net income from ordinary business activities**		9,713,470.89		6,823,409.13
12.	Extraordinary expenses	-5,252,873.17		-4,224,854.33	
13.	**Extraordinary profit**		- 5,252,873.17		- 4,224,854.33
14.	Income tax expense		- 1,949,649.93		- 1,637,427.44
15.	Other taxes		- 5,430.00		- 9,357.97
16.	**Net profit for the year**		2,505,517.79		951,769.39
17.	Profit carried forward from the prior year		904,180.92		0.00
18.	Additions to profit reserves				
	▪ to statutory reserves		0.00		-47,588.47
19.	**Retained earnings**		3,409,698.71		904,180.92

FURTHER INFORMATION

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March 2012

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