RIB
running together

Annual Report 2013

iTWO

FIRST WORLD CONFERENCE HONG KONG

Annual Report 2013

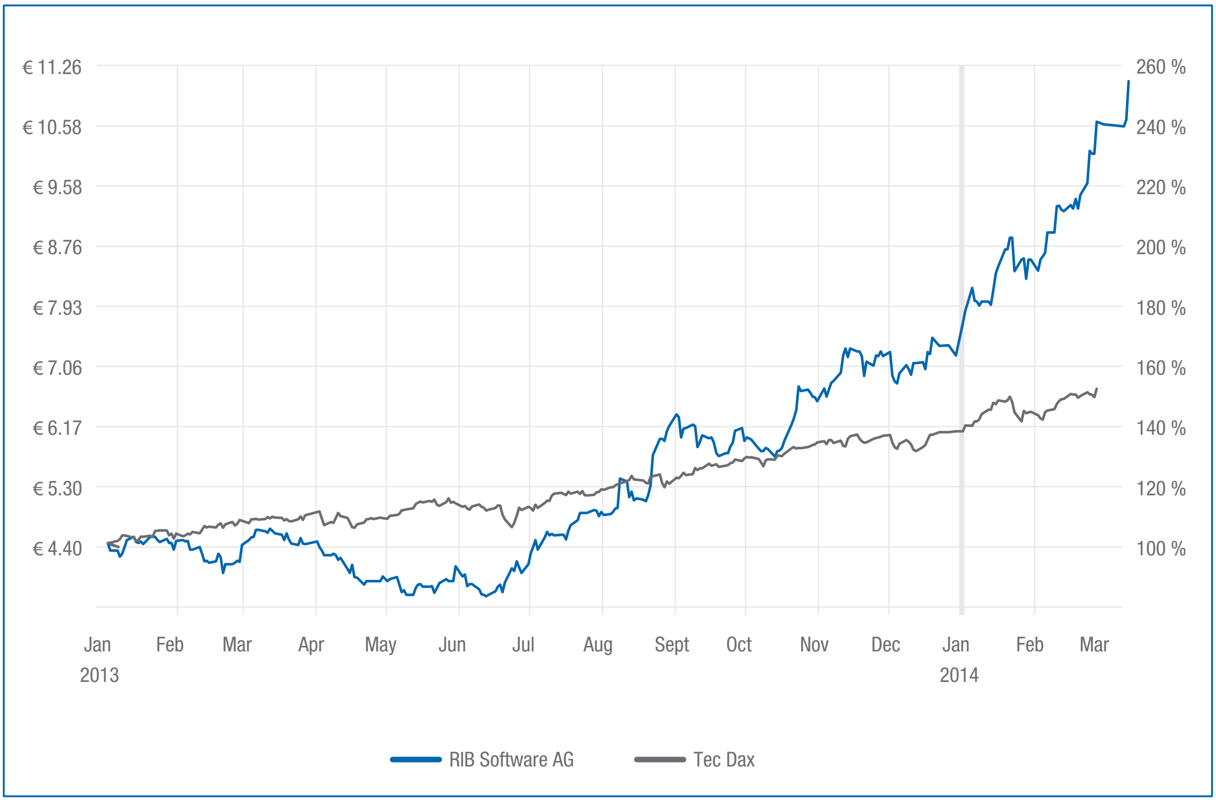
RIB Software AG

Contents

RIB on the Capital Market

In the reporting year 2013, RIB shares developed significantly better than the TecDAX. In December the shares achieved an increase in price of around 70 per cent, in comparison to the previous year, which reflects the very good normal course of business of the RIB Group and signals a lasting positive trend. The price target of the analysts for the coming 12 months lies between € 11–14. The RIB share has currently been given a buy rating by three analysts (UBS, Equinet and Hauck & Aufhäuser).

RIB Share price performance January 2013 – early March 2014



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: 4 February 2011	EUR 38.715.420,00
Shares outstanding: 4 February 2011	38.715.420 Stück
Class:	Ordinary Shares
Initial trading:	8 February 2011
International Securities Identification Number ISIN:	DE000A0Z2XN6

German Security Identification Number WKN:	A0Z2XN
Stock symbol:	RSTA
Ticker symbol Reuters:	RSTAG.DE
Tickersymbol Bloomberg:	RSTA:GR
Transparency Standard:	Prime Standard
Market Segment:	Regulated Market

Keyfigures

€ million unless otherwise indicated	2013	2012	Change
Revenue	57.0	39.2	45.4 %
Software licenses	16.2	14.2	14.1 %
Software as a Service / Cloud	6.7	2.8	139.3 %
Maintenance	19.1	16.3	17.2 %
Consulting	15.1	5.9	155.9 %
Operating EBITDA[1] as % of revenue	18.5 32.5 %	15.3 39.0 %	20.9 %
Operating EBT[1] as % of revenue	12.7 22.3 %	11.7 29.8 %	8.5 %
Consolidated net profit of the year[2] (adjusted by currency effects)	10.1	9.4	7.4 %
Cash flow from operating activities	16.4	14.0	17.1 %
Average number of employees	562	465	20.9 %
Liquid funds and available-for-sale securities	82.1	89.1	-7.9 %
Equity ratio	80.2 %	81.8 %	
Research and development			
R&D expenses	12.5	10.8	15.7 %
R&D ratio (Expenses on R&D as % of revenue)	21.9 %	27.6 %	

Keyfigures

[1] EBITDA and EBT adjusted by currency effects (2013: -1.5; 2012: -0.8) and special effects (2013: +1.8; 2012: +1.5).

[2] Consolidated net profit of the year, adjusted by currency effects after taxes.

RIB iTWO 2013

Revolution in the Construction Industry

"Tell me and I'll forget; show me and I may remember; involve me and I'll understand."
Confucius

Virtual into Physical

"Form follows function" becomes "physical follows virtual"

Almost 100 years after the Bauhaus idea with the "form follows function" approach, the iTWO 5D technology can again have a fundamental influence on the thinking and actions in the global construction industry. Just as Walter Gropius designed the "Staatliche Bauhaus" as a work community in which artists and craftsmen would cooperate as peers, iTWO 5D unites all partners involved in the construction – the investor, the architect, the construction companies carrying out the work, and the craftsmen who operate as sub-contractors – on an integrated, model-based platform. The cooperative goal is to plan the construction projects with regard to quality, costs and time schedule at a virtual level and to simulate the construction process on an end-to-end basis before starting with the actual building work. Through the combination with iTWO 5D technology, the Bauhaus approach "form follows function" becomes "physical follows virtual". The combination of the Bauhaus idea of Walter Gropius and iTWO 5D technology renders the construction industry one of the most modern industries of the 21st century. Digital construction leads to cooperative and interdisciplinary "design thinking", higher quality, substantial time savings and overall cost savings of up to 30%.

End-to-end enterprise solution

iTWO 5D represents an integrated Web and model-based enterprise software that facilitates the digital building process from end-to-end on the basis of models; from the feasibility study to quantity survey, clash detection, cost estimation, tender, award of contracts, purchasing, controlling, reporting and communication to use and maintenance. Moreover, iTWO 5D uses the data and experience gained from the simulation of construction projects in the implementation and control processes and makes consolidated data available at a multi-project level for the business management.

Single source of truth

Making ideas happen and implementing projects – from the planning to the execution to the billing. One central database. One control centre. One solution. No interfaces. iTWO 5D controls the entire process of a construction project from the design to the commissioning and integrates the parties involved in the project on the basis of a central 5D building model. We refer to this as the "single source of truth". On this basis, the physical construction comes to life in accordance with virtual planning in line with the "physical follows virtual" principle.

RIB iTWO 2013

From Thinking to Working Method

"Being successful requires two things: Clear objectives and a burning desire to achieve them."
Johann Wolfgang von Goethe

RIB iTWO 5D LAB

Premiere of the iTWO 5D LAB in Guangzhou

The iTWO 5D LAB presented by RIB in Guangzhou is the world's first 5D LAB for the construction industry. In the 5D LAB, investors, builders and architects team up with construction experts of project developers and construction companies to elaborate optimum concepts for construction projects with all technical, time-related, and financial parameters with the help of iTWO 5D. For this purpose, sustainable implementation concepts are jointly coordinated for the most economic project variant on the basis of simulated construction processes in a 5D model before these are actually executed. Even during the construction phase, every necessary change – no matter whether it is due to modified planning or unforeseeable external influences – is first planned with iTWO 5D in virtual form in the 5D LAB with respect to its impact on the costs and time schedule before it is approved for implementation. Experiencing the iTWO 5D technology and the running together in the iTWO 5D LAB is a highlight for every construction expert. What "physical follows virtual" means is demonstrated here. In the 5D LAB, construction projects are simulated in real time before they are built, and conflicts between the parties involved in the project are solved at the virtual level before they become a problem on the construction site.

New technology, new thinking, new working method

We have established a new technology in the form of the iTWO 5D platform, paved the way for a new approach and created a new working method under the umbrella of the iTWO 5D LAB. Now we have carried iTWO 5D technology into the cloud in order to be able to globally access the iTWO 5D "single source of truth" via mobile devices and the Internet in order to monitor and control construction sites and entire ventures from end-to-end. By means of our new iTWO 5D Control Tower app for the iPad, we have established a platform over which the top management and executives can access business data at any time and from any location worldwide.

The Lab archives a diverse library of project data and work flows in various types for clients' selection.

Thomas Wolf, RIB CEO

"Our aim is to develop IT for the 21st century in order to experience the future of construction in the 5D LAB right now. With our 5D LAB, we follow the trend of Steve Jobs, who invited his customers to his Apple stores to hold the new smart products in their own hands and experience them."

www.rib-software.com/5D-Lab

RIB iTWO 2013

From Method to Application

"Your task is not to foresee the future,
but to enable it."
Antoine de Saint-Exupéry

Mobile, flexible and cloud-based

In the iTWO 5D cloud, tasks can be processed at any location worldwide. To handle business processes online and make decisions in real time, we provide more and more business services in the cloud via iTWO 5D. The access to the data and their processing takes place over mobile devices such as our iTWO 5D Control Tower app or via desktop applications in the browser. For example, the purchasing of services takes place directly from iTWO 5D, using cloud services provided by our tender platform iTWO tx. iTWO 5D offers the use of such services wherever added value is generated through optimised processes, e.g. in the virtual project space iTWOcx for the online communication of all project players and the process-controlled provision and storage of project documents in the cloud or soon for the mobile collection of actual data on the construction site. This also includes an iTWO 5D app that will enable model-based performance assessment as of a particular date on a mobile device.

Mobile Cloud

The “mobile cloud” is no longer a topic for the future, but rather the state of the art. In the mobile cloud, mobile computing and cloud computing combine to form a new major global trend. Our goal is to make this technology available step by step in construction as well. According to a survey conducted by the United Nations, the number of Internet users around the globe increased 11 % to 2.3 billion in the year ended. Based on a construction share of 13.4 % in the global GDP, we therefore postulate a global potential of several 100 million users for construction-specific Internet applications in the cloud. With our new iTWO 5D cloud platform, we want to further expand our market-leading position in the construction segment in this area.

RIB iTWO 2013

From Application to Practice

"In the long history of humankind (and animal kind, too) those who learned to collaborate and improvise most effectively have prevailed."
Charles Darwin

RIB Key Account Customers 2013

In 2013 we were able to increase the number of Phase II deals by 60 per cent compared to the previous year and close the first Phase III contract in our firm's history for iTWO 5D. Besides the decision for the unique iTWO 5D end-to-end technology, customer confidence was crucial for the successful deals. In RIB, customers chose a globally positioned technology partner with high innovation and financial power for their future corporate development.

Brief customer profiles to phase III and some phase II deals on this and the following two pages.

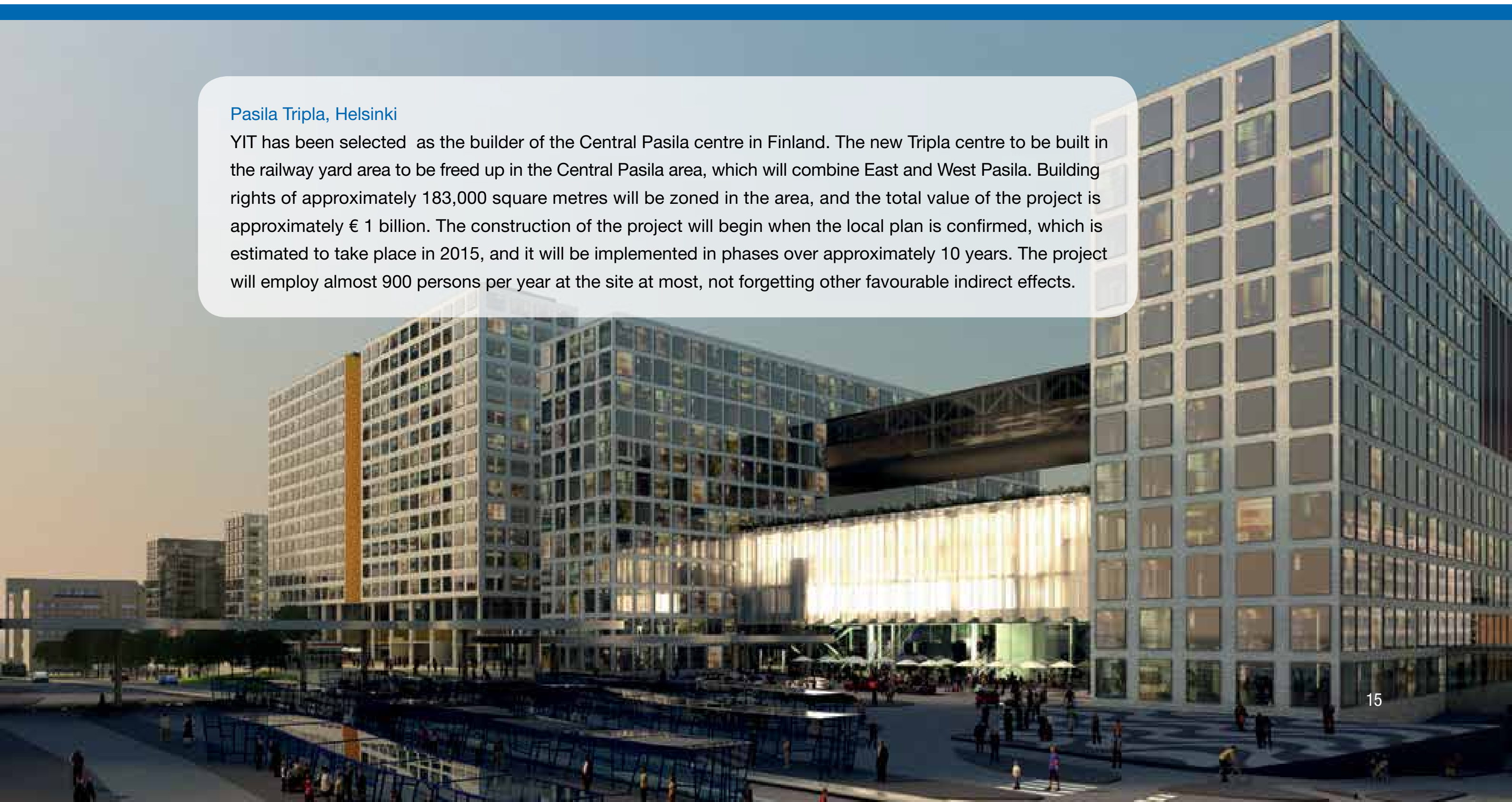
YIT Corporation

Headquarters:	Helsinki, Finland
Annual revenue:	€ 1.9 billion
Major business:	Housing, Business Premises, Infrastructure and Entire Areas
Major projects:	• Pasila Tripla, Helsinki (Picture) • Smolny, St. Petersburg

YIT is a construction industry leader that creates sustainable urban environments by constructing housing, business premises, infrastructure and entire areas. YIT has over 100 years of experience and a strong market position. We aim to be a leading European project developer, construction company and service provider, creating value responsibly with our stakeholders. We aim to improve our quality and customer service further and continuously offer consumers new and innovative housing solutions. Our success is first and foremost based on skilled employees and continuous development of competence. YIT's share is listed on NASDAQ OMX Helsinki.

Why iTWO

"We continuously develop ourselves, which enables us to stand out from the competition. RIB Software AG's iTWO solution was selected to support our company vision to be "a step ahead" in a field of construction project management."



Pasila Tripla, Helsinki

YIT has been selected as the builder of the Central Pasila centre in Finland. The new Tripla centre to be built in the railway yard area to be freed up in the Central Pasila area, which will combine East and West Pasila. Building rights of approximately 183,000 square metres will be zoned in the area, and the total value of the project is approximately € 1 billion. The construction of the project will begin when the local plan is confirmed, which is estimated to take place in 2015, and it will be implemented in phases over approximately 10 years. The project will employ almost 900 persons per year at the site at most, not forgetting other favourable indirect effects.

Eiffage Bauholding GmbH

Headquarters: Dusseldorf, Germany
Annual revenue: € 420 million
Major business: Infrastructure and structural engineering
Major projects:
- Finishing of A59, Duisburg (Picture)
- Metro West Island Line, Hong Kong
- New construction of high-speed route Bretagne-Pays de la Loire, France

Why iTWO

- RIB is the market leader who continuously develops iTWO
- Integrated software holistically maps our corporate processes
- Makes an efficient planning process and BoQ creation possible, thus shortening project run times

"With the iTWO solution we would like to plan and realise our construction and infrastructure projects in a highly efficient manner in future."

Heinz von Heiden GmbH

Headquarters: Isernhagen, Germany
Annual revenue: € 245 million
Major business: Modular system houses (single, double and row houses)
Major projects:
- Welfenhof Villas, Isernhagen (Picture)
- "Wietzeaue" apartment houses, Hanover
- Holiday flats, Cuxhaven

Why iTWO

"We decided on iTWO because we had been searching for a flexible calculation program with CAD integration for providing quantities in order to achieve a high degree of automation between the processes of planning and construction calculation."

Köster GmbH

Headquarters: Osnabruck, Germany
Annual revenue: € 900 million
Major business: Structural engineering, civil engineering and turnkey construction as well as environmental engineering
Major projects:
- OASE specialised medical library, University Clinic, Dusseldorf (Picture)
- Turkish embassy, Berlin: new construction of the largest Turkish embassy in the world

Why iTWO

"Our aim is to consistently exploit the development potential of the company and with the iTWO end-to-end business solution to implement an integrated solution for the application of all technical and business processes in the company. By deciding to introduce a fully integrated solution, we will streamline our processes even more and sustainably increase efficiency."

McConnell Dowell Corporation Limited

Headquarters: Hawthorn, Australia
Annual revenue: € 1.45 billion
Major business: Building: commercial & industrial, social & public, defence
Infrastructure: power, transport, water
Resources: mining, oil and gas, petrochemical
Major projects:
- Adelaide Desalination Plant (Picture)
- Gold Coast Rapid Transit

Why iTWO

"After a detailed review process, iTWOcx was selected by McConnell Dowell as their integrated project delivery and collaboration platform. Their decision was based on its proven record on previous projects and world-leading forum based technology that provides a central source of truth for Construction projects whilst providing a system that is flexible, scalable and easy to use."

Paul Y. Engineering Group Limited

Headquarters: Hong Kong, China
Annual revenue: € 641 million
Major business: Management contracting, Property development management
Property investment
Major projects:
- Cheung Kong Centre (Picture)
- Studio City Macau
- Ting Kau Bridge

Why iTWO

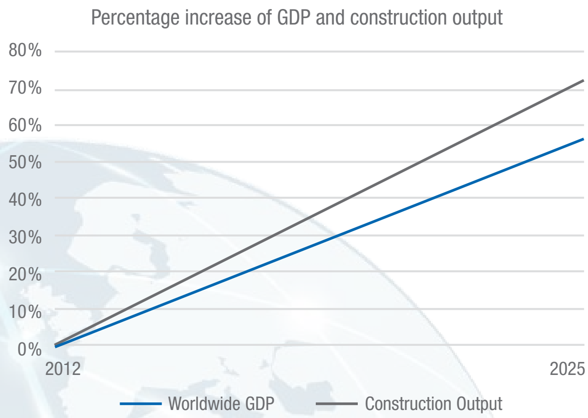
- Leverage technology to improve business process, data quality, market competitiveness and productivity.
- Enhance the collaboration among inter-departments single source database
- Real time data/report

Forecast – future market potential

Global construction market today
Construction market today: US$ 8.7 trillion accounting for 12.2 % of the world output.

Global construction market tomorrow
Construction market is about to grow faster than GDP by 2025. Growth by more than 70 % to US$ 15 trillion worldwide by 2025 due to
- Sustainable urbanization
- Smart Building
- Globalization
- Ageing Society
- Emerging economies

IT Investment will increase



Source: Global Construction 2025, RIB

RIB iTWO 2013

New Thinking inspires the World

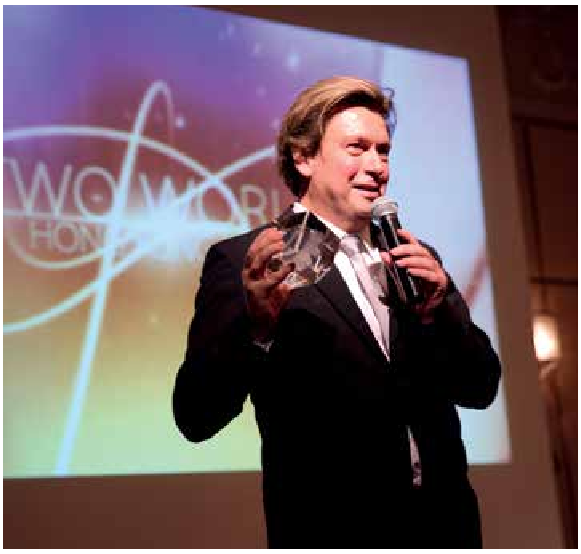
"One cannot see into the future, but one can lay the foundation for things to come – for the future is something one can build."
Antoine de Saint-Exupéry

iTWO World Conference 2013

In November 2013, we hosted the first iTWO World Conference in Hong Kong, with participants from 21 countries and four continents. Real case studies and best practices for user experience and implementation of iTWO 5D, presented by top executives and construction experts from the world over, formed the platform for global exchange of experience made with 5D technology. As highlight: The best projects implemented with iTWO 5D technology were rated by Stanford University/ CIFE and honoured with the iTWO World Award. By signing a manifesto, the top 88 visionaries of the construction industry, leading Contractors and Developers from Australia, Austria, Turkey, Germany, Middle East, Singapore, Hong Kong, Malaysia, Finland and China agreed that iTWO is a revolution in the global construction business in the 21st century, witnessed by leading American media and science.

The first iTWO World Conference was a significant milestone for the RIB Group as well as all participating companies and institutions. By means of the iTWO World, we will continue to offer a global forum for construction experts from all over the world and establish a suitable framework for the constantly growing global "iTWO 5D Community": an institution in which leading investors, public and private builders, contractors, architects and scientists can engage in interchange on how iTWO 5D end-to-end technology can revolutionise the business processes in the construction industry. At the iTWO World Conference, the world's most cutting-edge technology for construction and project business is to be shared and discussed, to transform the construction industry to the most advanced industry on our planet.

The iTWO World Conference was characterized by its internationality.



Thomas Wolf (CEO) at the iTWO World Award presentation.

HAOHE 浩和建筑

WOLFF & MÜLLER

TIONG SENG HOLDINGS LIMITED 長成控股有限公司

McKinsey&Company

Leighton Holdings

DORR

YIT

Paul Y

SUNWAY

香港房屋委員會 Hong Kong Housing Authority

RENAISSANCE CONSTRUCTION

STANFORD UNIVERSITY CIFE

RIB Group 2013

Global in research, development, consulting and distribution

Global RIB Locations

Australia
- Adelaide
- Melbourne
- Sydney

China
- Guangzhou

Czech Republic
- Prague

Germany
- **Stuttgart**
- Berlin
- Dortmund
- Freiburg
- Leipzig
- Mannheim
- Munich

Hongkong
- Hongkong

Indien
- Mumbai

Malaysia
- Kuala Lumpur

Singapore
- Singapore

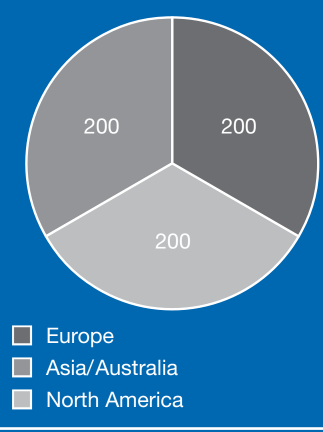
Switzerland
- Lucerne

UK
- London

United Arab Emirates
- Dubai

USA
- Atlanta
- Arlington
- Dallas
- Los Angeles
- Memphis
- Miami
- New York
- Orlando
- San Diego
- Tampa
- Washington

Workforce breakdown (by region) of our approx. 600 employees



RIB network continues to grow in 2013

RIB Cosinus

In 2013, RIB Software AG took over a majority interest in Cosinus Informationssysteme GmbH. Please refer to the notes to the consolidated financial statements for the economic details of this acquisition of interests. Cosinus is one of the leading German IT system houses, which develops and implements certified ERP solutions on the basis of Microsoft Dynamics NAV with a team of 60 at four locations in Freiburg, Mannheim, Villingen-Schwenningen and Lucerne. The RIB Group thus now has more than 600 employees at more than 30 locations around the globe.

iTWO 5D technology for ERP processes: iTWO Finance

In collaboration with Cosinus, we have meanwhile supplemented the iTWO 5D platform with Microsoft Dynamics NAV components. For the first time, we have thus combined project-related 5D processes and enterprise processes in a fully integrated platform. Similar to the digital factory in the automotive and aircraft industries, the combination of iTWO 5D and Microsoft Dynamics NAV will enable us to embed suppliers and manufacturers in the 5D end-to-end process by way of the supply chain management and also offer a solution for building suppliers. The potential for iTWO 5D jobs at building suppliers is 10 times higher than at the investors and construction groups. We will offer the new end-to-end enterprise solution on the market starting from the second quarter of 2014.

iTWO 5D cloud end-to-end enterprise solution

Our medium-term goal is to make the iTWO 5D end-to-end technology available along with Microsoft Dynamics NAV components as full-fledged private or public cloud software services. Based on BIM data, it will thus be possible to process all key business processes from the project planning and project management to business management with 5D technology, integrated in a cloud. In Germany, Austria and Switzerland alone, there are more than one million potential iTWO 5D users in the field of primary and secondary construction trades and building suppliers. Given the global network of the RIB Group and the global Microsoft Dynamics NAV Partner Network, there is even greater potential for rolling out the solution worldwide.

RIB Global Team at the annual International Team Meeting in China

Dear Shareholders and Friends of RIB Software AG,

We've made it! The world's leading IT analysts have RIB shares on their radar. The iTWO Technology "new IT, new thinking, new working method" has the potential to revolutionise global construction and transform a traditional industry into an advanced one. The trust placed in iTWO people and iTWO Technology is growing and growing.

Whereas leading industries such as automotive and aviation invest in excess of 3% of their turnover in IT, construction is currently investing a mere 1%. An increase to 3.5% in 2020-25 would create a new IT market worth US$ 500 billion worldwide. Our aim is to help generate this new global market and, in so doing, position "iTWO Technology" as a leading CLOUD and BIG DATA platform.

The RIB foundations on which a global growth enterprise is to be set up in Europe, Asia, the USA, Australia and the Middle East are already in place. iTWO people, iTWO Technology partners, iTWO strategic partners, iTWO scientists, iTWO friends and shareholders as well as government representatives have all committed themselves to the Hong Kong manifesto and joined the "revolution in construction" as the 88 iTWO visionaries. We are now working on the "upper structure".

Hong Kong Manifesto:

The integration of the virtual into the physical engineering process – iTWO Technology – is revolutionizing the global construction business in the 21st century. New technology demands new thinking and new working methods to transform construction to the most advanced industry on our planet. We are running together to create the next generation of living.

In new IT markets there are many local and international companies that make more promises than they keep, destroy the trust customers place in new technologies and leave "scorched earth" in their wake. Many companies lack the IT competence needed for the construction industry, they seek quick success and are thus unable to achieve good results or provide good references.

For iTWO people and iTWO Technology the focus is on trust and sustainability. iTWO people and iTWO Technology keep their word, "walk the talk", fight for the revolution in the construction industry, are competent and provide added value (results) for their customers and society in general.

Our aim is to develop IT for the 21st century and thereby already experience the future of construction in the iTWO LAB today. In so doing, we are following with iTWO LAB the trend set by Steve Jobs, who invited his customers to his Apple stores to hold the new smart products in their own hands and test them.

In the iTWO LAB, the digital 5D construction process of an individual major project or all projects of a company is simulated in real time. Customers use the software and learn to understand the new technology (iTWO LAB video: www.rib-software.com/5DLab). Jointly, "running together", the mobile iTWO "control tower" is developed and the cash flow and balances simulated for the duration of the construction phase and in part for the usage phase. Customers develop alternatives and understand the iTWO BIG DATA IT generation that stores the project data from thousands of projects and users in the "single source of truth" database. Experiencing iTWO Technology and "running together" in the iTWO LAB at first hand is a highlight for construction experts just like the first visit to an "Apple store". Personally experiencing the iTWO 5D BIM win and delivery enterprise platform for 2-3 days generates new thinking and trust in the new technology and in the great value iTWO can deliver for all of us.

The iTWO LAB reminds me of one of the wise sayings of Confucius "Tell me and I'll forget; show me and I may remember; involve me and I'll understand."

In the Year of the Horse, as was the case in 2011/12 and 13 too, we are concentrating on an 80% increase in our phase II and III major deals, the development of our strategic alliances with globally leading companies from the strategy and "change management" consulting, banking, finance, science, government and IT sectors. In addition we will continue to pursue our strategy of investing in customers, networks and R&D.

In the Year of the Horse, we could cross the 1,000 iTWO people mark, conclude the first > US$ 10 million BIG DEAL, initiate the first iTWO law and present the first iTWO trade finance platform, the first iTWO risk insurance and the first iTWO e-commerce solution. And in addition continue to invest with all our might in the iTWO cloud and iTWO people.

iTWO visionaries will be taking stock again at the iTWO World Conference (video: www.rib-software.com/itwoworld) in November 2014, to be held in Hong Kong. Here we are hoping for 50% more participants.

In conclusion, I would like to extend my sincere thanks (hats off) to our shareholders for their great trust and to the RIB iTWO family throughout the world for their fantastic commitment, strong will and spirit to lead the global construction industry into the next generation at the beginning of the 21st century.

We are "running together" and "building the future".

Kind regards,

Thomas Wolf

Corporate Governance

A. Corporate Governance Report

In accordance with the recommendations of section 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 governance

RIB Software AG is committed to the principles of good and responsible corporate governance. These include in particular close, constructive and faithful cooperation between the Supervisory Board and the Board of Directors; this cooperation is characterised by the creation of long-term added value and by a culture of open corporate communication and intensive customer care.

The Board of Directors and Supervisory Board of RIB Software AG broadly comply with the principles of good corporate governance as expressed in the recommendations of 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 recommendations contained in the Code 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 expedient and in the interests of the Company and its shareholders. The German Corporate Governance Code in the currently effective version of 13 May 2013 was circularised by the Federal German Ministry of Justice on 10 June 2013 in the Federal Gazette and is published on the website www.corporate-governance-code.de

Avoidance of conflicts of interest

The Supervisory Board has – in its opinion – a sufficient number of independent members who do not have a business or personal relationship with the company, its executive bodies, a controlling shareholder or an enterprise associated with the latter which may cause a substantial and not merely temporary conflict of interests. No former members of the Board of Directors belong to the Supervisory Board. No Supervisory Board member exercises directorships or similar positions or advisory tasks for important competitors of RIB Software AG or of the Group. No advisory or other service agreements or contracts were in existence between members of the Supervisory Board and the Company.

Deductible for D&O insurance

RIB Software AG has taken out financial loss 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 provided for in connection with the latter, for the reasons stated in the Declaration of Conformity.

Composition and remuneration of the Board of Directors

The Supervisory Board together with the Board of Directors ensures that there is a long-term succession planning. When changes to the Board of Directors are imminent, the Supervisory Board pays due attention in the appointment of replacements to diversity and in particular aims for an appropriate consideration of women. The Supervisory Board is nonetheless aware that to date extremely few women have obtained senior management positions in German companies, for which reason it is difficult to obligate the Company 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 explained in the Declaration of Compliance – is disclosed in accordance with statutory provisions.

Election to the Supervisory Board and objectives for its composition

Elections to the Supervisory Board are made on an individual basis. Proposed candidates for the Supervisory Board chair are announced to the shareholders.

For proposals for the election of Supervisory Board members, attention is paid to the composition of the Supervisory Board to ensure that its members as a group possess the knowledge, abilities and expert experience required to duly perform its 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 an appropriate 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.

General Meeting

The shareholders may exercise their rights before or during the General Meeting, which takes place annually, and may there, within the framework of the Articles of Association, speak to all items on the agenda as well as raise questions relating to the Company's affairs and propose relevant motions. The 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 Financial Statements to the General Meeting. The General Meeting resolves on the appropriation of profits and on the formal approval of the actions of the Board of Directors and the Supervisory Board. It principally elects the members of the Supervisory Board and the auditor. Furthermore, the General Meeting resolves, in particular, on amendments to the Articles of Association and on major corporate measures such as inter-company agreements and transformations, on the issue of new shares and of convertible bonds and warrants as well as the authorisation to purchase treasury shares. Shareholders in principle have a pre-emption right over new shares in proportion to their share of the share capital.

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

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

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

Risk management

The responsible handling of business related risks is one of the basic principles of good corporate governance. The Board of Directors provides for adequate risk management and risk controlling in the enterprise and regularly reports to the Supervisory Board about existing risks and their development.

Detailed information about risk management is provided in the Risk Report on pages 51 to 53 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 enterprise and about significant changes to the business. The Annual Report, the Half-Yearly Financial Report and the Quarterly Reports are published timely. Information about current events and new developments is provided by means of press reports and ad hoc notices if appropriate.

The website http://group.rib-software.com serves as a central information platform. In addition to the Articles of Association and information on the Board of Directors and the Supervisory Board, in particular documents for the General Meeting, financial reports and details on the business activities are made accessible on this website. The dates for publication of regular financial reports are contained in the Annual Report, posted sufficiently in advance on the Company's website (http://group.rib-software.com – Investor Relations – Financial Calendar) and 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 and that could significantly influence the stock price of RIB shares will be disclosed without undue delay by ad hoc notices, unless in individual cases the company is exempted from its duty of disclosure. All persons who work for the enterprise and have due access to insider information are and will be informed about the obligations resulting from the insider law. If the Company is notified that a party has obtained, exceed or fallen below one or more thresholds of 3, 5, 10, 15, 20, 25, 30, 50 or 75 per cent of the voting rights in the Company by purchase, sale or in another way, the Company will without undue delay disclose this information.

Directors’ dealings

In accordance with § 15a of the German Securities Trading Act (WpHG), members of the Board of Directors and of the Supervisory Board and persons who have a close personal relationship to one or more of them 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 € 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. 35.80 % of the shares in the Company. The member of the Board of Directors Michael Sauer directly and indirectly holds approx. 1.62 % of the shares in the Company. In addition, each of them has been granted 15,000 options in the framework of the Stock Option Plan 2013 that entitles each of them to the same number of shares in the Company in accordance with the more detailed provisions of the Stock Option Plan 2013. 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 related financial instruments equivalent to more than 1 % of the shares issued by the Company.

Accounting and audit of the financial statements

The accounting of the RIB Group follows the international financial reporting standards (IFRS) as these are to be applied in the European Union. The Annual Financial Statements (individual financial statements) of RIB Software AG are drawn up in compliance with the provisions of the German Commercial Code (HGB). The individual annual financial statements and consolidated financial statements are prepared by the Board of Directors and are reviewed by the 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 financial statements are published within 90 days of the end of the respective financial year, the interim reports are made accessible within 45 days of the end of the respective reporting periods.

BW PARTNER Bauer Schätz Hasenclever Partnerschaft mbB Wirtschaftsprüfungsgesellschaft, Steuerberatungsgesellschaft, Stuttgart, has audited the consolidated and individual annual financial statements. The auditor 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 eliminated or reported without undue delay. The Supervisory Board has also arranged that the auditor without undue delay 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 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.

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

The Board of Directors and the 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 15 May 2012 (published in the Federal Gazette on 15 June 2012) have been complied with since the issuance of the previous declaration of compliance, and, as amended 13 May 2013 (published in the Federal Gazette on 10 June 2013) will be complied with in the future, in each case with the following exceptions:

1. **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.

2. **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.

   To the extent members of the Board of Directors receive share options as a variable component of their remuneration, such component is limited with respect to the number of options but not according to amount. Since the exercisability and the value of the options depend on the achievement of ambitious performance targets, a maximum limit according to amount would run contrary to the purpose of this remuneration component to provide a special performance incentive.

   Section 4.2.3 para. 4 GCGC: The management contracts do not provide for a severance cap in the event of early termination. Such an arrangement does not appear necessary in addition to the statutory provisions applicable in cases of early termination in order to protect the interests of the company and its shareholders.

3. **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 outlines or itemises the remuneration system for Board members and the nature of any fringe benefits provided by the company in a manner that goes beyond the statutory requirements does not appear necessary to satisfy the justified information interest of the shareholders and investors to the due extent.

4. **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.

5. **Section 5.4.1 paras. 2 and 3 GCGC:** The Supervisory Board does not specify concrete goals for its composition and does not publish them and the status of their implementation in the Corporate Governance report. The Supervisory Board is of the opinion that in its composition, due attention should be paid in particular to the company-specific situation, the company's international activity, potential conflicts of interest, diversity and an adequate involvement of women and shall also bear this in mind in its proposals to the responsible electoral bodies. However, the Supervisory Board should in each case be optimally staffed. The specification of concrete goals for its composition would appear neither suitable nor expedient to achieve this.

   Section 5.4.1 para. 4 GCGC: The Supervisory Board does not disclose the personal and business relations of each candidate with the enterprise, the bodies of the company and any shareholder having a significant share in the company when making its election proposals. The recommendation of the Code implies more than merely insignificant legal risks; hence, to comply with it, is not in the interest of the company.

6. **Section 5.4.6 para. 1 GCGC:** According to the formerly applicable remuneration policy, the deputy chairman of the Supervisory Board was not treated separately. This seemed, at that time, appropriate, since the deputy chairman only takes on special duties in the event that the chairman is unavailable. Since coming into effect of the remuneration policy resolved upon by the ordinary general meeting 2013, the recommendation to treat the deputy chairman of the Supervisory Board separately for remuneration purposes is complied with.

Stuttgart, December 2013

On behalf of the Executive Board		On behalf of the Supervisory Board

Report of the Supervisory Board on the 2013 financial year to the Annual General Meeting of RIB Software AG on 6 June 2014

Sandy Möser, Chairwoman of the Supervisory Board

Dear Shareholders,

The financial year 2013 of RIB Software AG was marked by the positioning of iTWO as a holistic BIM technology in the construction industry. The main focus was and remains on the development of a fully cloud-based iTWO solution.

In fulfilment of its statutory consulting and monitoring function, the Supervisory Board intensively supported the management of business by the Executive Board and continually monitored its activities and duties according to the company's Articles of Incorporation and its rules of procedure.

The regular and detailed written and oral reports of the Executive Board on the strategic orientation of the company, the status and the short- and medium-term goals in the field of software development as well as on the development of turnover, earnings and liquidity represented the main basis for the fulfilment of the control and consulting functions of the Supervisory Board. For this purpose, the actual situation was compared against the targets and critically examined and scrutinised. Business performance was jointly considered. The Executive Board complied with its information obligations in a timely and detailed manner.

On the basis of the reports of the Executive Board, the Supervisory Board supported its work, provided guidance and decided on measures that are subject to approval. In its meetings, the body regularly concerned itself with the business performance of the company and of the Group, the assets and financial position and the implementation of the strategy. This also included the consideration of the company's and Group's risk situation and support with the further development of the company's control and risk early-warning system. The Chairwoman and the Vice-Chairman of the Supervisory Board maintained regular contact with the Executive Board even between the meetings and discussed issues concerning the company's strategy, planning, business development, risk situation, risk management and compliance with the Executive Board. Through personal contact with the members of the Executive Board outside the meetings of the body, the other Supervisory Board members also obtained information on the current business situation.

In the reporting period, there were no conflicts of interests of Executive Board or Supervisory Board members that would have to be disclosed to the Supervisory Board.

In the year under review, the Supervisory Board again examined the recommendations of the German Corporate Governance Code. The joint declaration of compliance of the Executive Board and Supervisory Board is published on the company's website at http://group.rib-software.com/en/investor-relations/corporate-governance/declaration-of-compliance/. Details of the company's corporate governance are provided in the Corporate Governance Report.

Supervisory Board meetings and attendance

A total of five Supervisory Board meetings were held in the reporting period 2013: on 15 March 2013 (balance sheet meeting for the financial statements 2012), on 4 June 2013 (ordinary meeting and constituent meeting after the election by the General Meeting), on 7 October and 3 December 2013. Where necessary, resolutions were adopted via circular procedure.

None of the Supervisory Board members were present at less than half of the meetings. Apart from the constituent meeting on 4 June 2013, the members of the Executive Board attended all meetings of the Supervisory Board.

Focal issues of discussions

In the financial year 2013, the Supervisory Board and its committees discussed and reviewed the following subjects in particular in addition to the normal statutory reporting:

- the integration of the companies and company interests that had been acquired in the financial year 2012 in the US (MC^2 and U.S. COST) and Australia (CADX Pty Ltd.);
- the net income 2012;
- the annual and consolidated financial statements for the financial year 2012;
- the basis of the variable remuneration of the Executive Board members;
- the resolution proposals to the Annual General Meeting 2013, especially with respect to the proposal of the Executive Board for the appropriation of the net profit and the proposals of the Supervisory Board to the General Meeting for the appointment of the auditor and the election of the new Supervisory Board;
- the development of a web-based iTWO cloud solution;
- the share buy-back programme;
- the development of the share price;
- the acquisition of 80 percent of the interests in Cosinus Informationssysteme GmbH, Freiburg;
- the purchase of interests (50 percent) in RIB Asia Ltd. that the company had not owned previously;
- the implementation of the stock option programme by issuing subscription rights to members of the Executive Board and management of affiliated companies and employees of the company and companies affiliated with it;
- the preparation and rollout of the iTWO World Conference with international customers in Hong Kong in November 2013;
- the iTWO 5D LAB concept;
- the business and investment planning for the financial year 2014;
- the corporate governance on the basis of the recommendations and suggestions of the German Corporate Governance Code.

Supervisory Board meeting on 15 March 2013

In the balance sheet meeting of the Supervisory Board on 15 March 2013, the Supervisory Board dealt with the company's annual financial statements, the consolidated financial statements and the combined management report of the Executive Board, each of which had been awarded an unqualified audit opinion by the auditor, the proposal of the Executive Board for the appropriation of the net profit and the report of the Supervisory Board for the financial year 2012. The needed documents were available to the Supervisory Board members for review in due time before the meeting. The audit committee and the Supervisory Board thoroughly examined these documents and considered them in detail. The auditor submitted a detailed report of the results of his audit and was available to the members of the audit committee and of the supervisory Board for additional questions and information in the respective meetings. Following the final result of the review by the audit committee and its own review, the Supervisory Board agreed to the result of the auditor's audit and adopted the annual financial statements of RIB Software AG for the financial year 2012, approved the consolidated financial statements 2012 and agreed to the proposal of the Executive Board for the appropriation of the net profit. Moreover, the report of the Supervisory Board and the resolution proposals for the agenda items of the General Meeting on 4 June 2013 were adopted. Furthermore, the Supervisory Board attended to Executive Board remuneration subjects.

Supervisory Board meeting on 4 June 2013

The focal issue that was considered in the meeting of the Supervisory Board on 4 June 2013 was the report of the Executive Board to the General Meeting.

Constituent meeting of the Supervisory Board on 4 June 2013

The constituent meeting of the body was held immediately after the election of the new Supervisory Board by the Annual General Meeting. In the constituent meeting, Sandy Möser was elected as Chairwoman and Dr Matthias Rumpelhardt as Vice-Chairman of the Supervisory Board.

Supervisory Board meeting on 7 October 2013

Apart from the reporting of the Executive Board about the company's current business situation and financial position, the necessity of the development of a fully cloud-based iTWO solution was discussed, and the Executive Board was requested to prepare a concept for this subject by the next Supervisory Board meeting. Moreover, after detailed considerations, the Supervisory Board agreed to the acquisition of 50 percent of the interests in RIB Asia Ltd. that were not held by the company previously. Additionally, the planned upcoming issue of subscription rights on the basis of the stock option programme adopted by the General Meeting was considered, and it was determined that a resolution proposal for this subject should be prepared by the nomination and remuneration committee and the resolution be passed by circular procedure. On the basis of the committee's recommendation of 24 October 2013, the Supervisory Board passed the resolution (by circular procedure at the end of October 2013) to introduce the stock option programme and assign subscription rights to members of the Executive Board and agreed to the proposal of the Executive Board for the assignment and offer of options to members of the management of affiliated companies and to employees of the company and companies affiliated with it in 2013.

Supervisory Board meeting on 3 December 2013

In its meeting on 3 December 2013, the Executive Board reported in detail on the iTWO cloud development. The reporting and discussion also covered the business and investment planning for the financial year 2014, which was approved by the Supervisory Board. In this meeting, the Supervisory Board also released the new declaration of compliance with the German Corporate Governance Code.

Staffing

The company's Supervisory Board comprises six members who are elected by the General Meeting. At the Annual General Meeting on 4 June 2013, Sandy Möser (Chairwoman), Dr Matthias Rumpelhardt (Vice-Chairman) and Klaus Hirschle were re-elected as members of the Supervisory Board. The Annual General Meeting 2013 elected Prof. Martin Fischer, Hans-Peter Lützow and Prof. Achim Preiß as new members of the Supervisory Board. Eran Davidson, Keith Chau Kwok Keung and Barrie David Sheers departed from the Supervisory Board as of 4 June 2013.

Committees of the Supervisory Board

To increase the efficiency of its work, the Supervisory Board has formed two committees:

The audit committee particularly takes care of issues relating to internal accounting and the audit of the financial statements. The following persons served on the committee during the reporting period or are still on the committee: Dr Matthias Rumpelhardt (Chairman), Keith Chau Kwok Keung (until 4 June 2013), Klaus Hirschle (since 26 September 2013) and Sandy Möser.

In the financial year 2013, the audit committee held three meetings on 28 January, 14 March and 14 November 2013.

The nomination and remuneration committee is responsible for proposing suitable candidates to the Supervisory Board for its election proposals to the General Meeting. It also deals with the staffing of the Executive Board and its remuneration.

The following persons served on the committee during the reporting period or are still on the committee: Sandy Möser (Chairwoman), Barrie David Sheers (until 4 June 2013), Klaus Hirschle (since 26 September 2013) and Dr Matthias Rumpelhardt.

The nomination and remuneration committee came together on 14 March and on 24 October 2013. In its meetings, the Supervisory Board was informed by the committee chairpersons about the contents and results of the committee meetings. The Supervisory Board accepted the recommendations and resolution proposals of the audit committee and of the nomination and remuneration committee.

Audit of the annual and consolidated financial statements 2013

The Executive Board duly submitted the annual financial statements and the consolidated financial statements as at 31 December 2013 as well as the combined management report for the company and the group and its proposal for the appropriation of the net profit to the Supervisory Board in their entirety.

The General Meeting elected the audit firm BW Partner Bauer Schätz Hasenclever Partnerschaft, Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft, Stuttgart, (meanwhile renamed BW PARTNER Bauer Schätz Hasenclever Partnerschaft mbB Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft) as auditor of the annual financial statements and of the consolidated financial statements by recommendation of the audit committee and on the basis of the election proposal of the Supervisory Board. BW Partner audited the company's annual financial statements prepared according to the regulations of the German Commercial Code (HGB), the consolidated financial statements prepared according to IFRS as endorsed in the EU and the combined management report of the company and of the group, awarding unqualified audit opinions.

The auditor has issued a written declaration of independence pursuant to section 7.2.1 of the German Corporate Governance Code. In it, it declared that there are no business, financial, personal or other relationships between the auditor, its bodies and the audit managers on the one hand and the company and its body members on the other hand that could cast doubt on its independence. The scope in which other services were performed for the company in the financial year ended, especially in the field of consulting, was also explained in this declaration.

In the balance sheet meetings on 17 and 18 March 2014, the auditor confirmed to the audit committee and to the Supervisory Board that there are no circumstances that would impair its impartiality. The audit committee also confirmed to the Supervisory Board that, from its perspective, the auditor still has the needed independence.

The auditor submitted its report about the type and scope and about the result of its audits to the Supervisory Board. The financial statements, the audit reports of the auditor and the proposal of the Executive Board for the appropriation of the net profit were duly sent to all members of the Supervisory Board.

In preparation of the balance sheet meeting of the Supervisory Board, the audit committee thoroughly examined the submitted documents in its meeting on 17 March 2014. In this context, the auditor provided detailed explanations about its audits, especially about the main points of the audit, which had been determined by agreement with the audit committee, and the material results of its audit. Moreover, the Executive Board and the auditor answered the questions of the committee members. The audit committee advised the Supervisory Board to agree to the result of the auditor's audit, to approve the annual financial statements and the consolidated financial statements, and to agree to the proposal of the Executive Board for the appropriation of the net profit.

At the balance sheet meeting of the Supervisory Board on 18 March 2014, the chairman of the audit committee explained the audit of the submitted documents by the audit committee and the key issues and results discussed with the auditor. The auditor was present, reported on its main audit results and answered the questions of the members of the Supervisory Board. According to the auditor's opinion, the internal control and risk management system did not have any significant weaknesses.

The Supervisory Board reviewed the financial statements and the audit reports. The Supervisory Board agreed to the result of the auditor's audit. The final result of the review by the Supervisory Board did not give rise to any objections. In accordance with the recommendation of the audit committee, the Supervisory Board agreed to the result of the auditor's audit and approved the company's annual financial statements and the consolidated financial statements. The company's annual financial statements have thus been adopted pursuant to Section 172 of the German Stock Corporation Act (AktG). After performing its own review, the Supervisory Board agreed to the Executive Board's proposal for the appropriation of the net profit, which provides for payment of a dividend amounting to € 0.06 per share with dividend entitlement and the carrying forward of the remaining net profit.

The Supervisory Board thanks the members of the Executive Board and all employees for their great commitment in the financial year 2013.

Stuttgart, 18 March 2014

The Supervisory Board

Sandy Möser, Chairwoman

Consolidated Group Management Report and Management Report for the Financial Year 2013

A. Business and general environment

A.1. Summary

The RIB Group operates highly successfully worldwide in the software market for construction, plant engineering and infrastructure management. The parent company RIB Software AG (hereinafter referred to as “RIB AG”) is registered in Stuttgart, Germany. RIB AG has subsidiaries in Germany, Europe, the USA, Australia and Asia. The core activities of the RIB Group comprise the development and sale of software, the provision of consulting and training services for implementation projects and professional services. 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 income in an integrated, model-based approach over the entire lifecycle of the project.

With over 20,000 customers worldwide in the Software Licences and Maintenance segment, we are one of the leading providers of corporate software. Our customers in this segment include construction groups, the public sector, architects, engineering companies and large industrial and plant engineering companies.

In the Software as a Service/Cloud segment, more than 80,000 craftsman’s businesses and medium-sized construction companies are already using our online contract award service iTWOtx. In addition, we offer our customers a collaboration project management platform for communicating with all project participants on the basis of an industry-specific Internet forum with iTWOcx.

In the Professional Services segment, we offer our customers value engineering services for planning large projects in addition to implementation and consulting services in connection with the introduction of new software.

Our research and development activities are organised on a decentralised basis. The RIB Group has development locations in Stuttgart, Atlanta, Memphis, Sydney and Guangzhou. The lead development of the German version of iTWO 5D is undertaken by RIB AG. For this purpose, the company uses development capacities of RIB Information Technologies AG and a Chinese subsidiary. RIB Limited, Hong Kong, develops the international versions of iTWO 5D and uses the development capacities of a Chinese subsidiary for this purpose.

We organise the distribution of our products in German-speaking countries under the umbrella of RIB AG via two German subsidiaries, RIB Engineering GmbH and RIB Deutschland GmbH. International sales is organised under the umbrella of RIB Limited, Hong Kong via subsidiaries in Asia, India, Australia, the Middle East and the USA.

A.2. Business development and position of the RIB Group

A.2.1. Market conditions

Our target groups continue to be highly interested in digital planning and management processes. Many industrial countries of the world now have government initiatives that make it mandatory, or will in the new future make it mandatory, to use model-based ways of working for government construction projects. Our RIB iTWO 5D product is a solution that responds to this trend. In our opinion, integrated virtual planning, production and operating processes have the potential to significantly influence the future development of the construction sector; we therefore anticipate an increased willingness to invest in software which offers a rapid implementation of processes of this kind.

Although these conditions favour us, our target groups’ willingness to invest nonetheless also depends on the general economic environment and the development of the industry in our target segments. In this context, the general conditions in 2013 were still shaped by the financial and economic crisis. Due to the unsolved debt crisis, especially in Europe and the USA, the willingness to invest of our target groups remains restrained.

A.2.2. Business development

The demand for our core product, iTWO 5D, continued to strengthen, which is reflected in the increase in sales in the German mass market as well as in the increase in Phase II orders in the key account division. In addition, the revenues in the Cloud/Software as a Service segment increased significantly by 139.3% to € 6.7 million and accounted for 29.1% of total software sales (prior year: 16.4%). This development is in line with the emerging future market demand in which web-based use is gaining ever greater importance, besides the traditional software licensing model.

The increase in demand in the Cloud and SaaS Software segments as well as the significant increase in international revenue – the foreign shares in sales is now 41.2% (prior year: 20.3%) – laid the foundation for highly stable global growth in 2013. As a result, our dependency on the German market was significantly reduced.

A.2.3. Key performance indicators of RIB AG

EBITDA [1], adjusted by currency effects, of € 10.1 million was at the prior year's level although revenues of € 33.0 million were slightly above that of the prior year by € 0.4 million (€ 33.4 million). The net profit for the year in 2013 amounted to € 7.0 million, compared to € 5.5 million in 2012. The cash flow from operating activities increased by 12.4% to € 10.0 million (prior year: € 8.9 million).

[1] In 2013 the currency losses amounted to € 1,170 thousand; in 2012 the currency losses amounted to € 44 thousand.

A.2.4. Key performance indicators of the RIB Group

Group revenues went up 45.4% to € 57.0 million (prior year: € 39.2 million). Operating EBITDA [2] grew by 20.9% to € 18.5 million (prior year: € 15.3 million). Consolidated net profit for the year [3], adjusted by currency effects, increased by 7.4% and for the first time exceeded the 10 million mark with € 10.1 million (prior year: € 9.4 million).

[2] Operating EBITDA = EBITDA (in € thousand) adjusted by currency effects (2013: Currency losses € 1,495 thousand; 2012: Currency losses € 818 thousand) and by special effects: 2013: + 1,805; 2012: +1,520 (in € thousand) [Re-classifications (2013: 0; 2012:+1,819), PP allocation (2013: +1,825; 2012: 0) and acquisition costs (2013: -20; 2012: -299)].

[3] Consolidated net profit for the year, adjusted by currency effects after taxes.

A.3. Key events in the reporting period

A.3.1. Acquisition of shares in Cosinus Informationssysteme GmbH, Freiburg

The RIB Group acquired the majority shareholding in Cosinus Informationssysteme GmbH (hereinafter referred to as RIB Cosinus) in the reporting period. RIB Cosinus, with registered offices in Freiburg and branches in Mannheim and Lucerne is one of the major German Microsoft Navision system companies. RIB Cosinus has developed and successfully launched a finance, HR, purchasing and logistics solution for building suppliers and the secondary construction trades on the basis of Microsoft Navision. Now, the solution will be fully integrated in the iTWO 5D end-to-end platform technology as an iTWO finance component. For the first time, it will thus be possible to use the model-oriented 5D approach in ERP processes. For economic details of these interests, please refer to the respective information in the Notes to the Consolidated Financial Statements.

A.3.2. Capital increase at Guangzhou TWO Information Technology Company Limited, Guangzhou, People's Republic of China (hereinafter referred to as "GZ TWO")

On 22 January 2013, the cash capital increase of € 4.1 million decided by the sole shareholder RIB AG on 3 December 2012 was paid and used for a loan repayment.

A.3.3. Acquisition of shares in MAC International Company Limited, Hong Kong, People's Republic of China

With contracts dated 26 June 2013, RIB AG acquired 50% of the shares in MAC International Company Limited (hereinafter referred to as MAC International). The purchase price of € 1.4 million was paid by means of transferring 300,000 treasury shares and valued at the share price as of the date of the transfer.

The remaining 50% of the shares in MAC International are held by RIB Asia. With contracts dated 10 October 2013, RIB AG acquired a further 50.04% of the shares in RIB Asia, thereafter holding all the shares in this company. The purchase price of € 0.85 million was paid in the reporting period.

The objective of these share acquisitions is to reposition the e-commerce platform operated by the MAC Group in the market and integrate it fully into the RIB Group. RIB customers should in future directly interact with the MAC platform from iTWO 5D and purchase materials from the web fully integrated in the iTWO 5D process. With its strong market position, the RIB Group in Germany should, in this way, achieve greater market penetration for the MAC platform in Germany in the medium term.

A.3.4. Acquisition and utilisation of treasury shares

RIB Software AG acquired 1,673,203 treasury shares at a cost of a total of € 7,313 thousand. By resolution of the General Meeting of 24 May 2012, the company is authorised to purchase treasury shares representing up to 10% of the share capital until 23 May 2017 and to use them under exclusion of the subscription right of the shareholders for these. According to the resolution of the General Meeting, 300,000 treasury shares were used for the acquisition of company shares.

A.4. Management system

A.4.1. Corporate management

The corporate management of the RIB Group takes place on the basis of a corporate strategy coordinated between the Executive Board and the Supervisory Board. This strategy comprises the features of the product portfolio and target markets and target groups, as well as the medium-term revenue and earnings expectations.

Based on the strategic goals, concrete quantitative and qualitative requirements are derived for the development and sale of our products and broken down to the profit centre level of the operational Group companies. The coordination of the consolidated annual planning takes place in a separate meeting together with the Supervisory Board.

The monitoring and management of the business goals and of the Group companies takes place during the year on the basis of indicators and detailed reporting on the revenue, cost and earnings position.

The main revenue indicators used at Group, company and profit centre level are the Licence revenues, the Software as a Service/Cloud revenues, and the Maintenance revenues, each broken down by segments, regions and target groups. The main cost indicators used at Group, company and profit centre level are the manufacturing costs of the services performed in order to generate the revenues and the research and development costs, each broken down by segments. The main earnings indicator used at Group, company and profit centre level is the operating EBITDA, adjusted by currency effects, and the consolidated net profit for the year. At the segment level we also use the segment earnings, which do not include figures such as the distribution costs, however.

We use further indicators to manage and monitor our profit centres in the Sales, Development and Professional Services departments. These are derived from the key indicators and are compared with quantity and quality targets based on our strategic business goals.

A.4.2. Sales management

Detailed market and target group analyses form the basis of the sales management, both in the national and in the international sales areas. Based on the defined sales strategies for the individual markets, annual, quarterly and monthly plans are prepared for the defined market and target group segments. A distinction is made between sales processes in the key account, mid-size and mass market areas and within the areas between activities for new customers and existing customers.

Potential and existing customers are managed in a central CRM system that creates the needed transparency at all company levels. For each sales segment and sales area, the company management has access to all historical data as well as to the agreed annual, quarterly and monthly targets, enabling a permanent target/as-is comparison. Apart from the achieved revenues, the offer forecast and the individual sales activities are also managed. For the key account sales, the CRM system contains documented sales processes that provide detailed information on the current status of the current sales processes, the planned next steps and the target data for contract negotiations and conclusions.

Clear signature and approval regulations for offers, contracts and orders ensure that the company's defined sales and price strategies are observed and documented. All sales employees have material performance-based income components that secure the company's short, medium and long-term goals.

A.4.3. Development management

The RIB Group involves its large national and international customers in the elaboration of functional concepts for new software solutions. Together with the customers, specifications are prepared for the existing market requirements in which the functionality to be achieved and the derived development goals are clearly described. In this way, the RIB Group is able to determine the time and resources required for the development of new software solutions in a needs-oriented manner. The software projects that can be rolled out with the available development resources and that promise the greatest market potential are coordinated within the scope of the annual business planning. If not all planned projects can be rolled out, the costs for additional development resources and any additional technical equipment that may be needed are either budgeted and included in the business plan or projects with low revenue potential are not approved for rollout or are postponed. Through these measures, the RIB Group ensures that adequate technical, financial and other resources are available in order to complete the development.

The RIB Group uses professional electronic planning and monitoring systems for the monitoring and management of the development projects. The development work performed is allocated to the individual projects on the basis of man-days. The RIB Group is thus able to perform a reliable valuation of the intangible assets during the development phase. The accumulated costs of the development units are recorded on the respective cost centres.

A.5. Research and development

The RIB Group currently employs approximately 220 employees in its research and development centres (prior year: 230).

Due to our strong revenue growth, the R&D ratio of approximately 22% is slightly lower compared to the prior year (prior year: 27%) and is thus still above average. We capitalise expenses for the development of new software, provided we are able to furnish evidence especially of the technical viability and marketability of the intangible asset. The capitalisation ratio was 59.6% (prior year: 61.1%) in the reporting period. The intangible asset is amortised on a straight-line basis over the software’s estimated economic useful life of five or 10 years starting from the beginning of the commercial sale. The amortisation of development projects amounted to € 3.4 million (prior year: € 3.4 million) in the reporting period.

A.5.1. Further development of iTWO

iTWO, the world’s first fully integrated software solution for digital planning and construction was again expanded considerably in 2013. On the one hand, this involves the possibility of processing the bidding and tender process for construction services via the web-based iTWOtx platform, and, on the other hand, the further development and consolidation of country-specific versions to an international standard. Regionally or technically different construction processes can now be reflected in this platform on the basis of a uniform, multinational database by configuration in the same installation. Besides the different languages that can be set in the programme interface, content can now also be reflected multiregionally, taking various currencies, units and norms into account. In addition, the platform supports a multi-client, cross-project database with historical project data from various application areas of a company. On this basis, various evaluation options were created, both with desktop-oriented reporting tools as well as with mobile apps, e.g. for the Apple iPad.

A.5.2. New product: iTWOcivil

An additional focal point in the reporting period was the iTWOcivil project. The objective of the project is to create a successor product for our STRATIS software. Beyond the primary components for the qualification of infrastructure data for the iTWO process, which were already implemented in the prior year with iTWOinfra, iTWOcivil offers full integration of CAD processing in civil engineering and roadway construction in the iTWO ecosystem. The integration of CAD and ERP processes required in civil engineering and roadway construction will now be met with iTWOcivil and iTWOinfra.

A.5.3. New product: iTWO finance

We started adding Microsoft Dynamics NAV components to the iTWO 5D platform in the reporting period. For the first time, project-related 5D processes and corporate processes will be combined. As of the second quarter 2014 we will position the Microsoft Dynamics NAV components (with the addition of construction-specific expansions) as iTWO finance together with iTWO 5D as an end-to-end corporate solution in the German market.

A.5.4. New iTWO cloud components

With iTWOrun, we will also have a new software solution for the typical processes of subcontractors as from the third quarter 2014, which, as a 100% web-based solution, also represents the technical basis for our new iTWO 5D cloud components. The service-oriented iTWO 5D cloud framework, which we developed in recent years on the basis of Microsoft C# and SQL Server technology, constitutes the technical fundament for this development. Using the iTWO 5D cloud platform, 5D software services are to be offered both in private clouds of large customers and in a public cloud for small and medium-sized customers. The access to the iTWO 5D cloud platform is to be enabled via the Internet and in local networks. Apart from stationary computers, the platform will also support mobile clients. An independent development team was set up in the reporting period for the further development of the new iTWO 5D cloud components.

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

B.1. Results of operations

Total revenue increases by 45.4% to € 57 million

Total revenue increased by 45.4% from € 39.2 million to € 57.0 million. Revenues from software and Software as a Service/Cloud increased by 34.1% from € 17.0 million to € 22.8 million. This includes software licence revenues in the amount of € 16.2 million compared to € 14.2 million in 2012 (+14.1%) as well as the revenues in the Software as a Service/Cloud segment, which increased by 139.3% to € 6.7 million (prior year: € 2.8 million). Earnings from services, based on annual contracts, grew by 17.2% to € 19.1 million (prior year: €16.3 million).

In the Professional Services segment, revenue increased 155.9% to € 15.1 million (prior year: € 5.9 million), especially due to the initial consolidation of RIB US Cost Incorporated, Atlanta, Georgia, USA (hereinafter referred to as RIB US Cost).

International revenue surges 193.8% from € 8.0 million to € 23.5 million

With a revenue increase of 193.8% to € 23.5 million (prior year: € 8.0 million), the international area could be greatly expanded in 2013 and now accounts for 41.2% of the total revenue (prior year: 20.3%), comprising the following regions:

- EMEA (Europe, Middle East and Africa): € 4.5 million (prior year: € 2.1 million).
- APAC (Asia Pacific): € 4.9 million (prior year: € 3.2 million).
- North America: € 14.0 million (prior year: € 2.7 million).

The increase in the North America region is primarily due to the first-time full consolidation of the US subsidiary RIB US Cost. In the German market, revenue increased by 7.4% to € 33.5 million (prior year: € 31.2 million).

Phase II Contracts with iTWO 5D increase by 60% – mass market increases by 51.4%

Key accounts (national and international major customers) continued to show positive growth in 2013 due to the 60% increase in the number of Phase II contracts and the first Phase III contract with a result of € 5.3 million, i.e. 29.3% higher than the prior year (€ 4.1 million). iTWO 5D revenues in the mass market in Germany continued to show satisfying growth and rose by 51.4% to € 5.6 million (prior year: € 3.7 million).

Gross profits remains over 60%

In 2013, gross profit again exceeded 60% with 62.0% (prior year: 68.8%). The decline is due in particular to the strong increase in sales in Professional Services.

Other operating income totalled € 2.8 million, slightly less than in the prior year (€ 3.2 million). Sales and marketing expenses increased relatively moderately in relation to the increase in sales by 45.4% from € 9.5 million to € 12.3 million. Administrative expenses rose from € 3.3 million to € 5.4 million (63.6%), in particular due to the first-time full consolidation of the acquired companies.

R&D expenses (not capitalised) rose by 21.4 % to € 5.1 million (prior year: € 4.2 million). Taking the capitalisation of internally developed software into consideration, R&D expenses amounted to € 12.5 million, € 1.7 million above that of the prior year (prior year: € 10.8 million).

Other operating expenses increased by € 0.7 million to € 2.0 million (previous year: € 1.3 million), which was primarily due to an increase in foreign currency expenses from cash and cash equivalents to € 1.1 million (prior year: € 0.3 million).

Operating EBITDA increases 20.9%, operating EBITDA margin 33%

Operating EBITDA grew by 20.9% to € 18.5 million (previous year: € 15.3 million). The financial result including the share of profit and losses of associates came to € -0.4 million, lower than the prior year's figure of € 0.5 million by € 0.9 million. This item includes expenses from the transition consolidation of former associates in the amount of € -0.4 million (prior year: € 0.0 million).

Operating EBIT [4] grew by 17.0% to € 13.1 million (previous year: € 11.2 million).

Consolidated net profit for the year, adjusted by currency effects, increased by 7.4% and for the first time exceeded the 10 million mark with € 10.1 million (prior year: € 9.4 million).

[4] Operating EBIT = EBIT adjusted by special effects.

Sales and EBIT growth in all segments

Sales and EBIT developed positively in all three segments of the RIB Group. Sales in the License/ Software segment grew by 15.7% to € 35.3 million (prior year: € 30.5 million) and the segment EBIT increased correspondingly by 16% to € 23.9 million (prior year: € 20.6 million). In the Software as a Service / Cloud segment, the pleasing development of the prior year continued in 2013. Revenue increased by 139.3% to € 6.7 million (prior year: € 2.8 million) with EBIT even increasing by 144.4% to € 4.4 million (prior year: € 1.8 million). The Professional Services segment generated growth in revenue of 155.9% with € 15.1 million (prior year: € 5.9 million) with a simultaneous significant increase in EBIT of 400.0% to € 2.0 million (prior year: € 0.4 million).

It is particularly noteworthy that the EBIT share in the total segment EBIT in the Software as a Service/ Cloud segment increased from 7.9% to 14.5% with an increase in the EBIT margin from 64% to 66%. The share of revenue of the Professional Services segment in the total segment revenue increased from 15% to 26.4% with a simultaneous EBIT margin improvement from 6% to 13%.

B.2. Financial position

Capital structure

The capital structure of RIB AG continues to be characterised by a very high equity ratio of 80.2 % of the balance sheet total. In the reporting period, RIB Software AG acquired 1,673,203 treasury shares (prior year: 43,562) to the value of € 7.3 million and transferred 300,000 shares as a purchase price payment for the acquisition of 50% of the shares in MAC International.

Investments

In 2013, significant investments were made in Research & Development in the amount of € 7.5 million, which due to the capitalisation of self-created software and through the increase in other intangible assets offset against the scheduled amortisation in the amount of € 3.4 million, represent an amount of € 4.0 million to € 32.4 million (prior year: € 28.7 million)

Without the cash paid and received for the maturity and sale of securities, net cash flows used in investing activities came to € -10.0 million (prior year: € -22.3 million). Most of the payments made concerned the purchase of the acquired companies (offset against the cash and cash equivalents obtained) in the amount of € -1.5 million and the payments for intangible assets, mainly for capitalised internally developed software in the amount of € -7.5 million (prior year: € -6.7 million).

Liquidity

Cash flow from operating activities increases to € 16.4 million (+17.1%)

Net cash flow from operating activities has risen by 17.1% to € 16.4 million (previous year: € 14.0 million). Net cash flows used in financing activities amounted to € -12.9 million (previous year: € -8.6 million) resulting from the dividend payment in the amount of € 5.3 million and the acquisition of treasury shares in the amount of € 7.5 million.

Concerning the principles and goals of the Group's financial management, please refer to the Notes to the Consolidated Financial Statements, Section 45.

B.3. Net assets

In 2013, the net assets of € 177.9 million remained almost the same as the previous year (prior year: € 181.5 million). Goodwill increased € 0.7 million to € 38.2 million (prior year: € 37.5 million) and accounts for 21.5% of the balance sheet total.. This reflects the acquisitions made in 2013 in 2012.

Other intangible assets increased € 3.7 million to € 32.4 million (prior year: € 28.7 million). The item mainly includes internally developed software amounting to € 25.6 million (prior year: € 21.6 million), followed by customer relationships amounting to € 4.9 million (prior year: € 4.3 million) and purchased software amounting to € 1.9 million (prior year: € 2.9 million). The increase of the internally developed software by € 4.0 million is the result of the capitalisation during the reporting period (€ 7.5 million) less amortisation (€ 3.4 million). The customer relationships increased by € 1.5 million mainly due to the initial consolidation of the acquired companies.

The carrying amount of the investment properties (EOC II) rose from € 4.8 million to € 5.0 million due to investments made in the expansion. Trade receivables increased from € 9.4 million to € 10.2 million due to significant increases in revenue in the last month of the reporting period.

The portfolio of fixed-interest securities fell from € 39.8 million to € 3.8 million in accordance with the end maturities. The balance of cash and cash equivalents increased correspondingly from € 49.3 million to € 78.4 million in 2013. The securities are all low-risk government and corporate bonds.

The balance of cash and cash equivalents and freely available securities totalled € 82.1 million, compared to € 89.1 million in the prior year.

Equity totalled € 142.7 million (prior year: € 148.4 million). At 80.2%, the equity ratio remained at a very high level (prior year: 81.8%). Non-current liabilities remained almost at the previous year's level with € 22.1 million (prior year: € 22.2 million). Current liabilities amounted to € 13.1 million, compared to € 11.0 million in the prior year.

B.4. Non-financial performance indicators

To us, successful entrepren€ial action means ensuring and retaining a close and cooperative partnership between our employees and customers on a long-term basis. Only in this way can our employees develop and successfully sell market-oriented solutions and implement these for our customers. We thereby create added value for our customers, employees and shareholders and secure the sustainable economic success of the RIB Group.

Most of our employees are highly qualified academics whose qualification profiles are aligned to our business activities, for example engineers, computer scientists and business administrators. On the basis of our considerable innovative, economic and financial strength, we can offer them jobs which are interesting and are secure in the long term. We offer flexible working hours, variable target-oriented remuneration structures and internal training programmes. These benefits vary from region to region and are based on the actual requirements. For example, 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 through our subsidiary RIB Limited.

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

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

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

C.1. Results of operations

Operating EBITDA at prior year's level

Despite a slight decrease in revenue of -1.2% to € 33.0 million (prior year: € 33.4 million), operating EBITDA remained at the prior year's level with € 10.1 million (prior year € 10.1 million). The operating EBITDA margin again increased slightly with 30.6% compared to the prior year (30.2%).

A Phase II contract gained in 2012 in the amount of € 1.6 million was compensated for at 50% in 2013 by smaller Phase II contracts. Software revenues (licences and cloud) amounted to € 13.6 million, € 0.8 million less than in the prior year (€ 14.4 million).

Total revenue with iTWO 5D increased by 40.9% to € 15.5 million (prior year: € 11.0 million) and accounts for 47% of total revenue (prior year: 32.9%).

Consulting income of € 3.4 million was € 0.4 million lower than in the prior year (€ 3.8 million). Income from services, in contrast, increased by € 0.7 million to € 15.3 million (prior year: € 14.6 million) with the result that total revenue only decreased slightly by € 0.4 million.

The financial result amounted to € 2.6 million (prior year: € -0.1 million) and, besides income from associates in the amount of € 2.9 million (prior year: € 0.0 million), in particular includes interest income in the amount of € 0.7 million (prior year: € 1.4 million) and write-downs on current securities in the amount of € -0.6 million (prior year: € -1.4 million). In addition the recognition of the interest in RIB Asia was adjusted in the amount of € 0.3 million.

The net profit for the year amounted to € 7.0 million, 27.3% more than in the prior year (€ 5.5 million).

Retained earnings in 2013 of € 5.6 million include expenses from the acquisition of treasury shares. The result is that despite the significant increase in the net profit for the year, the retained earnings available for dividends amounts to € 2.6 million, significantly less than the amount of the prior year (€ 5.6 million).

C.2. Financial position

The capital structure of RIB AG is characterised by a very high equity ratio of 94.5% (prior year: 94.8%) of the balance sheet total. The balance sheet total declined from € 132.9 million to € 128.9 million. Liquid funds and freely available securities amounted to € 61.2 million (prior year: € 69.9 million). Financial assets increased by € 10.4 million from € 44.1 million to € 54.5 million. The reason for this, was, on the one hand, the capital increase for GZ TWO (€ 4.1 million), the acquisition of 80% of the shares in RIB Cosinus (€ 3.2 million) as well as the topping up of shares to 100% in MAC International and RIB Asia (€ 2.3 million).

Due to scheduled amortisation, intangible assets fell from € 7.2 million to € 5.7 million.

Cash flow from operating activities up 12.4% to € 10.0 million

The cash flow from operating activities increased by 12.4% to € 10.0 million (prior year: € 8.9 million).

Without the cash received and paid for the sale and purchase of securities, net cash flows used in investing activities came to € -4.1 million (prior year: € -29.5 million). This amount includes € -8.2 million in payments made for investments in financial assets and € +4.1 million from payments received from financial assets in the context of short-term financial management.

Net cash flows used in financing activities amounted to € -12.8 million (prior year: € -3.1 million) resulting from the acquisition of treasury shares in the amount of € -7.5 million and the dividend payment to our shareholders in the amount of € -5.3 million.

Cash and cash equivalents came to € 57.7 million as of the end of the reporting period (prior year: € 31.1 million). This item includes € 52.7 million in cash and bank balances (prior year: € 26.1 million) and € 5.0 million in cash and cash equivalents (prior year € 5.0 million). The significant increase in cash and cash equivalents is mainly due to the cash inflow from the sale of securities offset against the payments made for the capital increase for GZ TWO, the acquisition of RIB Cosinus and the acquisition of a further 50% of the shares in RIB Asia.

C.3. Net assets

Equity ratio of 94.5% continues to be very high (prior year 94.8%)

The balance sheet total amounted to € 128.9 million (prior year: € 132.9 million), a year-on-year decline of 3%.

Equity totalled € 121.8 million (prior year: € 126.0 million) and declined by 3.3% compared to the prior year primarily due to the share buybacks/sales (€ -4.7 million) and the dividend payment (€ -5.3 million) offset against the net profit for the year in the amount of € +7.0 million. The equity ratio of 94.5% is at the level of the prior year (94.8%). Goodwill declined to € 5.5 million due to scheduled amortisation (prior year: € 6.9 million).

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

The shares in affiliated companies increased to € 54.5 million (prior year: € 44.1 million). The difference of € 10.4 million is a result of the capital increase for GZ TWO, the acquisition of the shares in RIB Cosinus and the acquisition of additional shares in RIB Asia and MAC International.

On the balance sheet date, trade receivables dropped € 0.5 million to € 3.8 million (prior year: € 4.3 million). The average DSO in 2013 was 34.8 days (prior year: 38.6 days).

Securities holdings reduced by € 35.3 million to € 8.5 million (prior year: € 43.8 million). With the proceeds from the sale and/or repayment of the securities on maturity in the amount of € 34.7 million and the cash inflows from operating activities offset against the payments made for investment, the acquisition of treasury shares and the dividend payment, cash and cash equivalents increased from € 31.1 million by € 26.6 million to € 57.7 million in the reporting period.

D. General statement on the business performance and position of the RIB Group and RIB AG

The management of the RIB Group assumes that RIB AG and the companies in the RIB Group are excellently positioned in the market with their range of solutions and services based on their high innovative, economic and financial strength. The market position of the RIB Group developed positively in particular in the sales regions outside of Germany. The business with Software as a Service / Cloud also developed very well. In this segment, the RIB Group is taking a leading position in its target groups with its new iTWO Cloud components. With a high level of liquid funds, the RIB Group has financial reserves which can be used for further growth.

E. Subsequent events

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

F. Takeover-related information and explanatory report

F.1. Disclosures on the capital of RIB AG

The share capital of RIB AG amounts to € 38,715,420.00. The capital stock is divided into 38,715,420 ordinary shares with a par value of € 1.00 each. The shares are registered shares. Each share grants one vote and has the same rights and obligations. The right of shareholders to the securitisation of their shares and to any profit-sharing and renewal coupons is excluded.

In the reporting period, the company took over 1,673,203 treasury shares (prior year: 43,562) and used 300,000 shares as a purchase price payment for the acquisition of 50% of the shares in MAC International. As of the balance sheet date, this gives the company 1,416,765 shares for which it does not have any voting rights in accordance with Section 71b of the German Stock Corporation Act (AktG). Apart from this, there are no restrictions in terms of voting rights or the transfer of shares. There are no shares with special rights that confer controlling powers or voting right controls for employees who hold interests in the capital.

As far as we are aware, based on the notifications we have received pursuant to the German Securities Trading Act (WpHG), only Mr Thomas Wolf, Hong Kong, held direct or indirect interests in the capital that exceeded 10% of the voting rights as of the reporting date.

Pursuant to Section 160 (1) of the German Stock Corporation Act (AktG), interests in the capital that exceed 10% of voting rights are disclosed in section G.6. “Disclosures According to the German Securities Trading Act” of the Notes to the Annual Financial Statements of RIB AG.

By resolution of the General Meeting of 20 May 2011 and 4 June 2013, the Executive Board is authorised, subject to the approval of the Supervisory Board, to increase the share capital of RIB AG until 19 May 2016 once or several times by up to € 19,357,710.00 by issuing up to 19,357,710 new registered shares of a par value of € 1.00 per share against cash and/or in-kind contributions.

The new shares must be offered to the shareholders for subscription, though they may also be acquired by banks on condition that they offer them to the shareholders for subscription. However, the Executive Board is authorised, subject to the approval of the Supervisory Board, to exclude the shareholders’ legal subscription right

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

(2) in order to acquire companies, operations or interests in companies or other capital assets, including receivables, in return for the transfer of shares, where this is suitable;

(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 10 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 AG of the same category as defined in Sections 203 (1) and (2), 186 (3) sentence 4 of the German Stock Corporation Act (AktG).

The portion of the share capital that is attributable to the new shares for which the subscription right pursuant to subsections (1) to (3) above is excluded may not exceed a total of 20 percent of the share capital of RIB AG both at the time when this authorisation enters into force and at the time when it is exercised. Other than this, the Executive Board decides on the issue of new shares, the scope of the share rights and the conditions of the share issue, subject to the approval of the Supervisory Board. The Supervisory Board is authorised to adapt the wording of the Articles of Association according to the extent of the capital increase from the authorised capital.

The share capital of the company has been conditionally increased by up to € 1,548,616 by issue of up to 1,548,616 new registered shares of a par value of € 1.00 per share. The conditional capital increase will only be carried out to the extent that holders of the subscription rights issued make use of their right to purchase shares of the company and the company does not grant any treasury shares to fulfil the subscription rights, whereby only the Supervisory Board is responsible for granting and processing subscription rights to members of the Executive Board. The shares are issued from the conditional capital at the exercise price determined as the issue price in accordance with the resolutions of the General Meeting of 20 May 2011 and 4 June 2013. The new shares carry dividend rights from the beginning of the financial year in which they arise through the exercise of subscription rights. From the share option plan 2011 / 2013, 82,300 share options settled in equity instruments and 15,500 phantom shares settled in cash were granted for the first time on 5 December 2013.

By resolution of the General Meeting of 24 May 2012, the company is authorised to purchase treasury shares representing up to 10% of the share capital until 23 May 2017 and to use them under exclusion of the subscription right of the shareholders for these.

The details are specified in the resolution proposal announced under agenda item 7 in the German Federal Gazette dated 12 April 2012.

F.2. Disclosures on the appointment or dismissal of Executive Board members and amendments to the Articles of Association

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

Amendments to the Articles of Association are subject to the statutory regulations (Sections 119 (1) no. 5, 133, 179 (1) and (2) of the German Stock Corporation Act (AktG)). According to Article 11 of the Articles of Association, the Supervisory Board is authorised to adopt amendments to the Articles of Association that merely concern the wording.

G. Corporate governance declaration

G.1. Declaration pursuant to Section 161 of the German Stock Corporation Act (AktG)

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

The Board of Directors and the Supervisory Board of RIB Software AG declare that the recommendations of the “Government Commission on the German Cor-porate Governance Code” (German Corporate Governance Code – GCGC) as amended 15 May 2012 (published in the Federal Gazette on 15 June 2012) have been complied with since the issuance of the previous declaration of compliance, and, as amended 13 May 2013 (published in the Federal Gazette on 10 June 2013) will be complied with in the future, in each case with the following exceptions:

1. 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.
2. 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.

   To the extent members of the Board of Directors receive share options as a variable component of their remuneration, such component is limited with respect to the number of options but not according to amount. Since the ex-ercisability and the value of the options depend on the achievement of am-bitious performance targets, a maximum limit according to amount would run contrary to the purpose of this remuneration component to provide a special performance incentive.

   Section 4.2.3 para. 4 GCGC: The management contracts do not provide for a severance cap in the event of early termination. Such an arrangement does not appear necessary in addition to the statutory provisions applicable in cases of early termination in order to protect the interests of the company and its shareholders.
3. 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 outlines or itemises the remuneration system for Board members and the nature of any fringe benefits provided by the company in a manner that goes beyond the statutory requirements does not appear necessary to satisfy the justified information interest of the shareholders and investors to the due extent.
4. 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.
5. Section 5.4.1 paras. 2 and 3 GCGC: The Supervisory Board does not specify concrete goals for its composition and does not publish them and the status of their implementation in the Corporate Governance report. The Supervisory Board is of the opinion that in its composition, due attention should be paid in particular to the company-specific situation, the company's international activity, potential conflicts of interest, diversity and an adequate involvement of women and shall also bear this in mind in its proposals to the responsible electoral bodies. However, the Supervisory Board should in each case be optimally staffed. The specification of concrete goals for its composition would appear neither suitable nor expedient to achieve this.

   Section 5.4.1 para. 4 GCGC: The Supervisory Board does not disclose the personal and business relations of each candidate with the enterprise, the bodies of the company and any shareholder having a significant share in the company when making its election proposals. The recommendation of the Code implies more than merely insignificant legal risks; hence, to comply with it, is not in the interest of the company.
6. Section 5.4.6 para. 1 GCGC: According to the formerly applicable remuneration policy, the deputy chair-man of the Supervisory Board was not treated separately. This seemed, at that time, appropriate, since the deputy chairman only takes on special du-ties in the event that the chairman is unavailable. Since coming into effect of the remuneration policy resolved upon by the ordinary general meeting 2013, the recommendation to treat the deputy chairman of the Supervisory Board separately for remuneration purposes is complied with.

G.2. Disclosures on corporate governance practices

The trust of our business partners and shareholders in our company and our image are directly affected by the conduct of our employees who work for us all over the world. Each employee directly contributes to the way in which our company lives up to the responsibilities and values described here and to the complete fulfilment of the positive expectations associated with the RIB brand.

In order to provide our employees with guidance in fulfilling these criteria, we have drawn up our Code of Conduct that is binding on every employee of our company worldwide. It is designed to help them to successfully deal with the legal and ethical challenges they encounter in their day-to-day work, to provide guidance and to promote confidence in the efficiency and integrity of our company. We expect our executives to conduct all transactions efficiently and in compliance with the Code of Conduct. We also expect them to create the required working conditions for employees and to ensure that the provisions of the Code of Conduct are adhered to.

G.3. Description of the mode of operation of the Executive Board and of the Supervisory Board

The corporate governance of RIB AG as a listed German stock corporation is determined by the German Stock Corporation Act (AktG) and the company's Articles of Association. On the basis of the statutorily prescribed dual management system, under which the Executive Board and Supervisory Board as management bodies are strictly separated in terms of membership and have separate duties and areas of competence, the Executive Board and the Supervisory Board closely and trustingly cooperate with each other in the direction and supervision of the company.

RIB AG is managed according to the corporate strategy agreed between the Executive Board and the Supervisory Board. This strategy involves the product positioning, the customer segments, the target markets and the short and medium-term revenue and earnings targets. Specific annual objectives for product development and sales are derived from the strategic business goals and are harmonised in an annual planning process at profit centre level with the affiliates. The annual operational targets are defined on this basis for the development and sales teams in both qualitative and quantitative terms. The annual and medium term planning is approved by the Supervisory Board. The corporate targets are monitored and adjusted in the course of the year on the basis of detailed reporting on the sales, cost and earnings situation and on the progress of development projects. The key management parameters for RIB AG are the revenue per product line and the operating earnings of the individual profit centres.

G.3.1. Principles of the cooperation of the Executive Board and the Supervisory Board

G.3.1.1. Rules of procedure of the Executive Board

The rules of procedure of the Executive Board of RIB AG essentially govern the basis of the management, the cooperation with the Supervisory Board, especially the transactions that are subject to approval and the cooperation within the Executive Board. The company's Executive Board consists of one or several persons. The number of Executive Board members is determined by the Supervisory Board. Executive Board resolutions are adopted with the simple majority of the Executive Board members. In the event of a tie, the Chairman has a decisive vote, provided that this is permissible by law. The company is legally represented by two members of the Executive Board or by one member of the Executive Board together with an authorised signatory. If the Executive Board consists of only one person, this person represents the company alone. The Supervisory Board may grant individual members of the Executive Board the right to represent the company alone. The members of the Executive Board can be exempted from the restrictions of Section 181, 2nd alternative of the German Civil Code (BGB). The Supervisory Board may appoint one of the members of the Executive Board as Chairman of the Executive Board and another member as Vice-Chairman. The Chairman is responsible for the coordination in the Executive Board and shall ensure the uniform focus of the Executive Board on the defined goals.

G.3.1.2. Rules of procedure of the Supervisory Board

The rules of the procedure of the Supervisory Board of RIB AG mainly regulate the mode of operation of the committee. They are not bound by any orders and instructions. The Supervisory Board meetings are convened by the Chairman. The Chairman determines the order of discussion of the agenda items and the type and order of the votes. If no Supervisory Board member objects, resolutions can be adopted in writing, by fax, phone or telegraph. As a matter of principle, resolutions of the Supervisory Board require the majority of the votes cast, unless other majorities are prescribed by law. In the event of a tie, the Chairman's vote, or, if the Chairman does not participate in the resolution process, the Vice-Chairman's vote is decisive. The Supervisory Board has quorum if all members have been duly invited at the last known address and half of its members participate in the resolution process. At any rate, at least three of its members (including the Chairman or, if the Chairman does not participate, the Vice-Chairman) must participate in the resolution process.

According to the rules of procedure of the Supervisory Board, the Supervisory Board shall form a nomination and remuneration committee, an audit committee and, if necessary, additional committees according to the specific circumstances of the company. The office term of the committee members corresponds to their office term as members of the Supervisory Board, unless a shorter office term has been determined upon election by the Supervisory Board. The respective committee elects a committee member as chairman of the committee and another member as vice-chairman, unless the law or the rules of procedure of the committee provide otherwise. The committees have quorum when all members participate in the resolution process. Quorum is also on hand if one or several members participate in the resolution process by telephone or video conference. The meetings of the committees are convened in writing by the particular chairman subject to observation of a period of notice of two weeks. In urgent cases the period of notice can be shortened and the convocation be made by telephone. At least one meeting shall be held in every financial year. Currently the committees have the following members:

Remuneration and nomination committee

- Sandy Möser (Chairwoman)
- Klaus Hirschle
- Dr Matthias Rumpelhardt

Audit committee

- Dr Matthias Rumpelhardt (Chairman)
- Klaus Hirschle
- Sandy Möser

H. Remuneration report

H.1 Remuneration report of the Supervisory Board

By resolution of the General Meeting of June 2013 regarding agenda item 6, the composition of the Supervisory Board was changed. In addition, by resolution regarding agenda item 8, the Articles of Association of RIB AG with respect to the remuneration of the Supervisory Board were amended. However, the following disclosures are provided on the remuneration of the Supervisory Board.

Period up to 4 June 2013

The Supervisory Board members receive an annual fixed remuneration (Remuneration 1). The members of a Supervisory Board committee also receive an annual supplementary remuneration (Remuneration 2), provided that the committee has met at least once in the financial year. Chairmanship of 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 belong to the Supervisory Board or one of its committees for only part of the financial year receive the remuneration in proportion to the duration of their membership to the entire financial year.

Period after 4 June 2013

The Supervisory Board members receive an annual fixed remuneration (Remuneration 1). The chairman of the Supervisory Board receives double this amount and the Vice-Chairman one and a half times this remuneration. The members of a Supervisory Board committee also receive an annual supplementary remuneration (Remuneration 2), provided that the committee has met at least once in the financial year. Chairmanship of a committee is remunerated at one and a half times the aforementioned amount. Members of the Supervisory Board who belong to the Supervisory Board or one of its committees for only part of the financial year receive the remuneration in proportion to the duration of their membership to the entire financial year.

The remuneration for the Supervisory Board is comprised of the following:

2013 (figures in € thousands)	Remuneration 1	Remuneration 2	Total remuneration
Sandy Möser	18.5	5.0	23.5
Dr. Matthias Rumpelhardt	13.1	5.0	18.1
Klaus Hirschle	10.9	1.1	12.0
Eran Davidson (up to 4 June 2013)	0.0	0.0	0.0
Keith Chau Kwok Keung (up to 4 June 2013)	4.4	0.8	5.2
Barrie David Sheers (up to 4 June 2013)	4.4	0.8	5.2
Hans-Peter Lützow (from 4 June 2013)	6.6	0.0	6.6
Prof. Martin Fischer (from 4 June 2013)	6.6	0.0	6.6
Prof. Dr. Achim Preiß (from 4 June 2013)	6.6	0.0	6.6
Total remuneration	71.1	12.7	83.8

2012 (figures in € thousands)	Remuneration 1	Remuneration 2	Total remuneration
Sandy Möser	15.5	5.0	20.5
Dr. Matthias Rumpelhardt	10.3	5.0	15.3
Klaus Hirschle	10.3	0.0	10.3
Eran Davidson	0.0	0.0	0.0
Keith Chau Kwok Keung	10.3	2.0	12.3
Barrie David Sheers	10.3	2.0	12.3
Total remuneration	56.7	14.0	70.7

H.2 Remuneration report of the Executive Board

The remuneration of the Executive Board of the parent company comprises a fixed (Remuneration 1), a performance-based element (Remuneration 2) and a share-based portion (Remuneration 3). The fixed element includes the basic salary and other taxable salary components such as a company car. The performance-based element depends on the achievement of targets. These targets have both short-term as well as medium-term components. The amount of the performance-based element is based on the operating EBITDA of the RIB Group, the development of group revenue, the use of iTWO 5D by reference customers, the conclusion of acquisitions and the development of the share price.

The short-term targets are calculated after submission of the audited consolidated financial statements for the respective financial year. The target profit shares are added on reaching several targets. The long term targets are calculated after submission of the audited consolidated financial statements for the individual financial years in a 3-year period, for the first time after submission of the consolidated financial statements for financial year 2015.

With respect to the structure of the share-based remuneration program started in financial year 2013, we refer to the explanations in Section C.5 of the Notes to the annual financial statements of RIB AG and Section 30 of the Notes to the consolidated financial statements. In the scope of this program, the members of the Executive Board were offered subscription rights in accordance with the conditions of the share option plan 2011/2013, which were taken up by all the members of the Executive Board.

The remuneration of the Executive Board is composed as follows:

2013 (figures in € thousands)	**Remuneration 1**	**Remuneration 2**	**Remuneration 3**	**Total remuneration**
Thomas Wolf [5]	324.0	128.0	66.0	518.0
Dr Hans-Peter Sanio	146.8	62.0	44.0	252.8
Michael Sauer	219.7	128.0	66.0	413.7
Total remuneration	690.5	318.0	176.0	1,184.5

2012 (figures in € thousands)	**Remuneration 1**	**Remuneration 2**	**Remuneration 3**	**Total remuneration**
Thomas Wolf [5]	324.0	50.0	0.0	374.0
Dr Hans-Peter Sanio	145.0	24.0	0.0	169.0
Michael Sauer	218.9	50.0	0.0	268.9
Total remuneration	687.9	124.0	0.0	811.9

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

	Thomas Wolf [5]	**Dr Hans-Peter Sanio**	**Michael Sauer**
Options granted in the reporting period (units)	15,000	10,000	15,000
Options outstanding at the end of the reporting period (units)	15,000	10,000	15,000
Share in the recognised total cost of the share-based remuneration (€ thousand)	1.2	0.8	1.2

[5] Mr Thomas Wolf receives his remuneration from RIB Limited, Hong Kong.

I. Forecast, opportunity and risk report

I.1. Target achievement of the forecasts for financial year 2013

Despite the continuing uncertainties as a result of the financial market crisis and the continuing unresolved debt crisis in Europe and the United States, the RIB Group expected positive underlying conditions on the whole for financial year 2013 due to the further market penetration with iTWO (nine additional Phase II contracts were planned) and the acquisitions undertaken in 2012.

Against this background, revenue growth higher than 30% compared to the prior year was forecast for financial year 2013. This target was clearly exceeded with revenue growth of 45.4%.

Of the nine Phase II contracts forecast, seven were achieved. In addition, a Phase III contract was concluded, which, with a total volume of more than US$ 5 million corresponds to ten times the volume of an average Phase II contract.

In accordance with our forecast, in 2013 we focused on developing our existing and new international iTWO customers into reference customers and have built up further resources as required in the areas of development and consulting. Our goal was to invest in gaining a high level of customer satisfaction even if this were at the cost of our result. If things develop as planned, we expected a consolidated net profit for the year in the range of € 7 million to € 13 million. Despite very high currency losses of € 1.5 million, we nevertheless achieved a consolidated net profit for the year of € 9.1 million and thus closed financial year 2013 in the middle range of our forecast.

I.2. Forecast report for financial year 2014

In 2014, we expect the demand for 5D technologies and Cloud software in the construction industry to continue to grow. We therefore expect significant revenue growth due to the further market penetration with iTWO 5D and iTWO Cloud and due to the services to be provided in connection with the introduction of software in customer projects. As the market launch for the new iTWO Cloud components planned for 2014 will only occur in the third and fourth quarter, we expect a growth rate of more than 25% in the Software as a Service/Cloud segment. In the reporting period, we generated more than 100% revenue growth through the acquisition of CADX. In the business with software licenses, our goal is to reach 14 Phase II contracts. USA and Australia gain particular importance as regions in that we expect the first Phase II contracts there after the completion of the localised iTWO versions.

In the area of Research & Development we placed our development focal points on iTWO Cloud. In this area we made new appointments, which resulted in an increase in the development costs in the Group by around € 0.9 million in 2014. The costs for the services for generating the revenues will increase in proportion to the revenue growth.

Against this background, and assuming the same underlying conditions in the market as in 2013, we are planning an approximate 25% revenue growth and 16% growth in the operating EBITDA for the RIB Group. For RIB AG, we are planning revenue and an operating EBITDA at the prior year’s level.

I.3. Opportunities report

The RIB Group anticipates good opportunities for positive business performance and expanding its market position as a leading supplier of integrated ERP solutions by continuing with internationalisation measures and further systematic acquisitions. Furthermore, the RIB Group's growth in existing and new products is to be increased effectively by means of new products, especially RIB iTWO for model-based planning and construction and our new cloud platforms. In this area, we have identified the following focal points:

Migration of existing customers to RIB iTWO. The migration of our existing ARRIBA customers to iTWO 5D still offers great potential in Germany, Austria and Switzerland. Based on the fact that RIB iTWO 5D offers the full functionality of ARRIBA and enables the use of 5D construction models, the RIB Group expects to be able to migrate most of the ARRIBA customers to RIB iTWO 5D in the next few years.

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. The RIB Group continues to pursue a key account strategy that focuses on gaining mainly large construction companies, general contractors, investors and consultants from the Top 1000 of the respective target groups as 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 existing en-to-end corporate solution, iTWO 5D, and with our new cloud software solutions, we have a comprehensive and modern solution offer in our product portfolio, which effectively meets the current technology trends of 5D and cloud computing.

Strategic acquisitions. The RIB Group intends to accelerate its entry to regional markets through targeted strategic acquisitions; this will also help speed up expansion of its international customer base. The strategy is less about acquiring technologies from these competitors and more about securing new customer groups to position the RIB Group's software as the standard in additional markets. Our goals for 2014 are, amongst others, to integrate the companies acquired in the last two years within the Group, and to gain large customer contracts for iTWO 5D via these companies in particular in the USA, Australia and in Germany, Austria and Switzerland.

I.4. Risk report

I.4.1. Risk management and internal control system

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

The general responsibility for identifying risks at an early stage and taking any necessary countermeasures lies with the Executive Board. The senior management supports the Executive Board in performing this task.

The risk areas determined by the Executive Board are explained in detail in the following section. The individual risks identified in the respective risk areas are classified as follows within the scope of a quantitative and qualitative risk analysis.

Severity of loss	Amount of loss (€ thousand)	Probability of occurrence
Severe	>= 1.000	>= 90%
Significant	>= 250 and < 1.000	>= 65% and < 90%
Medium	>= 100 and < 250	>= 35% and < 65%
Minor	< 100	<35%

The functionality of our risk early warning system is regularly monitored. Existing risks are reported to the Executive Board on a quarterly basis in the form of cumulative risk overviews. The Executive Board and Supervisory Board discuss the risk situation of the company and the Group at regular intervals and continuously engage with the further development of the control and risk early warning system. Appropriate countermeasures have been taken, except in the case of risks that are deliberately taken.

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

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

I.4.2. Overview of individual risks

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

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

Special segment-specific risks do not exist.

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 2013, the German market still accounted for a major portion of the RIB Group's revenue. Until now we have been able to meet the expectations of our customers on this market with regard to the scope and completeness of our services. In other markets, there is still the 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 hotline service cannot as yet be fully met. This could have a negative impact on the results of operations, financial position and net assets of the RIB Group.

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

Development risks

The RIB Group is exposed to strong competition when it comes to development and market launch times. In order to 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. This is associated with 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 hotline service cannot as yet be fully met.

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

Financial risks

As a result of the successful IPO in 2011, the RIB Group has a high balance of liquid funds. These are invested in low-risk short and medium-term time deposits and fixed-income securities. A portion of the liquid assets and the securities listed on the reporting date exist or are listed in foreign currency. The associated risk of price changes is not hedged. Furthermore, price developments and conditions are permanently monitored.

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

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

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 45).

Acquisition risks

Expansion is one of the RIB Group's core strategic goals. For this reason, we intend to acquire assets from other companies in the software industry. In particular, this should serve to help our expansion efforts for an international orientation of business activities. Should no suitable acquisition opportunities present themselves or should key employees or customers be lost following an acquisition, this could have detrimental effects on profit expectations.

Cooperation risks

There are currently no cooperation risks of material significance for the further business development.

I.4.3. Summary of the risk situation

Various finance and risks have been reassessed and downgraded from "severe" or "significant" to "medium" based on changed revenue, changed interest rates and increased business in foreign currencies. Due to the reassessment of the risks, the quantifiable amount of loss has on the whole reduced compared to the last risk assessment.

There are currently no severe risks whose occurrence is probable or highly probable. Significant risks whose occurrence is probable or highly probable, as in the prior year, are posed by the need to make product adjustments as a result of changed legal framework conditions, new operating systems and server environments or due to individual requirements on a customer-by-customer basis. This may delay the completion of planned new software components.

The risks are continually updated, and the countermeasures continually checked. The countermeasures indicated in the risk reports were reviewed for adherence and implemented. Due to the minor changes compared to the previous version, the formal recording and summary of the risks was performed in late 2013 as planned. We currently do not see any risks that would endanger the company as a going concern.

Note on forecasts

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

Stuttgart,18 March 2014

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

Consolidated Financial Statements for the financial year from 1 January 2013 to 31 December 2013

Consolidated Income Statement for Financial Year 2013

€ thousand unless otherwise indicated

	Notes	2013	2012
Revenue	**(9)**	**57,010**	**39,212**
Cost of sales	(10)	-21,658	-12,220
Gross profit		**35,352**	**26,992**
Other operating income	(11)	2,778	3,190
Marketing and distribution costs		-12,284	-9,523
General administrative expenses		-5,383	-3,331
Research and development expenses		-5,064	-4,196
Other operating expenses	(12)	-1,973	-1,278
Financial income	(14)	477	731
Finance costs	(14)	-880	-228
Share of profit and losses of associates		0	-1
Profit before tax		**13,023**	**12,356**
Income taxes	(15)	-3,948	-3,528
Consolidated net profit for the year		**9,075**	**8,828**
Profit attributable to non-controlling interests		29	0
Profit attributable to owners of the parent company		9,046	8,828
Result per share on the basis of the share of earnings of the shareholders of RIB Software AG:			
diluted and undiluted	**(16)**	**€ 0.24**	**€ 0.23**

Consolidated Statement of Comprehensive Income for Financial Year 2013

€ thousand

	Notes	2013	2012
Consolidated net profit for the year		**9,075**	**8,828**
Components reclassified with no effect on profit and loss:			
Revaluations		28	-358
Income tax in connection with components that are not reclassified		-8	109
Other consolidated comprehensive income after taxes for components reclassified with no effect on profit and loss:		**20**	**-249**
Components reclassified in subsequent periods with an effect on profit and loss:			
Exchange differences		-3,497	-1,249
Changes in value of available-for-sale securities		-141	111
Income tax in connection with components that are reclassified		31	-34
Other consolidated comprehensive income after taxes for components reclassified with an effect on profit and loss:		**-3,607**	**-1,172**
Other consolidated comprehensive income after taxes		**-3,587**	**-1,421**
Total consolidated comprehensive income for the year		**5,488**	**7,407**
of which attributable to non-controlling interests		29	0
of which attributable to owners of the parent company		5,459	7,407

Consolidated Statement of Financial Position as of 31 December 2013

€ thousand

	Notes	31.12.2013	31.12.2012
Goodwill	(17)	38,180	37,504
Other intangible assets	(18,19)	32,435	28,726
Property, plant and equipment	(18)	6,108	5,586
Investment properties	(20)	5,031	4,834
Investments accounted for using the equity method	(21)	0	1,231
Prepaid land use lease payments	(22)	936	964
Trade receivables	(26)	0	43
Other assets	(24)	51	86
Deferred tax assets	(25)	427	961
Total non-current assets		**83,168**	**79,935**
Trade receivables	(26)	10,233	9,401
Available-for-sale securities	(27)	3,761	39,816
Available-for-sale non-current assets	(23)	0	165
Other assets	(24)	2,353	2,966
Cash and cash equivalents	(28)	78,378	49,266
Total current assets		**94,725**	**101,614**
Total assets		**177,893**	**181,549**

€ thousand

	Notes	31.12.2013	31.12.2012
Subscribed capital	(29)	38,715	38,715
Treasury shares	(29)	-6,240	-202
Capital reserves	(29)	80,768	80,620
Legal reserve	(29)	56	47
Accumulated other consolidated comprehensive income	(31)	-3,086	501
Retained earnings		32,397	28,687
Equity attributable to owners of the parent company		142,610	148,368
Non-controlling interests		67	0
Total equity		**142,677**	**148,368**
Pension provisions	(33)	3,182	3,292
Finance lease obligations, non-current portion	(34)	0	1
Other financial liabilities	(39)	10,805	10,994
Deferred tax liabilities	(25)	8,081	7,928
Total non-current liabilities		**22,068**	**22,215**
Trade payables	(35)	1,237	939
Provisions for income taxes		2,428	1,971
Other provisions	(36)	306	298
Deferred liabilities	(37)	2,733	2,519
Deferred revenue	(38)	4,242	3,258
Finance lease obligations, current portion	(34)	1	37
Other financial liabilities		9	18
Other liabilities	(40)	2,192	1,925
Total current liabilities		**13,148**	**10,966**
Total liabilities		**35,216**	**33,181**
Total equity and liabilities		**177,893**	**181,549**

Consolidated Statement of Changes in Equity for Financial Year 2013

€ thousand

				Other comprehensive income							
	Subscribed capital	Capital reserves	Legal reserve	Changes in value of available-for-sale securities	Foreign currency translation reserve	Revaluations	Treasury shares	Retained earnings	Equity attributable to the parent company	Non-controlling interests	Total equity according to consolidated statement of financial position
Notes	(29)	(29)	(29)	(31)	(31)	(31)	(29)				
As of 1 January 2012	**38,715**	**80,620**	**47**	**14**	**1,792**	**116**	**0**	**22,956**	**144,260**	**0**	**144.260**
Consolidated net profit for the year	-	-	-	-	-	-	-	8,828	8,828	-	8,828
Other comprehensive income for the year	-	-	-	77	-1,249	-249	-	-	-1,421	-	-1,421
Total comprehensive income for the year	**-**	**-**	**-**	**77**	**-1,249**	**-249**	**-**	**8,828**	**7,407**	**-**	**7,407**
Acquisition of treasury shares	-	-	-	-	-	-	-202	-	-202	-	-202
Dividend payment	-	-	-	-	-	-	-	-3,097	-3,097	-	-3,097
As of 31 December 2012 and 1 January 2013	**38,715**	**80,620**	**47**	**91**	**543**	**-133**	**-202**	**28,687**	**148,368**	**0**	**148,368**
Consolidated net profit for the year	-	-	-	-	-	-	-	9,046	9,046	29	9,075
Other comprehensive income for the year	-	-	-	-110	-3,497	20	-	-	-3,587	-	-3,587
Total comprehensive income for the year	**-**	**-**	**-**	**-110**	**-3,497**	**20**	**-**	**9,046**	**5,459**	**29**	**5,488**
Acquisition of treasury shares	-	-	-	-	-	-	-7,313	-	-7,313	-	-7,313
Disposal of treasury shares	-	150	-	-	-	-	1,275	-	1,425	-	1,425
Dividend payment	-	-	-	-	-	-	-	-5,336	-5,336	-	-5,336
Other changes	-	-8	9	-	-	-	-	-	1	38	39
Share-based remuneration	-	6	-	-	-	-	-	-	6	-	6
As of 31 December 2013	**38,715**	**80,768**	**56**	**-19**	**-2,954**	**-113**	**-6,240**	**32,397**	**142,610**	**67**	**142,677**

Consolidated Statement of Cash Flows for Financial Year 2013

€ thousand

	Notes	2013	2012
Cash flow from operating activities:			
Profit before tax		**13,023**	**12,356**
Adjustments for:			
Depreciation of property, plant and equipment	(13)	416	240
Amortisation of intangible assets	(13)	4,873	3,938
Depreciation of investment property	(13)	46	0
Changes in valuation allowances for trade receivables		-30	691
Other non-cash items		-239	-1,727
Share of profit and losses of associates		0	1
Interest expense and other finance costs	(14)	880	228
Financial income	(14)	-477	-731
		18,492	**14,996**
Working capital adjustments:			
Increase/decrease(-) in provisions and deferred liabilities		-244	176
Increase(-)/decrease in receivables and other assets		1,178	1,004
Increase/decrease(-) in liabilities from trade payables and other liabilities		-678	-459
Cash generated from operations		**18,748**	**15,717**
Interest paid		-39	-10
Interest received		1,211	1,046
Income taxes paid		-3,491	-2,754
Net cash flow from operating activities		**16,429**	**13,999**
Proceeds from the sale of non-current assets		188	0
Purchase of property, plant and equipment		-936	-370
Purchase/production of intangible assets		-7,493	-6,651
Payments made for investment properties		-297	0
Payments made for the acquisition of consolidated companies less cash acquired		-1,458	-15,321
Purchase(-)/Sale of available-for-sale securities		34,719	-36,682
Net cash flow from investing activities		**24,723**	**-59,024**
Dividends paid		-5,336	-3,097
Payments made for the acquisition of treasury shares		-7,515	0
Payments made for redeeming other financial liabilities		-9	-5,445
Payments made for finance leases		-37	-60
Net cash flow from financing activities		**-12,897**	**-8,602**
Change in cash and cash equivalents impacting cash flow		**28,255**	**-53,627**
Cash and cash equivalents at the beginning of the period		49,266	103,183
Change in cash and cash equivalents from non-cash acquisitions of consolidated companies		2,076	0
Currency-related change in cash and cash equivalents		-1,219	-290
Cash and cash equivalents at the end of the period		**78,378**	**49,266**
Composition of cash and cash equivalents:			
Liquid funds, unrestricted	(28)	76,038	46,627
Liquid funds, restricted	(28)	2,340	2,639

Notes to the 2013 Consolidated Financial Statements

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 the 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 financial year is the same as 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 (€ thousand) and stated as such.

The consolidated financial statements and group management report of RIB Software AG were released to the Supervisory Board by the Executive Board on 11 March 2014.

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 financial 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 financial years commencing on or after 01 January 2013. These new or revised IFRS 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 Section 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.

3. Effect of new or revised IFRS

The IASB has issued several new or revised standards that are to be applied for financial years commencing on or after 01 January 2013. The Group applied all relevant new and changed IFRS in the preparation and presentation of its consolidated financial statements.

- **Amendments to IFRS 1 (2010) "Severe Hyperinflation and Removal of Fixed Dates for First-Time Adopters and Government loans "**
  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. In addition, government loans are excluded from the full retrospective application of IFRS in the transition to IFRS in order to conform to IAS 20 - Accounting for Government Grants. These requirements are subject to mandatory application for the first time for fiscal years commencing after 1 January 2013. This change had no effects on RIB’s consolidated financial statements.

- **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. Additionally, criteria are set out by way of example by virtue of which the gross settlement of financial assets and financial liabilities can still lead to offsetting. These requirements are subject to mandatory application for financial years commencing on or after 1 January 2014.This change had no effects on RIB’s consolidated financial statements.

By contrast, new requirements laid down in IFRS 7 govern the disclosure duties in connection with certain offsetting agreements. The disclosure requirement 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. This change had no significant effects on RIB's consolidated financial statements.

- **IFRS 13 "Fair Value Measurement"**
  IFRS 13 groups the uniform guidelines with regard to 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 IFRS 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 financial years commencing on or after 1 January 2013. There were no material effects on the measurement of assets and liabilities from the first application. The detailed disclosures can be found in Section 44.

- **Amendments to IAS 1 (2011) "Presentation of Financial Statements"**
  The amendment involves additional disclosure requirements for other income, requiring separate presentations of: (a) items taken to the income statement under certain conditions and (b) items that will no longer be recognized as income in future. Income taxes payable on other income items are to be classified in this manner as well. These requirements are subject to mandatory application for the first time for financial years commencing after 1 January 2013. The disclosures in the consolidated statement of comprehensive income were expanded accordingly for the current year and the previous year.

- **Amendments to IAS 12 (2010) "Deferred Tax: Recovery of Underlying Assets"**
  The IASB published amendments to IAS 12 on 20 December 2010. These also change the scope of application of SIC-21 (Income Tax Realisation on Revalued, Non-depreciable Assets). The amendment provides 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 be reversed in the course of continued use or upon disposal. The amendment provides that reversal upon sale should generally be assumed. The amendment is applicable for financial years commencing on or after 1 January 2013. This change had no effects on RIB's consolidated financial statements.

- **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 most significant 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. Accelerated recognition of past service cost was applied. All actuarial gains and losses are to be posted to other comprehensive income in the year of their occurrence. The net pension liability/asset on the statement of financial position thus shows under/over-coverage. These requirements are subject to mandatory application for the first time for financial years commencing after 1 January 2013. The Group voluntarily applied these regulations in the previous year already.

- **IFRS (2011) "Annual Improvements to IFRS 2011"**
  The standard was issued by way of the IASB Annual Improvement Process. Most amendments are clarifications of and corrections to existing IFRS or subsequent amendments to changes already made to IFRS.

- **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 an asset and how the initial and subsequent measurement of the asset is to occur. These requirements are subject to mandatory application for financial years commencing on or after 1 January 2013. This change had no effects on RIB's consolidated financial statements.

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:

- **IFRS 10 "Consolidated Financial Statements"**
  IFRS 10 replaces the guidance on 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. Through 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 has the ability to exercise influence on a holding, (b) the company in question must be exposed to fluctuating returns from the holding, and (c) the company must be able to alter the amount of returns yields due to its influence. Moreover, the standard sets out comprehensive guidelines for implementing complex measures. These requirements are subject to mandatory application for financial years commencing on or after 1 January 2014. The amendments are not expected to have any effects on the RIB consolidated financial statements.

- **I 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 regulates classification of joint arrangements. A joint arrangement is defined as a contractual covenant whereby two or more parties conduct joint management. 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 business operations apply. The classification of a joint agreement as a joint business operation 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 financial years commencing on or after 1 January 2014. The amendments are not expected to have any effects on the RIB consolidated financial statements.

- **IFRS 12 "Disclosure of Interests in Other Entities“**
  IFRS 12 addresses disclosures in notes and companies with stakes in subsidiaries, joint arrangements (joint operations or joint ventures), associates and/or unconsolidated structured entities. 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 financial years commencing on or after 1 January 2014. The amendments are not expected to have any effects on the RIB consolidated financial statements.

- **Amendments to IFRS 10 -12 (2012) “Transitional Guidance”**
  The amendments clarify and concretise the transitional regulations, in particular with respect to IFRS 10 and, in addition, also provide additional simplifications for first-time adoption. The key point for adjustment is the restriction of the obligation to disclose adjusted prior years’ figures to just the previous comparative period in the first-time adoption. These requirements are subject to mandatory application for financial years commencing on or after 1 January 2014. They will not have any effects on RIB consolidated financial statements.

- **Amendments to IFRS 10, 12 and IAS 27 (2012) “Investment Entities”**
  If a company fulfils the definition of an investment entity, it may not consolidate its subsidiaries but must measure its interests through profit and loss at the fair value in accordance with IFRS 9 or IAS 39.These requirements are subject to mandatory application for financial years commencing on or after 1 January 2014. The amendments are not expected to have any effects on the RIB consolidated financial statements.

- **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. This applies for the first time to financial years commencing after 1 January 2014. The amendments are not expected to have any effects on the RIB consolidated financial statements.

- **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. A residual portion in an associate or joint venture not classified as held for sale must be accounted for using the equity method until the portion classified as held for sale is disposed of. These amendments are effective for financial years commencing on or after 1 January 2014 and are not expected to affect the RIB consolidated financial statements.

- **Amendments to IAS 36 (2013) “Impairment of assets”**
  The amendments correct the disclosure requirements that are intended to be change in connection with IFRS 13. These relate to impaired assets for which the recoverable amount corresponds to the fair value less disposal costs. Currently, the recoverable amount must be disclosed independently of the existence of an impairment. The correction now only restricts the disclosure requirements to actual impairments; it extends the required disclosures in these cases, however. These amendments are mandatory and effective for financial years commencing on or after 1 January 2014 and are not expected to have a material affect the RIB consolidated financial statements.

- **Amendments to IAS 39 (2013) “Financial Instruments: Recognition and Measurement”**

  Despite a novation, derivatives continue to be designated as hedging instruments in existing hedging relationships with this amendment. A novation indicates an event in which the original parties to a derivative agree to replace their original counterparty with a central counterparty. The central counterparty then becomes the respective counterparty. The fundamental requirement for this is that novation to a central counterparty must happen as a consequence of laws or regulations. In addition, amendments of contractual provisions may only affect those areas required in the context of the novation. The objective of the amendment is to avoid effects on hedge accounting as a consequence of the derecognition of the derivative when amending the contract to a central counterparty. This amendment is mandatory, effective for the first time for financial years beginning on or after 1 January 2014 and is not expected to affect RIB’s consolidated financial statements.

- **IFRIC 21 "Levies"**

  IFRIC 21 provides guidance on when to recognise a liability for a levy imposed by a government. The interpretation applies to levies accounted for as accruals, contingent liabilities and contingent receivables in accordance with IAS 27 as well as levies for which the period and amount are known. The guidance is mandatory, effective for financial years commencing on or after 1 January, 2014 and are not expected to affect the RIB consolidated financial statements.

- **Amendments to IFRS 9 (2009) “Classification and Measurement”**

  IFRS 9 “Financial Instruments” reflects the first and third phases of the IASB project to replace IAS 39 and, besides the classification and measurement of financial assets and financial liabilities, also treats regulations on “General Hedge Accounting”. According to the standard, financial assets will in future be classified and measured either at the amortised cost or the fair value. The regulations for financial liabilities are, in principle, taken from IAS 39. With the amendment to IFRS 9 published in November 2013, the mandatory first application was cancelled as from 1 January 2015. A new first-time application date will only be determined when the standard is available in full. An endorsement by the EU is only expected then. Examination of the effects of the application of IFRS 9 on the consolidated financial statements have not yet been completed.

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, in accordance with the accounting policies used by the parent company. All income, expenses and unrealised gains and losses resulting from intra-group transactions are eliminated in full in the context of the consolidation.

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 activities 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 unscheduled 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. Taking these adjustments into consideration, the financial statements of all consolidated entities have been prepared in line with uniform accounting policies.

The reporting date of all of the consolidated entities was 31 December 2013.

Besides RIB Software AG as the parent company, the consolidated group comprises twenty nine fully consolidated entities, of which nine are German and twenty are foreign entities.

Goodwill

Goodwill generated by the acquisition of entities represents the difference between the purchase price and the pro rata Group's interest in the net fair value of the available assets, liabilities and contingent liabilities as of the date of the acquisition.

Goodwill arising on acquisition of an entity is recognised in the consolidated statement of financial position as an asset, initially measured at cost and subsequently at cost less any impairment losses due to losses in value.

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, the respective goodwill acquired at the time of acquisition of an enterprise, from the acquisition date, is allocated to each of the Group's cash-generating units that are expected to benefit from synergy effects, 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 as 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 (for assets other than goodwill, financial assets and deferred tax assets), the asset's recoverable amount is determined. The recoverable amount of an asset or cash-generating unit is the higher of value in use or fair value less costs to sell. This 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 this case, the fair value 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 risks, the inflation rate and risks specific to the asset. An unscheduled impairment loss is charged to the income statement in the financial year 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 only reversed if there has been a change in the factors applied to determine the recoverable amount of that asset. The upward appreciation in value is limited to 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 such impairment losses are recognised in profit or loss in the financial year in which they arise.

Related parties

A party is considered to be related to the Group if the following requirements have been met:

a) the party directly, or indirectly through one or more intermediaries, (i) controls, is controlled by, or is under common control with the entity; (ii) has an interest in the entity which gives it significant influence over the entity; or (iii) has joint control over the entity;

b) the party is an associate;

c) the party is a member of the key management personnel of the entity 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 the consolidated income statement in the financial year in which it is incurred. If significant parts of property, plant and equipment must 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:

Land and buildings	25 - 50 years
Furniture, fixtures and fittings	2 - 20 years
Office and technical equipment	2 - 20 years
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 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 financial 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. Any gain or loss arising from disposal or scrapping (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the consolidated income statement in the year 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 all 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)

All of the Group’s intangible assets have useful lives that are limited in time. Intangible assets are amortised on a straight-line basis 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 are reviewed at each financial year end at the latest..

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 phase. 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 indications arise, the recoverable amount is estimated and an impairment loss is recognised through profit or loss 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 intangible asset, are recognised in the income statement on disposal of the asset.

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 finance lease relationships 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.

Costs for prepaid land lease payments under operating leases are deferred and subsequently recognised on a straight-line basis over the respective lease term.

Investment properties

Land and buildings not used, or only used to a minor extent, for commercial or administrative purposes which are owned to generate rental income and/or capital gains are classified as "Investment Property" under IAS 40. This also applies to properties the future usage of which is presently uncertain. Not included are properties under operating leases.

Investment property per IAS 40 is measured at cost on addition. Any directly attributable transaction costs are capitalised with same. Upon acquisition, property cost is broken down into land and buildings respectively. Subsequent costs are capitalised if they give rise to additional future benefit; maintenance expenses are immediately recorded in consolidated profit and loss.

The subsequent measurement of investment property is done uniformly, applying the cost model. This also applies to properties under construction. Scheduled depreciation of investment property begins from the date the property in question is in the operational condition intended by management. Impairment testing is performed for investment property given concrete indications of impairment. If the recoverable amount is less than the carrying value, an unscheduled impairment is recorded.

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 at the trade date, plus directly attributable transaction costs in the case of investments not measured at fair value through profit or loss.

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

Subsequent measurement

The subsequent measurement of financial assets depends on their classification.

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. 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. Effective interest is presented under financial result on the income statement. Impairment expenses are recognised through profit or loss on the income statement.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets. Assets classified as available for sale are neither held for trading nor measured at fair value through profit or loss. Securities in this category are those 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 financial year 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 not yet occurred) 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 allowances, 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.

With regard to trade receivables and other assets, 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 uncollectable.

Available-for-sale financial assets

For available-for-sale financial assets, the Group assesses at the end of each financial year 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 twelve 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 for this capital participation – is removed from other comprehensive income and recognised in the income statement. Unscheduled 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 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 either (i) financial liabilities measured at fair value through profit or loss, (ii) loans and borrowings or (iii) derivatives designated as hedging instruments in an effective hedge. The Group determines the classification of its financial liabilities at initial recognition.

All financial liabilities are measured at their fair value on initial recognition. Loans and borrowings are recognised plus directly attributable transaction costs.

Subsequent measurement

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

Financial liabilities measured at fair value through profit or loss

Financial liabilities measured at fair value through profit or loss are liabilities classified as held for trading. Liabilities held for trading are liabilities (i) purchased or incurred principally for short-term sale or buyback, (ii) which at initial recognition are part of a portfolio of clearly identified and jointly managed financial instruments which in the recent past have verifiably generating short-term trading profits, or (iii) derivatives. Liabilities assigned to this category by a company upon initial recognition in line with other requirements also fall into this category.

The Group's liabilities measured at fair value through profit or loss consist exclusively of liabilities held for trading in the derivatives category. These liabilities are measured at fair value through profit or loss after initial recognition.

Loans and borrowings

Loans and borrowings include trade payables and other liabilities, primarily tax liabilities. After initial recognition, loans and borrowings 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 in finance costs on the income statement. Gains and losses are recognised on 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, 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 purposes of the consolidated statement of cash flows and consolidated statement of financial position, cash and cash equivalents comprise cash on hand and demand deposits, including term deposits and paper maturing in less than three months.

Treasury shares

Treasury shares are not shown as assets, instead being deducted from equity. This is done by showing the item separately in the amount of total cost (one-line adjustment). The purchase, sale, issuance and redemption of treasury shares is accounted for without effect on profit or loss. Subsequent re-issuance of treasury shares is treated as a new issue of shares. Proceeds from the re-issuance of treasury shares are recorded in the previous cost amount, offsetting the deduction from equity. Any additional proceeds are allocated to capital reserves. If proceeds of the re-issuance are less than the previous cost, capital reserves are reversed proportionately. The Group cannot exercise voting rights on treasury shares. Nor do any dividends accrue on these.

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 taxes

Income tax expense comprises current and deferred tax. Income tax in connection with 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 affects neither the accounting profit nor taxable profit or loss at the time of the transaction; 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 be reversed in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry-forward 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 carry-forward 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 recognized to the extent that it is probable that the temporary differences will be reversed in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of a deferred tax asset is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be 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. Tax rates (and tax laws) are applied that are effective or announced as effective as of 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:

- when the VAT incurred on a purchase of assets or services is not recoverable from the taxation authority In such 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 customer acceptance or the prior expiry of the acceptance period.

In addition to these basic criteria, there are specific revenue recognition policies for each of the major sales streams, namely, the sale of software, including security and user software and office applications in the form of software licenses and software as a service/cloud, the provision of maintenance services, and the provision of consultancy and support services.

(a) Sale of software solutions

The Group sells software solutions for customers active in the construction industry. The proceeds result from the license fees generated from the sale of software to the customer. Revenue is recognised when the price can be reliably measured, provided that all other basic criteria for revenue recognition are satisfied.

(b) Sale of software as a service / cloud

The Group realises revenues with enterprises in the construction industry from the provision of cloud software and related services. These allow customers to use software functions during the license term, but not to operate the software permanently on their own systems. Revenues from cloud software sales are recognised distributed over the license term.

(c) 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.

(d) Software consultancy and support services

The Group provides consultancy and support services to assist clients with software implementation. These consultancy and support services are typically based on project agreements with customers that prescribe the price structure and timeframe of deliverables. The Group also provides consulting services for the planning and management of construction and infrastructure projects. The Group recognizes revenues from software consulting and support services after the services have been rendered.

Any work contracts concluded with customers are recorded applying the percentage of completion method. This is the percentage of accrued contract costs relative to total estimated costs required to complete development. If it becomes likely that total contract costs will exceed total revenues, the expected loss is immediately recorded as an expense.

(e) 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 as an expense on a systematic basis over the periods necessary to match the grant to the Company's costs that it is intended to compensate.

Foreign currencies

The consolidated financial statements have been prepared in euro (€), 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 financial 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 financial 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 recognised at the present value of the defined benefit obligation at the balance sheet date.

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. According to IAS 19 (revised), "actuarial gains and losses", which are renamed "remeasurements", are to be recognised immediately in other comprehensive income when realised. Deferral using the corridor method and immediate recognition in profit or loss are no longer permitted. Remeasurements recorded as other comprehensive income are no longer "recycled" in subsequent periods, i.e. no longer through profit or loss. Remeasurements include all actuarial gains/losses from changes in the obligation. Also included are routine settlements originally provided for in the benefits plan which are different from the projected amounts calculated.

According to IAS 19 (revised), the 'remeasurements' item consists of:

- actuarial gains/losses, plus
- the portion of actual returns on plan assets exceeding the assumed interest rate of the plan assets
- the change in an asset ceiling, to the extent different from the assumed interest rate

Under the new rules, the defined benefit expense in profit or loss is broken down into (i) service cost and (ii) net financing expense or income.

Service cost here includes current service cost, i.e. the cost of new benefits accruing in the reporting period, all plan changes affecting past service cost and all plan curtailment effects (curtailments).

The term 'plan curtailments; per IAS 19 (revised) now only means reductions in the number of plan participants; reductions in benefits for future years of service are no longer included in the definition. Also included in service cost are gains/losses from settlements which were not provided for in the plan or assumptions.

Net interest is calculated by applying the discounting interest rate used for measuring the pension obligation to the carrying value (generally the difference between obligation and plan assets), adjusted for payments made during the year.

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 in the period they are accrued to employees. A leave provision is recognised for the estimated liability for vacation accrued but not taken by employees up to the end of the financial year.

(c) Share-based remuneration

Share-based remuneration includes remuneration plans paid out in cash as well as remuneration plans paid out with equity instruments. Of the fair value for both types of remuneration plans is determined on the day the remuneration is granted using a Monte Carlo simulation. A revaluation of the fair value for remuneration plans paid out with equity instruments does not take place in the subsequent periods. The value of the share-based remuneration paid out with equity instruments on issue is recognised with a corresponding increase in the capital reserve through profit and loss as a personnel expense over the period in which the entitlement of the employee to the rights vests. The amount recognised as an expense is adjusted to reflect the actual number of equity instruments that can ultimately be exercised by the employees.

We create provisions for share-based remuneration serviced by cash payments and not shares. The amount of the provision reflects the accrued portion of the fair value of the respective rights as of the reporting date. We recognise personnel expenses over the period in which the employees performed the relevant services (vesting period). The provision is adjusted accordingly. Share-based remuneration paid out in cash is measured at the current fair value until its servicing as of the respective balance sheet date. We recognise each change to the fair value of the provision in personnel expenses through profit or loss. The amount of personnel expenses for unvested purchase rights from our remuneration paid out in cash not yet recognised through profit or loss is in line with the intrinsic value of the purchase rights as of the date of exercise. As the amount depends on future changes in the share price, it cannot be reliably forecast.

Please see Section 30 for further details on our share-based remuneration.

Dividends

Dividends are recognised as a liability when they are approved by the shareholders and announced at the 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 Executive Board has made the following judgements which, besides the determination of estimates, had a significant effect on the amounts recognised:

Capitalised development costs

The Executive Board uses its judgement when deciding whether the capitalisation requirements for development costs have been satisfied. This is necessary as the future 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 capitalisation. 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 Executive Board.

Estimation uncertainties

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 financial years are discussed below:

(a) Accounting for business combinations

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 Executive Board 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 Executive Board 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. Uncollectable 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 financial year in which such estimates are changed.

(d) Measurement of derivative financial liabilities from company acquisitions

As the amount of the consideration depends on what will happen in the future, the valuation of the fair value of derivative financial liabilities is inextricably linked to discretionary decisions and estimation uncertainties. Please refer to the explanations in Section 14 regarding measurement.

(e) 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 discretionary judgements. There are many transactions and calculations for which the final tax determination is uncertain. The Group recognises liabilities on the basis of an estimation whether tax payments are expected after evaluating the respective tax administrations and finance courts. If the prospective final tax expense diverges from the calculated 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 Executive Board 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

On 31 December 2013, the consolidated group comprised, in addition, the following now fully consolidated entities, which had previously been included as associated companies compared to the consolidated financial statement as of 31 December 2012:

- RIB Asia Limited, Hong Kong, People's Republic of China (hereinafter: RIB Asia)

In the reporting period, RIB Software AG also acquired interests in the following companies and fully consolidated these companies in the consolidated financial statements for the first time as of 31 December 2013:

- RIB Cosinus GmbH, Freiburg, Germany (hereinafter: RIB Cosinus)
- MAC International Company Limited, Hong Kong, People's Republic of China (hereinafter: MAC)

The Group had previously already held an interest in MAC indirectly via RIB Asia, which held 50% of the shares in MAC. As a result of the acquisition of the remaining shares in RIB Asia together with the acquisition of the other 50% of the shares in MAC, each via RIB Software AG, the Group indirectly (via RIB Asia) and directly holds all the shares in MAC.

These acquisitions will have a significant impact on some items in the consolidated financial statements and may impair the comparability of the consolidated financial statements for financial year 2013 with the consolidated financial statements for financial years 2012 and 2011. We refer to Section 7 for further explanatory notes on the acquired companies and their impact on the consolidated financial statements.

We refer to the information on shareholdings in Section 49 with regard to the companies included altogether in the consolidated financial statements.

7. Business combinations

Acquisition of RIB Cosinus

Under the agreement dated 2 August 2013, RIB Software AG acquired 80% of the shares in RIB Cosinus. At the time of the acquisition of the shares, mutual buy and sell options were agreed for the transfer of the outstanding stake of 20%. The options may be exercised for a period of six months starting from 1 August 2016 under certain circumstances, or else from 1 August 2018. The acquisition date was 19 August 2013. For the sake of simplicity, the purchase price allocation was based on the value as of 31 August 2013. The transactions between 19 August and 31 August 2013 were of minor importance. Furthermore, no material changes in value occurred during this period.

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

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

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

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

Based on our calculation and under the consideration of the contractual minimum and maximum price limits, we assume that we will need to pay a purchase price amounting to € 1,447 thousand for the currently outstanding stake of 20%. The financial liability is determined by discounting this purchase price as of the acquisition date using interest rates of 2.18% and 2.78%, which are appropriate for the respective periods and risks.

The accrued interest from the financial liability in the year under review results in an interest expense of € 11 thousand.

As the amount of the consideration depends on what will happen in the future, the valuation of the financial liability is inextricably linked to discretionary decisions and estimation uncertainties. If the actual economic development of RIB Cosinus differs from the assumptions made within the scope of the purchase price allocation, this will lead to an adjustment of the carrying amount of the financial liability through profit or loss. Although the effects of such adjustments are limited due to the minimum and maximum prices determined within the scope of the option agreements, the risk that this could have a major positive or negative impact on the earnings of future periods cannot be ruled out. In the period until the financial liability becomes payable, income of a maximum of € 347 thousand or expenses of a maximum of € 453 thousand may accrue.

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

€ thousand

	Carrying amount 31.08.2013	Fair values 31.08.2013
Intangible assets	10	1.495
Property, plant and equipment	129	129
Other assets	1,173	1,173
Deferred tax assets	0	32
Trade receivables	462	462
Cash and cash equivalents	1,871	1,871
	3,645	**5,162**
Deferred revenue	1,452	1,490
Other debts and other liabilities	1,192	1,260
Deferred tax liabilities	0	460
Non-controlling interests	38	38
	2,682	**3,248**
Net assets	**963**	**1,914**
Goodwill from the company acquisition		2,573
Total acquisition costs		**4,487**

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

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

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

The goodwill particularly reflects expected synergy effects from the acquisition and the know-how and technical expertise of the team taken over. We expect to see synergy effects from the new customer acquisition with the planned new iTWO ERP industry solution.

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

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

As a result of the acquisition of RIB Cosinus, revenues increased by € 2,710 thousand in the reporting period, and consolidated earnings went up by € 279 thousand.

If RIB Cosinus had already been acquired as of 1 January 2013, the revenues in the reporting period would have been € 7,335 thousand higher, and the consolidated earnings would have been € 273 thousand higher.

Company acquisitions of MAC and RIB Asia

Under the agreement dated 26 June 2013, RIB Software AG acquired 50% of the shares in MAC. In return, 300,000 of the treasury shares were transferred. Valued at the price at the time of the transfer, the consideration amounted to € 1,425 thousand. The transfer of the acquired shares and of the consideration took place on 23 July 2013. The acquisition date was 23 July 2013.

As of 31 July 2013, MAC's balance sheet equity amounted to around € 2,816 thousand, which was almost fully covered by liquid funds. Between the date of acquisition and 31 July 2013, no material changes in value occurred. The portion of equity attributable to RIB Software AG at the date of acquisition accordingly primarily corresponds to the consideration paid. MAC was temporarily accounted for as an associated company in accordance with the equity method until the acquisition of the additional shares in RIB Asia.

RIB Software AG acquired the additional shares in the amount of 50.04% in the associated company RIB Asia with agreements dated 10/10/2013. The sellers of the shares were the Chairman of the Executive Board of RIB Software AG, Mr. Thomas Wolf, as well as two companies in which Mr Thomas Wolf or related parties hold majority interests. After this share acquisition, RIB Software AG is the sole shareholder in RIB Asia and (directly and indirectly via RIB Asia) in MAC. As of the acquisition date, RIB Asia, consolidated with MAC, held an equity of about € 1,500 thousand, which was fully covered by liquid funds. The purchase price for these shares amounted to € 850 thousand. The acquisition date was 23 October and 29 October 2013. For the sake of simplicity, the purchase price allocation was based on the value as of 31 October 2013. The transactions between 23 October or 29 October 2013 and 31 October 2013 were of minor importance. Furthermore, no material changes in value occurred during this period.

RIB Asia holds 50% of the shares in MAC. As a result, the Group indirectly and directly holds all the shares in MAC since the acquisition of the additional shares in RIB Asia. For this reason, both companies were fully consolidated for the first time as of 31/10/2013.

The total acquisition costs for all the shares in RIB Asia and MAC are comprised as follows: The price of the shares in RIB Software AG transferred as consideration for 50% of the shares in MAC was € 1,425 thousand, the purchase price for the additional shares in RIB Asia was € 850 thousand and the fair value as of 31/10/2013 of the interest in RIB Asia was € 781 thousand. A finance expense in the amount of € 408 thousand arises from the quasi-exchange of the old shares in the context of the company acquisition achieved in stages, resulting from the difference between the fair value of the shares in RIB Asia of € 781 thousand and the carrying amount in accordance with the equity method as of 31/10/2013 of € 1,189 thousand. Please also see Section 14 in this regard.

The fair value of the identifiable consolidated assets and liabilities of RIB Asia and MAC as of the acquisition date of 31 October 2013 and the corresponding consolidated carrying amounts immediately before the acquisition date were as follows:

€ thousand

	Carrying amount 31.10.2013	Fair values 31.10.2013
Intangible assets	46	46
Property, plant and equipment	1	1
Other assets	57	57
Trade receivables	6	6
Cash and cash equivalents	2,797	2,797
	2,907	**2,907**
Other debts and other liabilities	58	58
	58	**58**
Net assets	**2,849**	**2,849**
Goodwill from the company acquisition		207
Total acquisition costs		**3,056**

The gross amount of the contractual trade receivables as of the date of acquisition corresponds to their fair value.

MAC operates an online platform that allows both individual consumers and commercial customers to acquire building materials of all kinds online. The goal is to integrate MAC's online platform as an additional service on iTWO's platform. RIB Asia is a pure holding company. The shareholding in MAC is its main asset.

The goodwill particularly reflects expected synergy effects from the company acquisition. These are expected as a result of the planned inclusion of MAC’s online platform in iTWO‘s platform as well as the use of the existing market share of the Group in Germany. In addition, we see opportunities for internationalisation through technology partnerships with reference customers.

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

As a result of the acquisition of the additional shares in RIB Asia and the acquisition of 50% of the shares in MAC earnings in the year under review increased by € 14 thousand and the Group result decreased by € 142 thousand.

If RIB Asia and 50% of the shares in MAC had already been acquired as of 1 January 2013, earnings in the year under review would have risen by € 73 thousand and the Group result would have fallen by € 263 thousand.

8. Segment information

For management purposes, the Group is organised into business units based on its products and services. The Group reports on the following operational segments:

1. The Licence/Software segment concentrates on the sale of software solutions for installation on the customer's hardware as well as on maintenance and support services for customers who have purchased the Group's software solutions;
2. The Software segment as a service / cloud comprises our solution offer in the domain of online platforms for tendering and award processes, project collaboration, new web services and iTWO Succes; and
3. the Professional Services segment comprises consulting and support services for supporting customers in the implementation of software as well as consulting services in connection with the planning and management of construction and infrastructure projects.

The Executive Board 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.

The reported sales revenues involve sales to external customers. As there are no transactions between segments, there are no inter-segment elimination entries.

The accounting and valuation methods of the segments subject to reporting correspond to the Group accounting principles outlined in Section 3.

€ thousand

	2013			
	Licence/Software	SaaS/Cloud	Prof. Services	Total
Total revenue, external sales	**35,290**	**6,653**	**15,067**	**57,010**
Production costs	-7,899	-686	-13,073	-21,658
Research and development expenses	-3,491	-1,573	-	-5,064
Segment profit (EBIT)	23,900	4,395	1,994	30,289
Interest income and expense				-404
Other unallocated income and expenses				-16,861
Earnings before tax (EBT)				13,023
Income taxes				-3,948
Consolidated net profit for the year				**9.075**
Other segment information:				
Depreciation/amortisation	-3,740	-54	-8	-3,802

€ thousand

	2012			
	Licence/Software	SaaS/Cloud	Prof. Services	Total
Total revenue, external sales	**30,540**	**2,781**	**5,891**	**39,212**
Production costs	-6,560	-143	-5,517	-12,220
Research and development expenses	-3,344	-852	-	-4,196
Segment profit (EBIT)	20,636	1,786	374	22,796
Interest income and expense				502
Other unallocated income and expenses				-10,942
Earnings before tax (EBT)				12,356
Income taxes				-3,528
Consolidated net profit for the year				**8,828**
Other segment information:				
Depreciation/amortisation	-3,574	-45	-9	-3,628

The secondary costs recognised for buildings under manufacturing costs in the full amount of reclassified in the reporting year to the costs for research and development and other non-allocated expenses. The segment report of the previous year was therefore adjusted to enable comparison. Please also see our explanatory notes in Section 10.

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

The Executive Board as the chief operating decision-maker does not receive any regular details of segment assets and segment liabilities, as this information is not considered relevant for management of the Group.

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 financial years presented and the total of non-current assets as of the end of each of the financial years presented are analysed in the following:

€ thousand

	2013	2012
Germany	33,536	31,238
EMEA (Europe, Middle East and Africa)	4,541	2,056
Asia Pacific	4,892	3,215
North America	14,041	2,703
Total revenue	**57,010**	**39,212**

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

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

€ thousand

	31.12.2013	31.12.2012
Germany	41,817	34,291
EMEA	2	2
Asia Pacific	25,834	28,965
North America	15,515	16,677
Total	**83,168**	**79,935**

9. Revenue

Revenue breaks down as follows:

€ thousand

	2013	2012
Software licences	16,192	14,226
Software as a service/cloud	6,653	2,781
Total software licences and software as a service/cloud	**22,845**	**17,007**
Maintenance	19,098	16,315
Consulting	15,067	5,890
Total revenue	**57,010**	**39,212**

The total software licence revenue incl. software as a service/cloud is subdivided as follows:

€ thousand

	2013	2012
iTWO key account	5,347	4,143
iTWO mass market	5,561	3,674
SaaS/Cloud	6,653	2,781
Other product lines	5,284	6,409
Total software licences and software as a service/cloud	**22,845**	**17,007**

The revenues recognised in the previous year as SAP Channel were allocated to iTWO mass market.

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 as well as depreciation of self-created software. The write-downs on self-created software amount to € 3,433 thousand (previous year: € 3,368 thousand) in the reporting year. Ancillary building costs were reclassified to expense items in the reporting year. These items now also include the personnel expense for the users of the buildings. The result is that these are now no longer only included in the manufacturing cost. To create comparability, the reporting of the previous year's amounts was adjusted to the amended handling.

11. Other operating income

Other operating income breaks down as follows:

€ thousand

	2013	2012
Income from purchase price liabilities adjustments	1,825	0
Income from the reclassification of profits previously recognised in other income	174	0
Income from the reclassification of non-current assets held for sale	0	1,819
Income from the release of provisions and accruals	96	363
Grant income in respect of research and development work*	146	233
Cross-charged distribution and marketing costs	22	17
Exchange rate gains	71	223
Foreign exchange income on available-for-sale securities	149	160
Other	295	375
Total	**2,778**	**3,190**

* The amount represents subsidies granted by the Federal Ministry of Education and Research in Germany for the financing of two research and development projects as well as subsidies from the European Union for financing a research and development project. There are no unfulfilled contractual conditions or contingent liabilities relating to these subsidies.

Please see the explanatory notes in Section 39 with respect to the income from purchase price liabilities adjustments.

12. Other operating expenses

The other operating expenses break down as follows:

€ thousand

	2013	2012
Foreign exchange expenses on available-for-sale securities	496	647
Foreign exchange expenses arising from cash and cash equivalents	1,148	332
Other	329	299
Total	**1,973**	**1,278**

13. Other financial information

€ thousand

	2013	2012
Personnel expenses:		
Wages and salaries	25,462	17,407
Social security and pension costs	4,828	3,162
Total	**30,290**	**20,569**
Minimum lease payments under operating leases:		
Office buildings	1,605	914
Equipment	519	328
Total	**2,124**	**1,242**
Amortisation and depreciation:		
of intangible assets	4,873	3,938
of property, plant and equipment	416	240
of investment property	46	-
Total	**5,335**	**4,178**
Disclosure of the amortisation and depreciation of intangible assets in the income statement		
Cost of sales	3,436	3,371
General administrative expenses	22	14
Marketing and distribution costs	1,336	471
Research and development expenses	79	82
Total	**4,873**	**3,938**
Product warranty provision:		
Additional provision	210	220
Unused amounts reversed	-	-
Total research and development expenses		
Research and development expenses	12,529	10,798

To improve comparability, the previous year's amount for research and development costs was adjusted on the basis of the reclassification described in Section 10.

14. Finance income and costs

Finance income and costs break down as follows:

€ thousand

	2013	2012
Finance income:		
Bank interest income	185	294
Interest income from available-for-sale securities	191	304
Income from the accrued interest on non-current financial assets	99	123
Other	1	10
Total	**477**	**731**
Finance costs:		
Interest expense on finance leases	-	-2
Expenses from the initial consolidation of previously associated companies	-408	-
Accumulated interest on financial liabilities and other	-472	-226
Total	**-880**	**-228**

15. Income taxes

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 were unchanged compared to the previous year at 30.53%.

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

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

€ thousand

	2013	2012
Actual income tax	3,408	3,245
Deferred income tax	540	283
Total tax expense	**3,948**	**3,528**

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: 30.53%) to the income tax expense according to the income statement is provided in the following:

€ thousand

	2013	2012
Profit before tax	**13,023**	**12,357**
Expected tax expense	3,976	3,772
Non-deductible expenses and tax-exempt income	-342	14
Trade tax additions	13	6
Tax profits/losses for which no deferred taxes were recognised	-50	-263
First time capitalisation of tax loss carryforwards	-38	-281
Devaluation of deferred tax claims	317	-
Differences in tax rate for foreign subsidiaries	-203	278
Taxes relating to other reporting periods	183	-
Other	92	2
Tax expense according to income statement	**3,948**	**3,528**

16. Earnings per share – basic and diluted

Earnings per share are calculated on the basis of the profit share of the shareholders in RIB Software AG as shown in the following table:

€ thousand

	2013	2012
Profit share of the shareholders of RIB Software AG – basic and undiluted	9,046	8,828

Shares in thousands

	2013	2012
Weighted average of shares in circulation - undiluted	37,791	38,711
Dilution effect	82	-
Weighted average of shares in circulation - basic	37,873	38,711

17. Goodwill

€ thousand

	31.12.2013	31.12.2012
License/Software Segment	25,025	24,607
SaaS/Cloud Segment	6,221	6,361
Professional Services Segment	4,069	3,625
GZ TWO development entity	2,865	2,911
Total	**38,180**	**37,504**

The goodwill of the License/Software and Professional Services Segments includes the figures resulting from the acquisition of RIB Bausoftware GmbH and the RIB FSuite business division. Following the acquisition, RIB Bausoftware GmbH was incorporated into RIB Software AG in 2003. The goodwill relating to the development unit GZ TWO arose from the initial consolidation of this business in 2011.

The goodwill arising from the License/Software, SaaS/Cloud and Professional Services Segments are a result of the initial consolidations of the companies RIB MC², RIB CADX and RIB US Cost in the previous year and the companies consolidated for the first time in the reporting year RIB Cosinus, RIB Asia and MAC, see Section 7.

The new goodwill was allocated on the basis of the acquired companies' business operations, the associated strategic goals of the Group and taking into account the resulting benefits that are expected for the Group's segments.

The development of goodwill in the reporting year can be seen in Section 18.

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 License/Software, Saas/Cloud and Professional Services segments based on financial budgets covering a three-year period with a growth rate of 1% assumed in a perpetual annuity. 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 in the perpetual annuity.

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

%

	2013	2012
License/Software Segment	9.07	9.49
SaaS/Cloud Segment	12.12	10.41
Professional Services Segment	8.84	9.35
GZ TWO development entity	8.47	8.39

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

Revenue and expenses

The revenue projections for the SaaS/Cloud segment include most of the revenue from the companies acquired in 2012, RIB CADX and RIB US Cost. They also include some of the revenue of the newly acquired companies, RIB Cosinus and MAC. In addition, the planned revenues of the new product generation iTWO tx (formerly e Tendering) and iTWO cloud are included. The planned segment revenue includes the proceeds generated from the use and maintenance of the Cloud solutions. Starting from a detailed proceeds and expense budget for financial year 2014, the SaaS/Cloud Segment is assumed to generate an annual increase in revenue in the range of approximately 9% to 33% over the detailed planning period.

The sales forecast in the License/Software Segment includes the proceeds generated from the sale of licenses and the maintenance of our products and, amongst others, includes significant components of the revenue of the company, RIB Cosinus, newly acquired in the reporting year. Starting from a detailed proceeds and expense budget for financial year 2014, the License/Software Segment is assumed to generate an annual increase in revenue in the range of approximately 6% to 30% over the detailed planning period.

The revenue projections for the Professional Services Segment include revenues from the provision of training and consulting services. Starting from a detailed proceeds and expense budget for financial year 2014, the Professional Services Segment is assumed to generate an annual increase in revenue in the range of approximately 6% to 10% over the planning period.

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 Executive Board's experience. They were supplemented by effects resulting from company acquisitions.

The planning of the segments takes into account the Group's strategy – achieving above-average growth with new, innovative products and tapping into new market segments and winning new customers. The assumptions of revenue growth in the above-mentioned segments reflect past values and a planned expansion of the sales market that can be addressed.

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.

In our view, no realistic change to the above-mentioned significant assumptions and estimates will result in the carrying amounts of the segments exceeding the respective recoverable amounts.

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 financial year 2013

€ thousand

	Cost						Accumulated amortization, depreciation and impairment							Carrying amounts	
	As of 01.01.2013	Additions from initial consolidation	Additions	Additions/ disposals currency adjustments	Disposals	As of 31.12.2013	As of 01.01.2013	Additions from initial consolidation	Additions	Additions/ disposals currency adjustments	Disposals	Pro rata equity increase and decrease	As of 31.12.2013	As of 31.12.2013	As of 31.12.2012
1. Goodwill	**45,801**	**2,779**	**0**	**-2,103**	**0**	**46,477**	**8,297**	**0**	**0**	**0**	**0**	**0**	**8,297**	**38,180**	**37,504**
2. Other intangible assets															
a) Internally generated software	32,388	0	7,465	0	0	39,853	10,777	0	3,433	0	0	0	14,210	25,643	21,611
b) Customer relationships	4,533	1,485	0	-216	0	5,802	268	0	652	-4	0	0	916	4,886	4,265
c) Purchased software	4,713	56	28	-243	370	4,184	1,863	0	788	-3	370	0	2,278	1,906	2,850
d) Other	18	0	0	0	0	18	18	0	0	0	0	0	18	0	0
	41,652	**1,541**	**7,493**	**-459**	**370**	**49,857**	**12,926**	**0**	**4,873**	**-7**	**370**	**0**	**17,422**	**32,435**	**28,726**
3. Property, plant and equipment															
a) Land and buildings	0	0	5,150	-126	0	5,024	0	0	46	0	0	0	46	4,978	0
b) Furniture, fixtures and fittings	2,477	130	688	-70	227	2,998	1,725	0	370	-25	202	0	1,868	1,130	752
c) Assets under construction	4,834	0	92	68	4,994	0	0	0	0	0	0	0	0	0	4,834
	7,311	**130**	**5,930**	**-128**	**5,221**	**8,022**	**1,725**	**0**	**416**	**-25**	**202**	**0**	**1,914**	**6,108**	**5,586**
Total	**94,764**	**4,450**	**13,423**	**-2,690**	**5,591**	**104,356**	**22,948**	**0**	**5,289**	**-32**	**572**	**0**	**27,633**	**76,723**	**71,816**

The EOC I recognised previously in assets under construction was transferred to land and buildings after completion in September of the reporting year. The addition in the amount of € 5,150 thousand therefore includes € 4,994 thousand from this transfer (please also see disposals of assets under construction).

Statement of changes in non-current assets in financial year 2012

€ thousand

	Cost						Accumulated amortization, depreciation and impairment							Carrying amounts	
	As of 01.01.2012	Additions from initial consolidation	Additions	Additions/ disposals currency adjustments	Disposals	As of 31.12.2012	As of 01.01.2012	Additions from initial consolidation	Additions	Additions/ disposals currency adjustments	Disposals	Proportionate increase and decrease in equity	As of 31.12.2012	As of 31.12.2012	As of 31.12.2011
1. Goodwill	**25,264**	**20,958**	**0**	**-421**	**0**	**45,801**	**8,297**	**0**	**0**	**0**	**0**	**0**	**8,297**	**37,504**	**16,967**
2. Other intangible assets															
a) Internally generated software	25,786	0	6,602	0	0	32,388	7,409	0	3,368	0	0	0	10,777	21,611	18,377
b) Customer relationships	442	4,199	0	-108	0	4,533	112	0	157	-1	0	0	268	4,265	330
c) Purchased software	1,937	2,844	41	-109	0	4,713	1,467	0	399	-3	0	0	1,863	2,850	470
d) Other	10	0	8	0	0	18	4	0	14	0	0	0	18	0	6
	28,175	**7,043**	**6,651**	**-217**	**0**	**41,652**	**8,992**	**0**	**3,938**	**-4**	**0**	**0**	**12,926**	**28,726**	**19,183**
3. Property, plant and equipment															
a) Furniture and fixtures	2,197	384	200	-15	289	2,477	1,776	0	240	0	291	0	1,725	752	421
b) Assets under construction	4,721	0	156	-43	0	4,834	0	0	0	0	0	0	0	4,834	4,721
	6,918	**384**	**356**	**-58**	**289**	**7,311**	**1,776**	**0**	**240**	**0**	**291**	**0**	**1,725**	**5,586**	**5,142**
Total	**60,357**	**28,385**	**7,007**	**-696**	**289**	**94,764**	**19,065**	**0**	**4,178**	**-4**	**291**	**0**	**22,948**	**71,816**	**41,292**

19. Other intangible assets

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

Of the carrying amount for the internally generated software of € 25,643 thousand (previous year: € 21,611 thousand), the following amounts are attributable to RIB iTWO 5D:

€ thousand unless otherwise indicated

	31.12.2013	31.12.2012
Carrying amount	19,849	17,433
of which uncompleted portion at the reporting date	7,256	5,356
Remaining amortisation period of the modules completed by the reporting date	8 to 10 years	9 to 10 years

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

20. Investment properties

The building has so far only been used to a slight extent for work or administrative purposes. The Group has not yet determined whether it will use the building itself, (partially) lease it or sell it. Distance future usage is still indeterminate, the building continued to be recognised under the item “investment properties” in the reporting period.

The recoverable amount of the building amounts to € 5,073 thousand as of the balance sheet date. The recoverable amount for the building was determined on the basis of a survey by real estate specialists Jones Lang LaSalle, Hong Kong, taking into account the relevant market circumstances. The evaluation was carried out using the income capitalisation method taking into account the rental income realised on the market as well as a market-specific capitalisation interest rate.

The property is valued using the acquisition cost model. The building was completed in September 2013 and will be depreciated on a scheduled basis. The depreciation method used is the component approach, dividing the building into the components building shell and technical equipment. The useful lives are 50 years for the building shell and 25 years for the technical equipment. This results in an average useful life of 37 years. The monthly depreciation amounts to around € 11 thousand. No rental income was generated from the property during the reporting period. The operating expenses directly attributed to the investment property amount to € 21 thousand during the reporting period. The depreciation in the reporting period amounts to € 46 thousand and the carrying amount as of 31 December 2013 is € 5,031 thousand.

21. Investments in associates

The shares in RIB Asia previously accounted for according to the equity method as an investment in associates were fully consolidated for the first time as of 31 December 2013. Please refer to our explanatory notes on the acquisition of RIB Asia in the above Section 7.

The following table provides summarised information on the Group's investment in RIB Asia.

€ thousand

	31.12.2013	31.12.2012
Assets and liabilities of the associated company		
Current assets	-	85
Non-current assets	-	2,445
Current liabilities	-	1
Non-current liabilities	-	0
Equity	**-**	**2,529**

€ thousand

	2013	2012
Share of the associate's revenue and profit		
Revenue	-	0
Profit	-	-3
Carrying amount of the investment	**-**	**1,231**

22. Prepaid land use lease payments

The land usage right was recorded at the amortised carrying amount of € 936 thousand.

The leasehold land is held under a 50-year lease and the prepaid rents are accordingly reversed over this period on a straight-line basis at € 21 thousand p.a. and recognised in the income statement. A total of € 6 thousand are attributed to foreign currency differences from the translation recognised as of the balance sheet date with no effect on profit and loss.

23. Available-for-sale non-current assets

The co-ownership share in an office building in Scottsdale / Arizona, which was transferred to the Group in the course of acquiring the RIB MC² in 2012, was sold during the reporting period.

24. Other assets

Other assets of the Group break down as follows:

€ thousand

	31.12.2013		31.12.2012	
	Non-current	Current	Non-current	Current
Income tax refund claims	-	216	-	253
Other tax refund claims	-	12		632
Other receivables	-	757	-	1,339
Prepaid expenses	-	1,368	-	742
Other	51	-	86	-
Total	**51**	**2,353**	**86**	**2,966**

25. Deferred tax

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

Deferred tax assets

€ thousand

	Pensions	Unused tax losses	Lease liabilities	Other	Total
As of 1 January 2012	**280**	**632**	**16**	**59**	**987**
Addition from initial consolidation (with no effect on profit or loss)	-	1,004	-	-	1,004
Deferred tax recognised in the consolidated income statement during the year	74	816	-13	61	938
Deferred tax recognised in other comprehensive income during the year	109	-36	-	-	73
As of 31 December 2012 and 1 Jan 2013	**463**	**2,416**	**3**	**120**	**3,002**
Deferred tax recognised in the consolidated income statement during the year	-56	-942	-3	74	-927
Deferred tax recognised in other comprehensive income during the year	-9	-103	-	-	-112
As of 31 December 2013	**398**	**1,371**	**0**	**194**	**1,963**

Deferred tax assets relating to tax losses refer to RIB MC² in the amount of € 589 thousand and € 421 thousand to RIB CADX. We assume that realisation of the deferred tax asset for RIB CADX will be accompanied by the expected sustainable growth in the Cloud division and for RIB MC² with the successful implementation of our international distribution strategy, amongst others, increased engagement on the US market and the deferred taxes can be realised in full.

The unused losses of RIB Software (Americas) Inc. and RIB Software (UK) Ltd., amounting to € 449 thousand and € 577 thousand respectively, were not capitalised, as we cannot assume with sufficient certainty in the foreseeable future that taxable profit against which the deductible temporary differences can be utilised will be available.

Deferred tax liabilities

€ thousand

	Capitalised development costs	Consolidation adjustments	Assets held under leases	Other	Total
As of 1 January 2012	**5,391**	**810**	**16**	**65**	**6,282**
Addition from initial consolidation (with no effect on profit or loss)	-	2,611	-	-	2,611
Deferred tax recognised in the consolidated income statement during the year	806	425	-13	-3	1,215
Deferred tax recognised in other comprehensive income during the year	-	-167	-	28	-139
Deferred tax booked against capital reserves during the year, with no effect on profit or loss	-	-	-	-	-
As of 31 December 2012 and 1 Jan 2013	**6,197**	**3,679**	**3**	**90**	**9,969**
Addition from initial consolidation (with no effect on profit or loss)	-	428	-	-	428
Deferred tax recognised in the consolidated income statement during the year	380	-710	-3	-55	-388
Deferred tax recognised in other comprehensive income during the year	-	-361	-	-32	-393
Deferred tax booked against capital reserves during the year, with no effect on profit or loss	-	-	-	-	-
As of 31 December 2013	**6,577**	**3,036**	**0**	**3**	**9,616**

The Group's consolidated statement of comprehensive income includes € -8 thousand for deferred tax assets in the item revaluations. Changes in value of available-for-sale securities account for € 32 thousand in deferred tax liabilities and exchange differences total a net amount of € 361 thousand in deferred tax liabilities.

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

€ thousand

	31.12.2013	31.12.2012
Deferred tax assets	427	961
Deferred tax liabilities	8,081	7,928

Deferred tax liabilities of € 6,633 thousand are not expected to be realised before twelve months have passed.

26. Trade receivables

Movements in trade receivables were as follows:

€ thousand

			Due in more than one year	
	31.12.2013	31.12.2012	31.12.2013	31.12.2012
Trade receivables (gross)	10,413	9,597	616	43
Allowance for impairment	180	153	-	-
Trade receivables (net)	**10,233**	**9,444**	**616**	**43**

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

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

€ thousand

	Total	< 30 days	30-60 days	60-90 days	90-120 days	>120 days
31.12.2013	2,292	920	298	202	154	718
31.12.2012	1,421	553	155	29	309	375

Based on the information available as of the end of the financial 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:

€ thousand

	2013	2012
Opening balance	153	845
Additions	88	176
Utilised	-51	-842
Unused amounts reversed	-2	-25
Change resulting from foreign currency conversion	-8	-1
Closing balance	**180**	**153**

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.

27. Available-for-sale securities

Available-for-sale securities comprise short-term sovereign bonds of Singapore and corporate bonds of foreign companies in US dollars. The fair values of the sovereign bonds and corporate bonds are based on quoted prices on an active market.

Movements in available-for-sale securities were as follows:

€ thousand

	2013	2012
Opening balance	39,816	3,664
Additions (cash item)	78	36,682
Additions from the acquisition of consolidated companies	-	268
Disposals	-34,797	-
Change resulting from interest rate effects	-848	-348
Change resulting from price effects	-56	79
Income from the reclassification of profits and losses previously recognised in other income	-85	-
Change resulting from foreign currency conversion	-347	-529
Closing balance	**3,761**	**39,816**

28. Cash and cash equivalents

€ thousand

	31.12.2013	31.12.2012
Cash on hand	44	23
Bank balances	73,338	44,247
Cash equivalents	4,996	4,996
Liquid funds	**78,378**	**49,266**
Of which unrestricted	76,038	46,627
Of which restricted	2,340	2,639

Cash equivalents are defined as short-term highly liquid financial resources, which can be converted to cash at any time and which are subject to only low volatility. In this report, German Government Day-Bonds are reported under cash equivalents.

In financial year 2013, bank balances accrued interest at floating interest rates (based on call money rates and time deposit rates) ranging between 0.06% and 0.21% (financial year 2012: between 0.25% and 1.04%). 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.

Liquid funds available on a restricted basis:

This item comprises a bank balance of € 757 thousand, which is held by a trustee. The trustee account was set up in connection with the acquisition of the RIB US Cost company. The amount is a conditional purchase price payment that was agreed by contract. The agreement required the Group to deposit the amount. We do not expect that the agreed conditions will be satisfied, with the result that the cash will again be at the Group's disposal after the end of 2014. Some of the Group's subsidiaries have their headquarters in countries in which foreign exchange controls or other legal restrictions apply. In particular this involves the Group companies domiciled in the People's Republic of China. As of the balance sheet date, the companies held cash amounting to € 1,583 thousand (previous year: € 1,882 thousand). The Executive Board believes that this will not cause any disadvantages for the Group, as the cash is used for financing operations in the respective countries or cash transfers are approved if this should become commercially viable.

29. Equity

Issued capital / treasury shares

Number

	2013	2012
Issued shares in circulation:		
As of 1 January	**38,671,858**	**38,715,420**
Disposal of treasury shares	300,000	-
Acquisition of treasury shares	-1,673,203	-43,562
As of 31 December	**37,298,655**	**38,671,858**

All shares issued are fully paid up. The par value of the registered shares is € 1.00. 1,673,203 treasury shares were acquired and 300,000 Treasury shares were used as a purchase price payment for shares acquired in the reporting period, with the result that the number of shares in circulation decreased to 37,298,655 as of the balance sheet date (31 December 2013).

Treasury shares

By resolution of the General Meeting of 24 May 2012, the Executive Board of RIB Software AG is authorised pursuant to Section 71 (1) no. 8 of the German Stock Corporation Act (AktG) to purchase treasury shares until 23 May 2017 up to a total of 10% of the Company's share capital that existed at the time of the resolution. The exercise may also be performed by Group companies or by third parties for its account or for their account under consideration of Section 71d of the German Stock Corporation Act (AktG). In the reporting period, RIB Software AG bought back 1,673,203 ordinary shares in total with a nominal value of € 1.00 per share and an average price of € 4.37. The treasury shares are deducted from the issued capital at their acquisition cost of € 7,313 thousand in line with the acquisition cost model. The treasury shares used for the acquisition of MAC were taken into account with their average acquisition cost of € 4.25 per share. The price of the Treasury shares used for this purpose in the transfer period amounted to € 4.75 per share and resulting in proceeds on disposal of € 1,425 thousand. This results in the following development in the stock of treasury shares.

	Number shares	Date of acquisition	Pro rata amount in the share capital	Share of share capital	Total acquisition costs
	Number		€ thousand	%	€ thousand
Balance as of 1 January 2013	**43,562**		**44**	**0.11**	**202**
Additions in 2013	1,673,203	January - September 2013	1,673	4.32	7,313
Disposals in 2013	300,000	July 2013	300	0.77	1,275
Balance as of 31 December 2013	**1,416,765**		**1,417**	**3.66**	**6,240**

Authorised capital

By resolution of the General Meeting of 20 May 2011, the Executive Board 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 € 19,358 thousand up until 19 May 2016 by issuing new par-value registered 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 Association and bylaws. The new shares must be offered to the shareholders for subscription. However, the Executive Board is authorised, with the approval of the Supervisory Board, to preclude the shareholders' subscription rights.

The Executive Board made no use of this authorisation in the reporting period.

Contingent capital

By resolution of 20 May 2011 and 4 June 2013, the General Meeting also adopted a share option plan 2011/2013 and approved contingent capital for this purpose. The Executive Board is authorised to increase the capital stock of the Company by a total amount of up to € 1,549 thousand up until 19 May 2016 by issuing new par-value registered shares. The new shares shall participate in profit from the beginning of the financial year in which the issue occurs. Insofar as members of the Executive Board are affected, the Company's Supervisory Board alone is authorised accordingly.

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

Capital reserves

The movement in capital reserves during the reporting period breaks down as follows:

€ thousand

	2013
As of 1 January 2013	**80,620**
Disposal of treasury shares	150
Share-based remuneration	6
Capital deduction at subsidiaries	-8
As of 31 December 2013	**80,768**

Legal reserve

A contribution to the legal reserve was made during the reporting year for RIB Cosinus AG in the amount of € 9 thousand. Otherwise, no change was made during the reporting year and in the previous year in compliance with the regulations pursuant to Section 150 (2) AktG.

30. Share option plan 2011/2013

By resolutions of 20 May 2011 and 4 June 2013, the General Meeting adopted the share option plan 2011/2013 and authorised the Executive Board to grant 1,548,616 subscription rights until 19 May 2016. The term of the subscription rights is 7 years. The subscription rights can only be exercised after the expiry of a waiting period of 4 years if the beneficiary is employed at this time and the listed price of the share exceeds a certain amount within a period of 12 months after granting on a total of 60 trading days, as follows

- in the period from 1 July 2013 to 30 June 2014 an amount of € 5.88
- in the period from 1 July 2014 to 30 June 2015 an amount of € 7.88
- in the period from 1 July 2015 to 30 June 2016 an amount of € 9.88
- in the period from 1 July 2016 to 30 June 2017 an amount of € 11.88

The strike price of a subscription right amounts to € 1.00. If the performance target is not reached in a particular year, it may be compensated for in the following year by reaching the performance target applicable to this period. Subscription rights for which the performance target is not reached and cannot be compensated for in the following year lapse.

From the share option plan, 82,300 share options settled in equity instruments and 15,500 phantom shares settled in cash were granted for the first time on 5 December 2013.

Movement of subscription rights	**Share options**	**Phantom shares**
Balance at the beginning of the reporting period	0	0
Granted in the reporting period	82,300	15,500
Forfeited in the reporting period	0	0
Exercised in the reporting period	0	0
Lapsed in the reporting period	0	0
Balance at the end of the reporting period	82,300	15,500
To be exercised at the end of the reporting period	0	0

The subscription rights were valued by means of a Monte Carlo simulation taking into account the absolute performance target. The following parameters were included in the valuation of the subscription rights:

	Share options/phantom shares	**Phantom shares**
Valuation date	05.12.2013	30.12.2013
Strike price	€ 1.00	€ 1.00
Share price	€ 6.879	€ 7.200
Risk-free interest rate	1.30%	1.40%
Dividend yield	2.74%	2.59%
Expected volatility	37.35%	37.13%
Term	6.97 years	6.90 years
Fair values	**€ 4.40**	**€ 5.05**

The estimated values for the expected volatility were derived from the historical share price movements of RIB Software AG. The available history since the first listing on 8 February 2011 was used as a time window. The recorded personnel expense in the financial year amounts to € 6,444 from the granting of share options and € 1,400 from the granting of phantom shares. The carrying amount of the liabilities from the phantom shares amounts to € 1,400 and the intrinsic value of listed benefits is € 0.

31. Accumulated other consolidated comprehensive income

Accumulated other comprehensive income breaks down as follows:

€ thousand

	31.12.2013	**31.12.2012**
Reserve for changes in value of available-for-sale securities	-19	91
Foreign currency translation reserve	-2,954	543
Reserve for revaluations	-113	-133
Total	**-3,086**	**501**

The reserve for changes in value of available-for-sale securities records fair value changes of available-for-sale financial assets resulting from price changes of € 141 thousand, as well as compensatory deferred taxes of € 31 thousand.

The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign subsidiaries. The sharp fall is basically due to the performance of the Hong Kong dollar or Chinese yuan, the US dollar and the Australian dollar against the euro in the period under review.

32. Dividends

The Executive Board proposes to pay a dividend of € 0.06 per share, a total of € 2,238 thousand, to shareholders in financial year 2014, for the past financial year. This dividend must still be approved at the General Meeting. Consequently, it has not been recognised as a liability in these financial statements.

A dividend of € 0.14 per share was paid for the financial year 2012.

33. 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. These 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 pensions depends on the length of service and the remuneration payable to employees. The plans are not reinsured and are covered by the Group's assets. All risks were adequately taken into account in the actuarial report.

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 € 957 thousand in financial year 2013 and € 952 thousand in financial year 2012.

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

- Calculation basis: actuarial 2005 G mortality tables
- Notional interest rate: 3.50% p.a. (2012: 3.40% p.a.)
- Pension growth trend: 1.75% p.a. (2012: 1.75% p.a.)
- Salary growth trend: n.a. (2012: 1.75% p.a.)
- Employee turnover: 2.5% p.a. (2012: 2.5% p.a.)

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

€ thousand

	2013	2012
Pension obligations as of 1 January	3,292	2,951
Current service cost	11	9
Net interest expense	106	137
Revaluation	-28	358
Pension payments	-164	-163
Unused amounts reversed	-35	-
Pension obligations as of 31 December	**3,182**	**3,292**

Actuarial gains and losses are recognised immediately in accumulated other comprehensive income.

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

€ thousand

	2013	2012
Current service cost	11	9
Net interest expense	106	137
Total pension cost	**117**	**146**

The change in current service cost and interest expense is shown 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.

(c) The provisions for pensions and similar obligations break down as follows:

€ thousand

	2013	2012
Long-term pension provisions	3,018	3,129
Short-term pension provisions	164	163
Total pension provisions	**3,182**	**3,292**

The contributions payable in relation to pension obligations in financial year 2014 are expected to amount to € 174 thousand within the Group.

Material valuation parameters were subjected to a sensitivity analysis for measuring the pension provisions. The calculations carried out for this purpose by the actuaries were undertaken separately for the valuation parameters classified as material. An increase or decrease in the material actuarial assumptions would have had the following effects on the present value of the pensions as well as the defined benefit obligations.

€ thousand

Valuation parameter	Sensitivity in % points	Pension provisions
Notional interest rate	+ 0.5	2,957
Notional interest rate	- 0.5	3,325
Pension growth trend	+ 0.5	3,293
Pension growth trend	- 0.5	2,982

The weighted average term of the performance-based obligations as of 31 December 2013 is 12 years (previous year: 13 years)

34. 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:

€ thousands

	31.12.2013	31.12.2012
Assets from:		
Finance leases	1	38

The future minimum lease payments and their present value as of 31 December 2013 and 31 December 2012 are presented in the following:

€ thousand

	Minimum lease payments 31.12.2013	Minimum lease payments 31.12.2012	Present value of minimum lease payments 31.12.2013	Present value of minimum lease payments 31.12.2012
Amounts payable:				
Within one year	1	38	1	37
In the second to third year, inclusive	-	1	-	1
Total minimum lease payments	**1**	**39**	**1**	**38**
Future finance charge	-	-1		
Total net finance lease, obligation	**1**	**38**		
Current portion	1	37		
Non-current portion	**-**	**1**		

35. 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.

36. Other provisions

The movements of other provisions are as follows:

€ thousand

	Warranty provisions	Litigation provisions	Other provisions	Total
As of 1 January 2012	**224**	**65**	**72**	**361**
Utilised	217	65	1	283
Unused amounts reversed	-	-	-	-
Arising during the year	220	-	-	220
As of 31 December 2012 and 1 January 2013	**227**	**0**	**71**	**298**
Utilised	195	-	14	209
Unused amounts reversed	-	-	-	-
Arising during the year	210	-	7	217
As of 31 December 2013	**242**	**0**	**64**	**306**

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.

37. Accruals

The accruals break down as follows:

€ thousand

	31.12.2013	**31.12.2012**
Accrued payroll and social security	2,051	1,656
Outstanding licence obligations	121	82
Commission	106	179
Accrual for outstanding invoices	181	226
Other	274	376
Total	**2,733**	**2,519**

38. Deferred revenue

The amounts disclosed comprise revenue billed to or received from customers with regard to the provision of maintenance services which had not yet been recognised by the Group as the services had not yet been provided at the end of the reporting periods.

39. Other financial liabilities

This primarily involves the liabilities arising from acquisition of the companies RIB CADX and RIB US Cost in financial year 2012 and the acquisition of RIB Cosinus in the reporting period. See also the comments under Section 7. These liabilities constitute derivative financial commitments, which were classified at fair value through profit or loss. In the reporting period, the fair values of the liabilities from the acquisitions of the companies, RIB CADX and RIB US Cost, were reviewed and revalued on the basis of revised budgets.

Other financial liabilities break down as follows:

€ thousand

	31.12.2013	31.12.2012
Liability from the acquisition of RIB CADX	5,104	6,315
Liability from the acquisition of RIB US Cost	4,296	4,679
Liability from the acquisition of RIB Cosinus	1,297	-
Other	108	-
Total	**10,805**	**10,994**

For the subsequent measurement of the financial liability from the acquisition of the company, RIB CADX, the value of RIB CADX as a going concern at the time of the option was determined. The options can be exercised in the fourth quarter of financial year 2017. The company valuation is undertaken with updated budget figures according to the discounted cash flow method (hereinafter: DCF method) taking into account various scenarios. For the calculation, an industry-specific beta factor as well as a country-specific market risk premium and non-risk interest rate were taken into account. The expected cash flows were discounted at an interest rate of 10.35%. On the basis of these calculations we assume that the value of RIB CADX as a going concern at the time of the option will range between € 16 million and € 30 million (previous year: between € 20 million and € 37 million). Bearing in mind the estimated occurrence probability of the scenarios which have been taken into consideration as well as the contractual lower and upper limits for the option price, we assume on this basis that the relevant value of the company as a going concern at the time of the option will be € 23.0 million (previous year: € 29.1 million)

According to this, a purchase price of € 5,759 thousand (previous year: € 7,278 thousand) would be payable for the share of 25% that is still outstanding. The subsequent valuation of the financial liability was undertaken by discounting this purchase price on the balance sheet date using a risk-compliant interest rate corresponding to the respective term of 2.88%. The accrued interest from the purchase price liability in the year under review results in an interest expense of € 188 thousand.

From the subsequent valuation of the financial liability, income of € 1,392 thousand arises, which was recognised in the consolidated income statement in the reporting period through profit or loss. The income is a result of the adjustment of budget figures due to the non-achievement of revenue targets in the past financial year as well as delays in the market launch of new products and an increase in the interest rate of around 1%-point. As the amount of the consideration depends on what will happen in the future, the valuation of the financial liability is inextricably linked to discretionary decisions and estimation uncertainties. In the period until the financial liability becomes payable, income of a maximum of € 3,894 thousand (previous year: income of a maximum of € 5,413 thousand) or expenses of a maximum of € 3,716 thousand (previous year: expenses of a maximum of € 2,197 thousand) may accrue.

For the subsequent measurement of the financial liability from the acquisition of the company, RIB US Cost, the value of RIB US Cost as a going concern at the time when the forward agreement expires will be determined in the fourth quarter of financial year 2017. The company valuation is undertaken with updated budget figures according to the DCF method taking into account various scenarios. For the calculation, an industry-specific beta factor as well as a country-specific market risk premium and non-risk interest rate were taken into account. The expected cash flows were discounted at an interest rate of 9.23%. On the basis of these calculations we assume that the value of RIB US Cost as a going concern at the time when the forward agreement expires will be between € 5.8 million and € 14.0 million (previous year: between € 7.1 million and € 14.0 million). Bearing in mind the estimated occurrence probability of the scenarios which have been taken into consideration as well as the contractual lower and upper limits for the forward price, we assume on this basis that the relevant value of the company as a going concern at the time when the forward agreement expires will be € 11.8 million (previous year: € 12.3 million). According to this, a purchase price of € 4,625 thousand (previous year: € 5,393 thousand) would be payable for the currently still outstanding shares of 38,325% on the date when the agreement expires. The subsequent valuation of the financial liability was undertaken by discounting this purchase price on the balance sheet date using a risk-compliant interest rate corresponding to the respective term of 2.88%. The accrued interest from the purchase price liability in the year under review results in an interest expense of € 134 thousand.

Income of € 179 thousand arises from the subsequent valuation of the financial liability, which was recognised in the consolidated income statement in the reporting period through profit or loss. Due to the contractual upper limit for the forward price, the changed budget figures have no effect, with the result that the income results solely from the increase of 1%-point in the interest rate. As the amount of the consideration depends on what will happen in the future, the valuation of the financial liability is inextricably linked to discretionary decisions and estimation uncertainties. In the period until the financial liability becomes payable, income of a maximum of € 3,255 thousand (previous year: income of a maximum of € 3,853 thousand) or expenses of a maximum of € 1,625 thousand (previous year: expenses of a maximum of € 1,547 thousand) may accrue.

In addition, the Group took over additional shares of 4.86% in RIB US Cost in the reporting year. The total purchase price for these shares amounted to € 253 thousand, of which € 86 thousand was paid in the reporting year. Income of € 254 thousand arises from the subsequent reduction of the purchase price liability, which was recognised in the consolidated income statement in the reporting period through profit or loss. The income is the result of an early, unexpected exit of a former shareholder at a purchase price per share that corresponded to the purchase price of the shares in financial year 2012.

Material valuation parameters were subjected to a sensitivity analysis for measuring the purchase price liabilities. The calculations carried out for this purpose by the Group were undertaken separately for the valuation parameters classified as material. And increase or decrease in the material assumptions would have had the following effects on the carrying amounts of the purchase price liabilities of € 10,697 thousand:

€ thousand

Valuation parameter	Sensitivity	Carrying amount
Discount interest rate in the context of the DCF method	+ 1.0%-point	9,934
Discount interest rate in the context of the DCF method	- 1.0%-point	11,359
Growth rate in the budgeted revenues in the budget period	+ 10.0%	12,078
Growth rate in the budgeted revenues in the budget period	- 10.0%	8,832

40. Other liabilities

Other liabilities break down as follows:

€ thousand

	31.12.2013	31.12.2012
Tax liabilities	1,630	1,310
Social security liabilities	301	243
Advance payments received from customers	106	127
Other	155	245
Total	**2,192**	**1,925**

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

41. Financial commitments

(a) Operating lease agreements

The Group leases certain office buildings and technical equipment in the scope of operating lease agreements. Contracts with terms of 1 to 5 years were concluded for this purpose.

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

€ thousand

	31.12.2013	31.12.2012
Due within one year	2,360	1,746
Due in between two and five years	3,331	1,805
Total	**5,691**	**3,551**

An increase of € 1,022 thousand results in particular from the company acquisitions completed in the period covered by the report.

(b) Other

As of 31 December 2013, there are other financial obligations resulting from the agreement on a strategic business alliance with a customer totalling € 137 thousand with a term of 7 years.

42. Contingent liabilities

There were no material contingent liabilities as of 31 December 2013 and 31 December 2012.

43. Related party transactions

During the financial years presented, the Group engaged in the following material transactions with related parties:

(a) During the financial years presented, the following transactions were undertaken with related parties:

With contracts dated 10 October 2013, RIB AG acquired a further 50.04% of the shares in RIB Asia, thereafter holding all the shares in this company. The sellers of the shares were the Chairman of the Executive Board of RIB Software AG, Mr. Thomas Wolf, as well as two companies in which Mr Thomas Wolf or related parties hold majority interests. A total of € 850 thousand was paid as a purchase price for the acquired shares. Please refer to Section 7 in this regard.

(b) Outstanding balances with related parties:

There were no outstanding balances with related parties as of 31 December 2013.

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

Compensation of key management personnel refers to the salaries of the Executive Board and remuneration for the Supervisory Board of the parent company. We refer also to Section 47.

44. 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 2012 and 31 December 2013, the Group held the following financial assets measured at fair value.

Financial assets measured at fair value as of 31 December 2012:

€ thousand

	Level 1	Level 2	Level 3	**Total**
Available-for-sale financial assets:				
Sovereign bonds	3,808	-	-	**3,808**
Corporate bonds	36,008	-	-	**36,008**

Assets measured at fair value as of 31 December 2013:

€ thousand

	Level 1	Level 2	Level 3	Total
Available-for-sale financial assets:				
Sovereign bonds	3,484	-	-	**3,484**
Corporate bonds	277	-	-	**277**

Financial liabilities measured at fair value result from two company acquisitions in financial year 2012, as of 31 December 2013 and one company acquisition in the reporting period. Please refer to Sections 7 and 39 in this regard as well as the changes in the fair values of the financial assets.

Financial liabilities measured at fair value as of 31 December 2012:

€ thousand

	Level 1	Level 2	Level 3	Total
Financial liabilities:				
Derivatives	-	-	10,994	**10,994**

Financial liabilities measured at fair value as of 31 December 2013:

€ thousand

	Level 1	Level 2	Level 3	Total
Financial liabilities:				
Derivatives	-	-	10,697	**10,697**

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

The financial liabilities valued at fair value developed as follows in the reporting year:

€ thousand

	2013	2012
As of 1 Jan	**10,994**	**-**
Changes without effect on profits		
Acquisition of company shares	1,287	10,927
Repayments	-86	-
	1,201	**10,927**
Changes with effect on profits		
Income from the subsequent valuation of purchase price liabilities (other operating income)	-1,825	-
Expenses from the interest accrued on purchase price liabilities (finance expenses)	327	67
	-1,498	**67**
As of 31 Dec	**10,697**	**10,994**
Gains/losses from the valuation of financial liabilities	1,498	-67

45. 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 continues to operate mainly in Europe but is increasing its activities in North America. Through its ordinary operating activities, the Group is exposed 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 fluctuation 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 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 in North America and the majority of the sales and purchase transactions are denominated 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)
- Swiss francs (CHF)

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 of 31 December 2013, an additional expense of some € 2,146 thousand would have arisen in the income statement. If the euro had been 10% weaker against the currencies listed above as of 31 December 2013, an additional income of some € 2,146 thousand would have arisen in the income statement.

(b) Interest rate fluctuation risk

The Group's interest rate fluctuation risk is the risk that the fair values of available-for-sale securities fall (rise) as a result of interest rate changes. As of 31 December 2013 the Group holds sovereign bonds issued by Singapore, measured at the quoted market price as of 31 December 2013. 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 € 26 thousand. 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 € 26 thousand. This income 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 2013 and did not exist as of 31 December 2012.

(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 material interest-bearing bank borrowings.

The contractual maturity of financial liabilities including trade payables and finance lease obligations is disclosed in Sections 34 and 35. Other financial liabilities, which are included under deferred liabilities 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.

Please see Sections 7 and 39 with respect to the due dates of the financial liabilities.

(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 contractual 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 uncollectable amounts.

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

Occasionally, customers will settle payment only 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 receivables and other assets, 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 the financing of working capital purposes. Capital includes equity attributable to the shareholders 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.

46. Auditor's fees

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

€ thousand

	2013
Audit of the financial statements	93
Tax advice	45
Other services	82
Total	**220**

47. Remuneration of the Company's Supervisory Board and the Executive Board

The total remuneration paid to the members of the Executive Board in financial year 2013 comes to € 1,185 thousand (previous year: € 812 thousand). The members of the Executive Board received a basic salary that is not performance-based for their work in financial year 2013 ("Remuneration 1") in the amount of € 691 thousand (previous year: € 688 thousand). The Executive Board's remuneration also includes a performance-based element ("Remuneration 2") for their work in the previous year, amounting to € 185 thousand (previous year: € 124 thousand) as well as € 133 thousand for financial year 2013 (previous year: € 0 thousand). In addition, a share-based remuneration (“Remuneration 3”) in the amount of € 176 thousand (previous year: € 0 thousand) was paid in financial year 2013. As of 31 December 2013 there were outstanding balances arising from Executive Board's remuneration in the amount of € 133 thousand for the share in "Remuneration 2“ recognised as deferred liabilities relating to financial year 2013.

Retirement benefits in the amount of € 24 thousand (previous year: € 23 thousand) were paid to former members of the Executive Board in financial year 2013.

The total remuneration of the Supervisory Board for financial year 2013 amounts to € 84 thousand (previous year: € 71 thousand). The remuneration of the Supervisory Board is reported as current liabilities as of 31 December 2013.

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

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

48. Average headcount for the year

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

Number

	2013	2012
General administration	69	50
Research and development	217	226
Marketing/distribution	91	75
Support/consulting	185	114
Total	**562**	**465**

49. Disclosure on shareholdings pursuant to sec. 313 (2) HGB

%

	Share in capital
Fully consolidated entities:	
Germany:	
RIB Deutschland GmbH, Stuttgart, Germany	100.00
RIB Engineering GmbH, Stuttgart, Germany	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
RIB Cosinus GmbH, Freiburg, Germany	80.00
RIB Cosinus Solutions GmbH, Mannheim, Germany	70.00
MAC Europe GmbH, Hungen, Germany	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, UAE	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
TWO Hong Kong Limited, Hong Kong, People's Republic of China	100.00
RIB MC² Incorporated, Memphis, USA	100.00
RIB CADX PTY Limited, Sydney, New South Wales, Australia	75.00
RIB U.S. Cost Incorporated, Atlanta, USA	61.68
RIB Asia Ltd., Hong Kong, People's Republic of China	100.00
RIB Cosinus AG, Lucerne, Switzerland	100.00
MAC International Company Limited, Hong Kong, People's Republic of China	100.00
MAC II Limited, Hong Kong, People's Republic of China	100.00
MAC (Guangdong) Industrial Company Limited, Foshan, People's Republic of China	100.00

Stuttgart, 18 March 2014

RIB Software AG

Stuttgart

The Executive Board

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

Declaration of the legal representatives

We hereby confirm that to the best of our knowledge, the interim consolidated financial statements give a true and fair view of the net assets, financial position and results of operations of the Group and the interim Group management report gives a true and fair view of the business performance, including the results of operations and the situation of the Group, and describes the main opportunities and risks and anticipated development of the Group in the remaining financial year, in accordance with the applicable framework for interim financial reporting.

Stuttgart, 18 March 2014

RIB Software AG

The Executive Board

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

Audit opinion

We have audited the consolidated financial statements prepared by RIB Software AG, Stuttgart, Germany, consisting of the statement of financial position, statement of comprehensive income, statement of changes in equity, statement of cash flows and notes as well as the group management report, which is combined with the management report of the parent company, for the financial year from 1 January 2013 to 31 December 2013. The preparation of the consolidated financial statements and the combined group management report in accordance with IFRS as adopted by the EU, and the additional requirements of German commercial law pursuant to Section 315a (1) of the German Commercial Code (HGB), is the responsibility of the company's legal representatives. Our responsibility is to submit an opinion on the consolidated financial statements and on the combined group management report on the basis of our audit.

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

Our audit has not led to any reservations.

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

Stuttgart, 18.03.2014

BW PARTNER
Bauer Schätz Hasenclever Partnerschaft
Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft

Philipp Hasenclever	Magnus M. Gill
Wirtschaftsprüfer	Wirtschaftsprüfer

Financial Statements of RIB Software AG 2013 (HGB) (Excerpt)

Balance Sheet

RIB Software AG, Stuttgart

€

ASSETS	31.12.2013	31.12.2012
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	143,216.07	262,605.06
2. Goodwill	5,514,377.14	6,892,971.42
	5,657,593.21	7,155,576.48
II. Property, plant and equipment		
Furniture and fixtures	89,371.10	85,720.03
III. Financial assets		
1. Investments in affiliated companies	54,470,326.19	44,083,633.42
2. Investments	0.00	1,058,063.75
	54,470,326.19	45,141,697.17
	60,217,290.50	52,382,993.68
B. Current assets		
I. Receivables and other assets		
1. Trade receivables	3,782,636.84	4,311,714.65
2. Receivables from affiliated companies	3,139,112.98	5,205,473.52
3. Other assets	30,850.56	527,110.09
	6,952,600.38	10,044,298.26
II. Securities		
Other securities	8,467,623.29	43,789,337.31
III. Cash on hand and		
Bank balances	52,681,303.98	26,103,150.57
	68,101,527.65	79,936,786.14
C. Prepaid expenses	568,207.00	619,206.61
	128,887,025.15	**132,938,986.43**

€

EQUITY AND LIABILITIES		
	31.12.2013	31.12.2012
A. Equity		
I. Issued capital		
1. Subscribed capital	38,715,420.00	38,715,420.00
2. Less nominal amount of treasury shares	-1,416,765.00	-43,562.00
	37,298,655.00	38,671,858.00
II. Capital reserves	81,809,021.86	81,652,577.56
III. Retained earnings		
Legal reserves	47,588.47	47,588.47
IV. Retained earnings	2,629,785.40	5,605,042.07
	121,785,050.73	125,977,066.10
B. Provisions		
1. Pension provisions	2,412,922.00	2,416,472.00
2. Provisions for taxation	2,236,337.91	1,940,659.00
3. Other provisions	724,150.00	690,470.00
	5,373,409.91	5,047,601.00
C. Liabilities		
1. Trade payables	283,985.17	503,271.87
2. Liabilities to affiliated companies	593,621.86	837,720.86
3. Other liabilities	370,937.49	129,504.60
of taxes € 252,826.20		
(prior year: € 0.00)		
- of which social security liabilities € 4,899.31		
(prior year: € 7,981.50)		
	1,248,544.52	1,470,497.33
D. Prepaid expenses	480,019.99	443,822.00
	128,887,025.15	**132,938,986.43**

Income Statement for the Financial Year 2013

RIB Software AG, Stuttgart

€

				2013		2012	
1.	Revenues				33,018,529.58		33,402,765.68
2.	Other operating income				2,844,915.41		3,404,820.37
	- of which from currency translation:	€	70,961.32				
	(prior year:	€	121,085.88)				
3.	Material costs						
	a) Expenses for goods			-1,166,829.79		-948,351.08	
	b) Expenses for services purchased			-9,080,492.13	-10,247,321.92	-9,964,719.02	-10,913,070.10
4.	Personnel expenses						
	a) Wages and salaries			-1,722,085.46		-1,646,028.41	
	b) Social security and pension costs			-266,979.39		-247,969,11	
	- Of which for pension schemes	€	47,926.50				
	(prior year:	€	19,567.87)		-1,989,064.85		-1,893,997.52
5.	Amortisation of intangible non-current assets and depreciation on property, plant and equipment				-1,554,884.68		-1,545,462.32
6.	Other operating expenses				-14,706,920.94		-13,959,390.49
	- of which from currency translation:	€	1,241,260.18				
	(prior year:	€	163,541.31)				
7.	Income from investments				2,906,412.21		42,121.93
	- of which from affiliated companies	€	2,906,412.21				
	(prior year:	€	42,121.93)				
8.	Other interest and similar income				748,948.28		1,432,749.64
	from affiliated companies	€		51,892.04			
	(prior year	€		43,221.91)			
9.	Depreciation of current assets				-935,785.45		-1,418,258.68
10.	Interest and similar expenses				-152,159.48		-143,079.78
	- of which write-ups:	€	119,690.48				
	(prior year:	€	130,779.78)				
11.	**Net income from ordinary business activities**				**9,932,668.16**		**8,409,198.73**
12.	Income tax expense				-2,905,480.81		-2,954.,984.65
13.	Other taxes				-1,978.00		-3,091.00
14.	**Net profit for the year**				**7,025,209.35**		**5,451,123.08**
15.	Profit carried forward from the prior year				268,900.21		312,465.11
16.	Income from the sale of treasury shares				975,000.00		0.00
17.	Expenses from the acquisition of treasury shares				-5,639,324.16		-158,546.12
18.	**Retained earnings**				**2,629,785.40**		**5,605,042.07**

Further information

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

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