RIB

running together

Annual Report 2015

RIB OVERVIEW

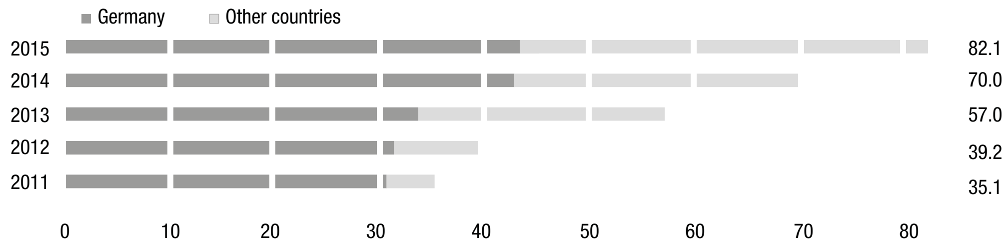
REGIONAL BREAKDOWN IN REVENUE 2015

APAC (Asia and Pacific Region)

EMEA (Europe excl. Germany, Middle East and Africa)

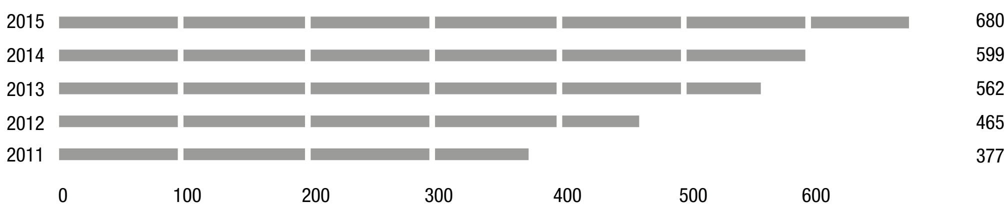
DEVELOPMENT IN REVENUES FIVE-YEAR COMPARISON

Figures in € million



AVERAGE NUMBER OF EMPLOYEES

Figures in annual average



COMPANY PROFILE

RIB Software AG is an innovator in construction business. The company creates, develops, and offers iTWO³ – new thinking, new working method and new technology - for construction projects across various industries worldwide. iTWO today is the world's first Cloud / License based Big Data 5D BIM enterprise solution for construction companies, industrial companies, developers and investors.

Since its inception in 1961, RIB Software AG has been the pioneer in construction innovation, exploring and bringing in new thinking, new working method and new technology to enhance construction productivity, and transforming the construction industry into the most advanced and digitalized industry in the 21st century.

RIB is headquartered in Stuttgart, Germany, and listed in Prime Standard Frankfurt Stock Exchange since 2011. With about 700 talents located in over 30 offices worldwide, RIB is serving 100,000 clients including construction contractors, sub-contractors, developers, owners, investors and governments, in the field of building construction, infrastructure, EPC sector and more.

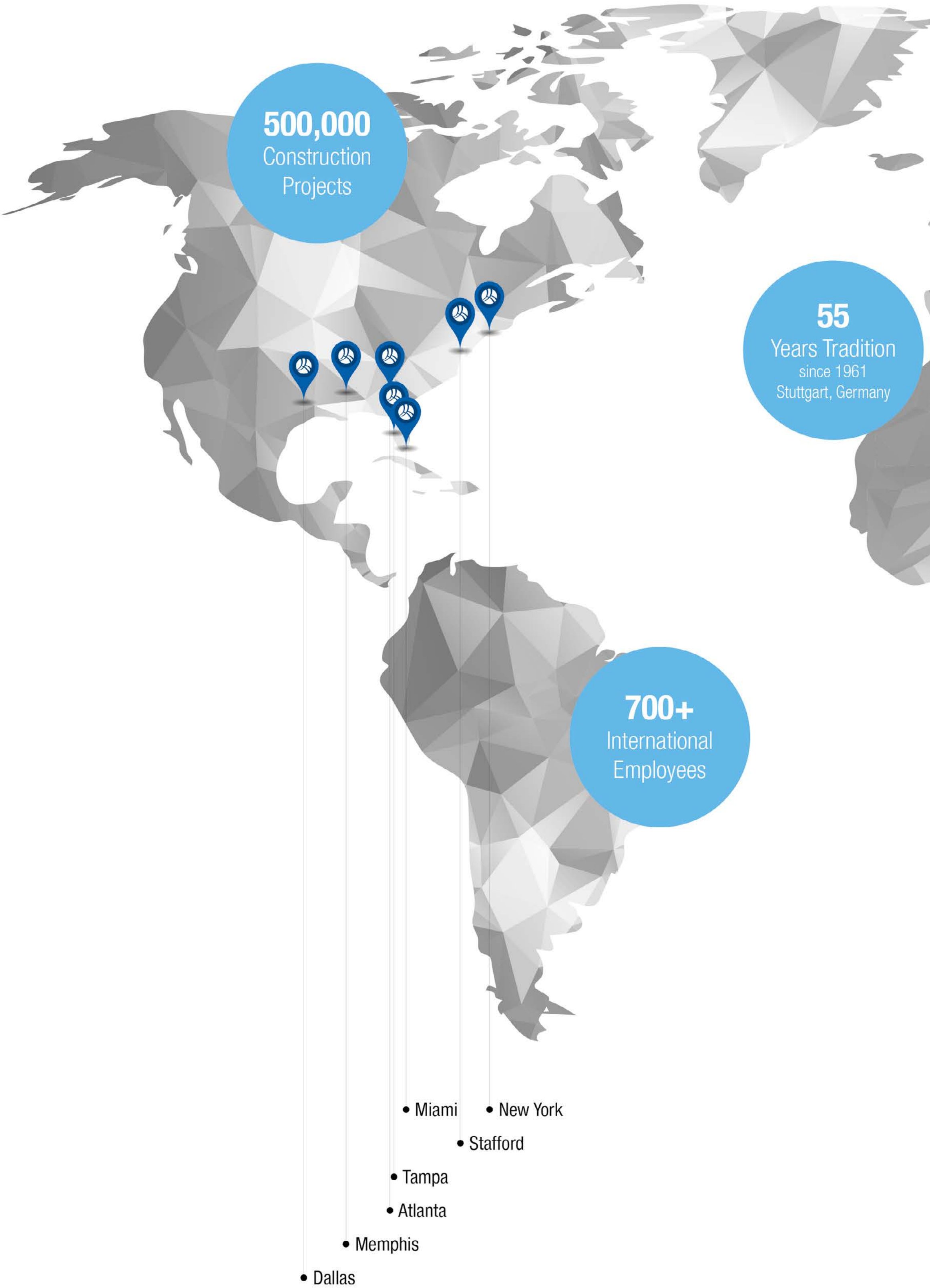
For more information visit **www.rib-software.com**

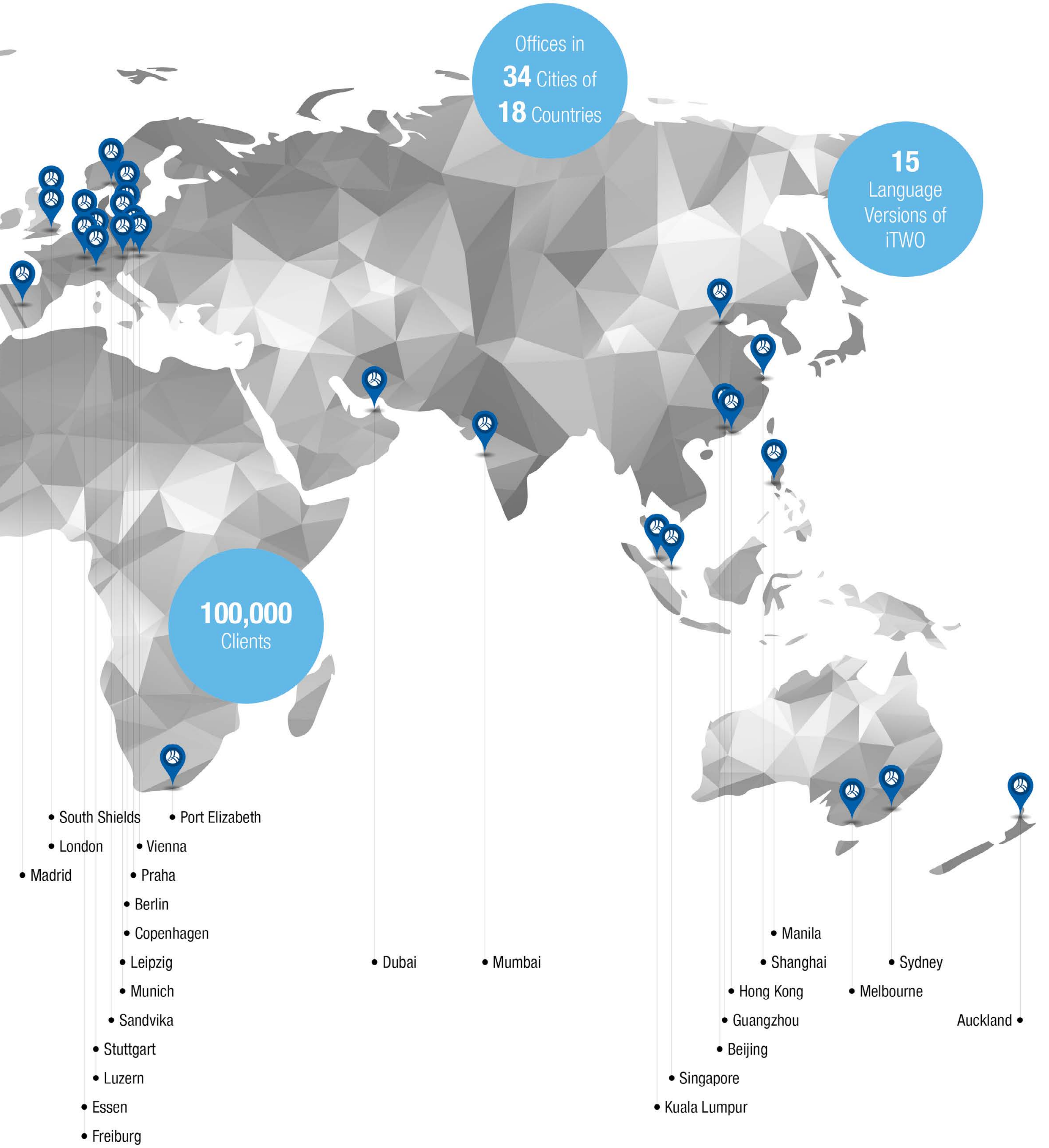
CONSOLIDATED FIGURES - OVERVIEW

€ million unless otherwise indicated	2015	2014	2013	2012
Revenue	82.1	70.0	57.0	39.2
Software licences	20.1	23.1	16.2	14.2
Software as a Service / Cloud	12.0	8.7	6.7	2.8
Maintenance	23.8	21.7	19.1	16.3
Consulting	20.0	15.8	15.1	5.9
e-commerce	6.2	0.7	-	-
Operating EBITDA*	**20.9**	**25.7**	**18.5**	**15.3**
as % of revenue	25.5 %	36.7 %	32.5 %	39.0 %
Operating EBT*	**12.4**	**19,3**	**12.7**	**11.7**
as % of revenue	15.1 %	27.6 %	22.3 %	29.8 %
Consolidated net profit of the year	10.5	20.8	9.1	8.8
Cash flow from operating activities	**19.4**	**20,7**	**16.4**	**14.0**
Average number of employees	680	599	562	465
Liquid funds and available-for-sale securities	177.0	137.9	82.1	89.1
Equity ratio	86.3 %	85.0 %	80.2 %	81.8 %
Research and development expenses	17.0	14,6	12.5	10.8
R&D ratio - iTWO segment	22.3 %	21.0 %	21.9 %	27.6 %
Annual average number of R&D-employees	269	243	217	226

* EBITDA and EBT adjusted by currency effects (2015: +3.8; 2014: +3.7; 2013: -1.5; 2012: -0.8) and one-off / special effects (2015: +0.2; 2014: +5.9; 2013: +1.8; 2012: +1.5)

GLOBAL RIB LOCATIONS





Offices in
34 Cities of
18 Countries
15
Language
Versions of
iTWO
100,000
Clients
South Shields
Port Elizabeth
London
Vienna
Madrid
Praha
Berlin
Copenhagen
Leipzig
Munich
Sandvika
Stuttgart
Luzern
Essen
Freiburg
Dubai
Mumbai
Manila
Shanghai
Sydney
Hong Kong
Melbourne
Guangzhou
Auckland
Beijing
Singapore
Kuala Lumpur

HIGHLIGHTS 2015

JANUARY - MARCH

RIB Software AG started the first quarter of 2015 with the successful conclusion of seven Phase-II deals. The year 2014 was deemed successful at the end of the quarter with an increase of 52.0% in the operating result before taxation to € 19.3 million.

With the opening of additional, new 5D LABs in Europe, Asia and North America, RIB has been able to bring 5D technology to life for prospects worldwide, and to work together with all project participants on the design of buildings involving all technical, deadline-related and financial parameters. The sales for iTWO (software & cloud) grew in the first quarter by 147.2%.

APRIL - JUNE

The second quarter of the financial year to date saw continued success due to, among other things, the signing of five additional large deals.

RIB Software AG once again participated as the primary sponsor at the German Construction Industry Congress (Tag der Deutschen Bauindustrie), and held discussions with important representatives from the construction indus-

try regarding the future development of the industry. Within the first six months, iTWO sales were increased by 118.4% in comparison to the previous year, with a total growth rate of 45.0% based on a six-month comparison.

JULY - SEPTEMBER

RIB continued its path to success in the first six months and, in the third quarter, concluded a further five Phase-II deals. The annual target of 25 large deals in the financial year of 2015 was put within reach.

In July, RIB announced the takeover of Soft SA, the market leader for calculation software in Spain and South America. The 100% takeover of Soft SA will play an important role in the global business development of RIB. In the future the iTWO 5D platform will be localised for the Spanish-speaking market and should, with the assistance of a new location, become established in the Spanish-speaking markets.

In August 2015, the renowned higher education establishment Georgia Institute of Technology hosted the world's first iTWO-based lecture. The course being held at the leading technology institute was fully booked within just a few days.

OCTOBER - DECEMBER

At the beginning of the fourth quarter, RIB Software AG announced the acquisition of 75% of shares in SAA Software Engineering, based in Vienna. This collaboration should lead to the development of the first Industry 4.0 solution for the global building, infrastructure and EPC industry. Together with experts from SAA the building, infrastructure and EPC industry should be put in a position to be able to offer projects more cost-effectively, faster and at a higher level of quality thanks to the industrial prefabrication of building components and assemblies. From 18 until 20 November 2015, the third iTWO world conference was held, proving itself to be a successful continuation of the previous years with a continuous growing iTWO community.

During the last three months of the year, RIB agreed a further eight Phase-II deals, thus enabling it to achieve its target of 25 large deals.

CONTENT

This icon indicates internet links

This icon indicates a link within the report

iTWO is the worlds first enterprise solution for the building, infrastructure and EPC industry to plan and coordinate the complete project lifecycle of a construction project. iTWO is also the base of efficient and cost-effective working methods.

Besides the classic desktop applications RIB also offers diverse Business-Services accessible via cloud in conventional internet browsers or mobile devices. Using the Control Tower app, management personnel can monitor important project and business figures from anywhere with an internet connection.

Not only time but also the cost dimension has an important role. Major construction projects currently hit the headlines with unexpected cost increases. This is precisely where iTWO PCI comes into play. The IT-based Project Cost Insurance is offered together with Munich Re. The physical implementation of the project only begins after successful approval of an iTWO 5D Model by risk experts of Munich Re.

THE FUTURE OF CONSTRUCTION

The RIB Group stands for a revolution of "Made in Germany" - the digitalisation of the entire value creation chain of a building project through the networking of virtual and real construction, with the objective of ensuring that cost and time limitations are adhered to, and that the process of construction is designed more sustainably.

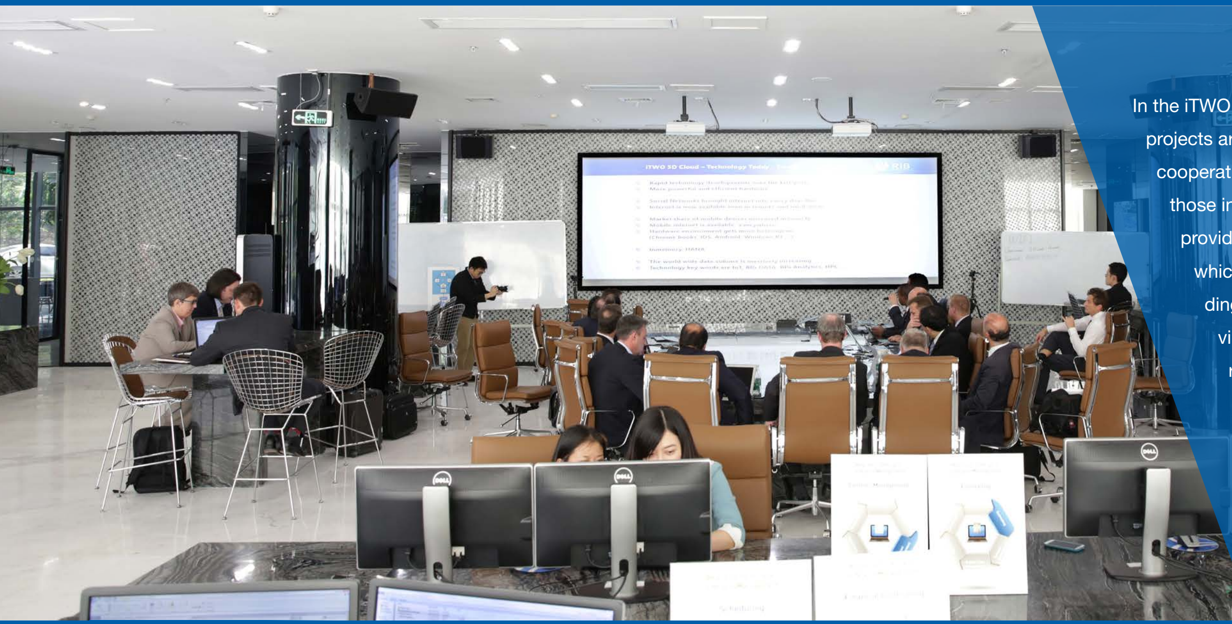
With iTWO, RIB today provides its 100,000+ customer base with leading technology for increasing productivity in the planning, cost calculation and creation process of construction activity. Based on analyses, world-leading experts such as Prof. Martin Fischer of Stanford University expect the subsequent application of iTWO technology to generate advantages and cost savings of up to 30%. With the increasing scale and complexity of modern construction, infrastructure and EPC projects being conducted by teams operating across borders, it has become a significant challenge to successfully conclude these projects by conventional means. Current major projects all over the world demonstrate the increasing level of complexity. The most critical factors (time and cost) are deeply anchored in the iTWO 5D platform, whereby a significant qualitative and quantitative improvement in planning is guaranteed.

iTWO is the first and only business solution within the construction industry that can plan and guide the entire project life cycle in 5D, end-to-end. This lays the foundation for industrialised construction - **Industry 4.0 in the global building, infrastructure and EPC industry**.

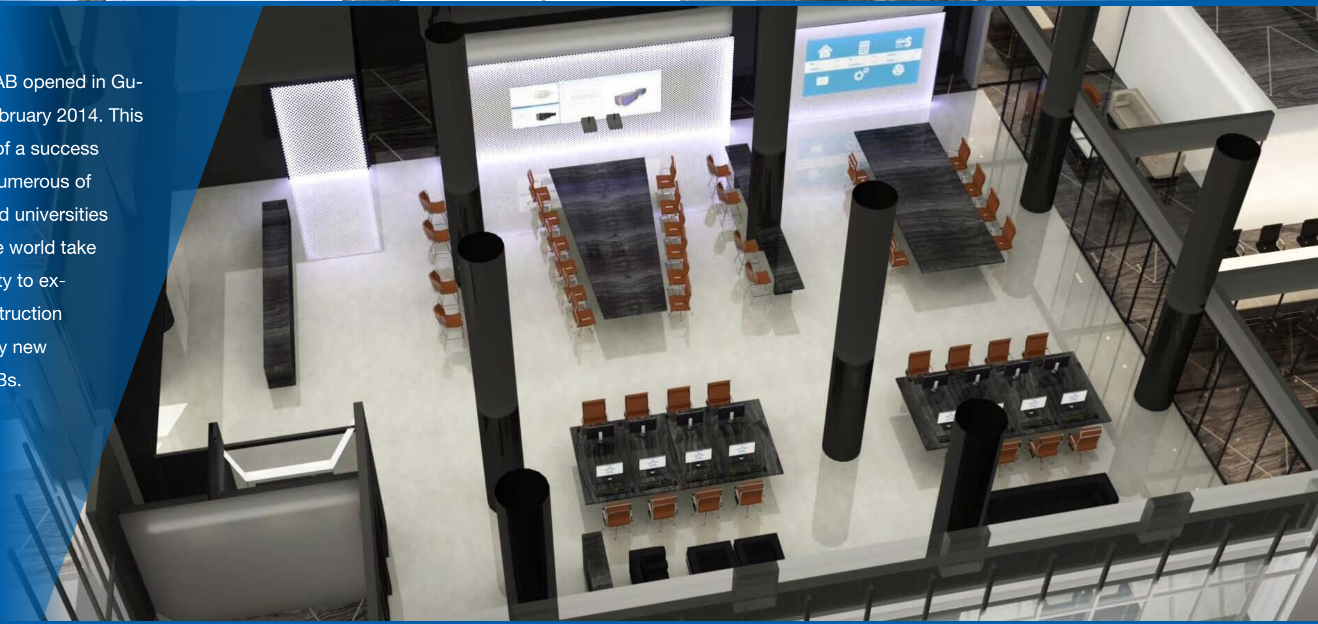
»The term Industrie 4.0 stands for the fourth industrial revolution, the next stage in the organisation and control of the entire value stream along the life cycle of a product. This cycle is based on increasingly individualised customer wishes and ranges from the idea, the order, development, production, and delivery to the end customer through to recycling and related services.«*

In future, it will not only be the approach of 5 dimensional construction that will continue to gain in significance, but also the integration and combination of Industry 4.0 technologies, which will continue to advance the digitalisation and automation of the entire construction industry. RIB is best prepared to not only lay the path, but also to walk it.

*) Source: Implementation Strategy Industrie 4.0 - Report on the results of the Industrie 4.0 Platform, January 2016



In the iTWO 5D LAB construction projects are planned virtually in a cooperative atmosphere with all those involved in the project. It provides an ideal environment which enables understanding and experiencing virtual planning. This results in an entirely new view of planning and construction. On the picture you can see the iTWO 5D LAB in Guangzhou.



The first 5D LAB opened in Guangzhou in February 2014. This was the start of a success story. Today numerous of companies and universities throughout the world take this opportunity to experience construction in a completely new way in our LABs.

Running together with the subsidiary SAA Software Engineering, RIB is planning to equip prefabrication plants with one of the most advanced technologies. 3D machine control now includes 5D process control. This facilitates integral guidance and planning of projects including the stationary manufacturing of construction elements.

TECHNOLOGY OF THE FUTURE

In the iTWO 5D Lab future projects can be executed cooperatively by all project participants in a continuous, virtual construction process. A master plan is developed in the 5D Labs, which serves as a basis for the construction measures which ensue. This allows for the project to be planned virtually in 5D at the very beginning, before the actual building phase begins. Today, it is not only industry experts but also legislators who speak in favour of this method.

In future, the iTWO 5D LAB should set a precedent for intelligent production in so-called smart factories. A strong connection between production and the iTWO 5D business solution allows other construction-related processes to be controlled in 5D. In line with the example set by “Industry 4.0” - distinguished by the strong level of individualisation in products, and under the conditions of a highly adapted production of small-batch series - in future, the smart production of intelligent building components should be enabled by industrial robots in building factories. The system gathers the information for smart production from the iTWO 5D master plan, which indicates what must be manufactured and delivered at what time.

Through the intelligent networking of project and production processes, both the companies and the entire value creation network should be able to be guided and optimised with iTWO 4.0 in real time.

The particular advantages of our approach therefore include more efficient control of construction projects, a strong degree of individualisation in the face of increasing automation and waste reductions of up to 50% in various sectors.

Customer references can be found in our reference brochure:
www.rib-software.com/itwo-references

From left to right: Thomas Bauer, President of the main confederation of the German Construction Industry, Michael Sauer (CFO), Federal Minister Alexander Dobrindt, Thomas Wolf (CEO), Helmut Schmid (CTO) and Dr Hans-Peter Sanio (COO) at the German Construction Industry Congress.

Professor Christopher Webster, Deacon of the Faculty for Architecture and Thomas Wolf, CEO of RIB Software AG at the inauguration of the iTWO 5D LAB of the Hong Kong University at the Faculty for Architecture in Shanghai.

Impressions of the third iTWO World Conference. One of the main topics in November 2015 in Hong Kong was iTWO Academy. This initiative will cover professional education and collaboration between RIB and Universities in research and development of new technologies.

Statement of the Federal Minister of Transport and Digital Infrastructure, Alexander Dobrindt (Member of the German Bundestag) on the digitalisation of the construction industry:

„Digitalization signifies a substantial economic and social revolution. It changes the conditions for growth, prosperity and the work of tomorrow – and revolutionizes, in a disruptive process, industries and services, value chains and manufacturing processes, innovation and product life cycles.

This presents a great challenge but also, above all, a great opportunity. Especially in the field of our core competencies, such as manufacturing, design and construction, digital technologies offer enormous potential in terms of quality, efficiency and speed. With their help, we can ensure early on networking, close cooperation and intensive communication between all participants when carrying out major projects. We can visualize different design options early on, standardize processes, create transparency, identify and mitigate risks - and significantly reduce construction times and costs.

In order to leverage this potential in Germany, we need a new digital design and construction culture. Here, Building Information Modelling (BIM) is an essential component. BIM creates a virtual image of the whole life cycle of a construction project: from planning and designing an asset to its construction and operation up to its demolition. With this innovation, all participants obtain access to virtual plans, control of processes, comprehensive databases and 3D to 5D asset models. Architects, clients, designers, engineers, operators and building services suppliers work hand in hand.

We want to establish digital design and construction as the nationwide standard. As a major construction client, the public sector must lead and drive the cultural change. That is why we have established the Construction of Major Projects Reform Commission and formulated a clear motto: “First build digitally, then in reality”. That is why we have launched four pilot projects to test BIM. And that is why my Ministry has developed a Road Map for Planning and Building of the future that will establish BIM as the new standard for transport infrastructure projects by 2020.

This Road Map is a joint project of government and industry and a strong signal for the “Made in Germany” seal of quality. I am convinced: if we work in close partnership, we will manage to maintain design and construction as German core competencies also in the global-digital age that will continue to strengthen the foundation of our prosperity – with innovative capacity and expertise, with structural steel and concrete and with data and algorithms.“ *

*) Source: Federal Ministry of Transport and Digital Infrastructure: Road Map for Digital Design and Construction; Foreword by Alexander Dobrindt, December 2015

MEMBERS OF THE EXECUTIVE BOARD

Thomas Wolf, CEO
Responsible for strategy

Michael Sauer, CFO
Responsible for finance, M&A, marketing and sales in Germany

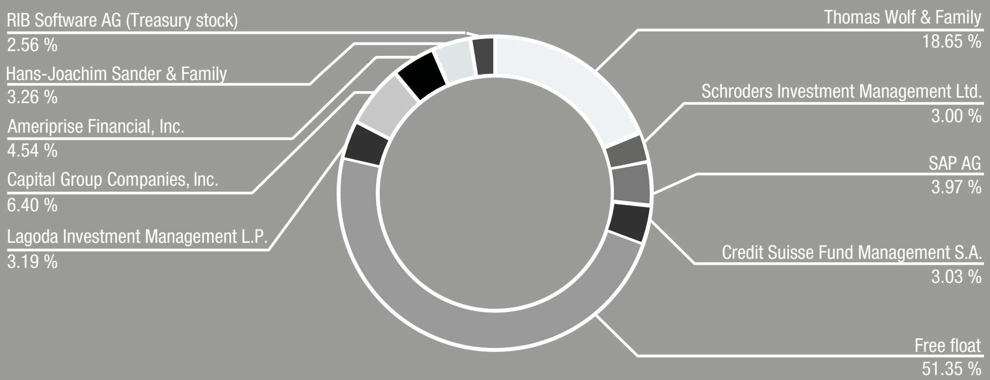
Dr. Hans-Peter Sanio, COO
Responsible for Business Development (national and international)

Helmut Schmid, CTO
Responsible for Research & development and Product development

TO OUR SHAREHOLDERS

SHAREHOLDER STRUCTURE

as of 30.03.2016



LETTER TO OUR SHAREHOLDERS

Thomas Wolf, Chairman of the executive board

DEAR SHAREHOLDERS,
DEAR FRIENDS OF RIB SOFTWARE AG,

Our iTWO community and iTWO Brand has reached a high level in 2011-2015, and the outlook is positive in the new 2016-2020 5-year plan and beyond to 2025. Global governments, the IT industry and clients are discovering the benefit of integrating two worlds (the virtual into the physical), which we call iTWO Technology.

1. **We are on a strong path** to reach our 2020 – 2025 target of building up a community of 1,000 iTWO 5D technology partners and iTWO key account clients as the engine to transform the traditional building and infrastructure industry into one of the most advanced industries on the planet.

2. **We are on a strong path** to support with iTWO³ - New Thinking, New Working, New IT Technology - and the iTWO City Technology the development of the 21st Century City and Infrastructure development, called digital knowledge or smart city.

3. **We are on a strong path** to support with iTWO 4.0 the next generation of IT, which is also named IoT. With the new iTWO 4.0 2016 platform, the iTWO SP (smart production), and the xTWO platform, we have developed exactly the solutions for which the market is now asking.

The global building and construction process industry has reached now almost 9 trillion USD and will grow to 15 trillion by 2025. The IT spending can reach around 500 Billion USD (3.3%) from today estimated 90 Billion USD (1%). To become a leading supplier for this new 500 Billion USD pie, we need to work hard on our foundation and our organization.

RIB philosophy is to perform as a real IT business partner for our iTWO clients and Enablers and not to perform only as a traditional software vendor. Therefore, we have developed world leading business processes and technical enterprise resources planning and execution experts. Our RIB top experts have deep practical knowledge in the macro and micro economic dynamics in the global made-to-order and process industry. Together with our clients, **we are determined** to halve their current and future risks and double their profits. **We are determined** to reduce up to 50% waste in different sectors and to reach overall **30% benefits** for the whole **iTWO community and finally for society. We are determined** to support our industry by developing the next generation of talents together with the leading technology universities in the world, such as Georgia Institute of Technology in Atlanta, USA.

In 2016, we will have almost completed the R&D work on the iTWO 4.0 next generation platform which will be the main RIB technology in 2016 -2020. As such, we are starting now to shift from a more R&D driven organization into a stronger marketing driven organization. We are now able to offer standard IT solutions based on global “best practices”k, which include industry-specific content. In the meantime, we are seeking cooperation with leading real estate developers and building materials suppliers to develop the supply chain management 4.0 solution integrated with our e-commerce platform, which will open strong opportunities for RIB in the building materials sector.

In summary, with iTWO^3, iTWO 4.0, iTWO SP (PPS and smart production), iTWO PCI (project cost insurance), iTWOtx (tender exchange platform), iTWO FM (facility management), iTWO City (project developer platform), iTWO World (communication platform), xTWOmarket (B2B e-commerce market place for construction), xTWOstore (B2C e-commerce platform for sanitaryware), iTWOscm (supply chain management platform), iTWOcx (Collaboration Platform) and iTWO LAB (working environment concept), **we are working with high speed through the entire process.**

The iTWO Technology development is done in close partnership and cooperation with our key iTWO Technology Partners from clients, enablers and universities side. Here we have formed **together with our investors the strongest team in the world.**

The world economy has slowed down in the last months and some sectors like Oil & Gas and regions like China are seeing a correction in the 12-month outlook. But, based on the 4.0 (IoT) and mass customization opportunity for the process and made-to-order industry and on the infrastructure needs of 4 Billion middle class consumers (today 2 Billion) in the next years, the fundamental data are extremely positive for strong iTWO business development in2016 -2025. RIB is also empowered by a strong financial base to win a significant stake of the expected 500 billion USD market opportunity in the future.

Thanks for your trust and support. Our share price has reached a new record high in 2015, and I can promise RIB team will not rest and work hard to reach the next record level and reach a real break-through for our technology, for our management and for our investors.

Kind regards

Thomas Wolf

REPORT OF THE SUPERVISORY BOARD

ON THE 2015 FINANCIAL YEAR TO THE ANNUAL GENERAL MEETING OF RIB SOFTWARE AG ON 31 MAY 2016

Sandy Möser, Chairwoman of the Supervisory Board

DEAR SHAREHOLDERS,

As in recent years, RIB Software AG can look back on 2015 as a successful financial year. Worldwide, new customers are using our new Technology, which has allowed the iTWO community to grow. This was particularly clear on the occasion of the third iTWO World Conference from 18 to 20 November 2015 in Hong Kong, which was attended by 225 participants from 20 countries.

The successful corporate development can also be seen in the net sales increase by the strong increase of the Phase-II/III iTWO Deals of from 14 to 25 and the successful integration and further development of e-commerce business (xTWO) in the Group. Sources of past and future success are the excellent work done by the Executive Board and the high level of motivation of all RIB Group employees worldwide. Our heartfelt thanks to all of them.

In the past financial year, the Supervisory Board has diligently performed its legal and statutory tasks as well as those tasks stipulated in its procedural rules; it has also closely followed the development of the company and the Group within the scope of its tasks. This work comprised not only the respective current business development but also broader strategic orientation against a background of challenges for industry 4.0 (Internet of Things).

It provided regular advice to the Executive Board on the management of the company and continually monitored its activities. At an early stage, the Executive Board involved the Supervisory Boards in all decisions that were of fundamental significance for the company and the RIB Group, and regularly, punctually and comprehensively informed them in both oral and written form regarding the current state of business, the risk exposure, risk management and questions concerning compliance, strategy and planning. Based on the Executive Board's reports, the business processes of importance to the Company and the Group were comprehensively discussed in committees and plenum meetings. The members of the Supervisory Board dealt with the Executive Board's reports comprehensively and discussed the relevant questions and issues at length, contributing their own input and advice at any time.

In accordance with § 90 of the German Stock Corporation Act (Aktiengesetz [AktG]) and the German Corporate Governance Code (DCGK), the Executive Board met its obligations fully.

The Supervisory Board granted its consent to measures and business practices requiring this consent following examination and consultation. This included:

- the acquisition of 100% of the shares in Soft SA, Madrid in July 2015 and the associated approval of the exclusion of shareholders' purchase right for the Company's own shares used as part of the purchase price;

- the issue of subscription rights/stock options to members of the management boards of affiliated companies and for employees of RIB Software AG and affiliated companies for 2015 based on the 2015 stock options programme in August 2015;

- the establishment and capital endowment of xTWO market GmbH (market place/online store for building products) and the acquisition of exclusive source code rights for shopping basket optimisation software on the online platform in September 2015 and

- the acquisition of 75% of the shares in SAA Engineering GmbH, Vienna in October 2015.

In total, the Supervisory Board convened for four regular meetings in financial year 2015, with members of the Executive Board taking part in each of these. Individual items on the agenda relating to Executive Board personnel issues were dealt with in the absence of the Board members. Where necessary, resolutions were adopted via circular procedure.

In three telephone conferences that took place on 18 August and 3 and 4 September 2015, issues relating to the increase of capital from the approved capital were discussed and the necessary resolutions were passed. With the exception of one telephone conference (04 September 2015) where one member of the Supervisory Board was unable to participate, all members of the Supervisory Board and Executive Board took part in each of the telephone conferences.

Each of the Supervisory Board members attended at least half of the meetings. The overall attendance of the meetings was 92%. In addition to this, there were two meetings of the Audit Committee and two meetings of the Nomination and Remuneration Committee, which were attended by all members.

The Executive Board and the Supervisory Board have worked together in a constructive and trusting fashion. In the time between plenum and committee meetings, the Chairwoman of the Supervisory Board and her Vice Chairman were in regular contact with the Executive Board. The Chairman of the Executive Board informed all Supervisory Board members on current issues via email.

Meetings and Priorities

A regular topic in the consultations that took place in the Supervisory Board's meetings were the Executive Board's reports on the current business development of RIB Software AG and of the Group, in particular the sales trend and earnings performance, finance and net assets, the development of the share price and the current state of the iTWO 4.0 project.

In the meeting on 25 March 2015 the Supervisory Board looked at the results of the audit of the annual financial statements for RIB Software AG, the consolidated financial statements (both up to 31 December 2014) and the management report for the Company and the Group, discussing the Executive Board's proposal for the appropriation of net profits. The significant priorities and results of the audit were explained by the auditor's representative, who also answered questions from members of the Supervisory Board. The annual financial statements were approved by the Supervisory Board and thus adopted; the consolidated financial statements were approved. A further priority was the approval of the Supervisory Board's report for the financial year 2014 for the Annual General Meeting and the approval of the agenda and the resolution proposals for the Annual General Meeting on 9 June 2015. In addition to this, personnel matters relating to the Executive Board were dealt with (the appointment of a new member of the Executive Board, extension of contract for one member of the Executive Board, examination of the agreed targets of the Executive Board members for financial year 2014 and the approval of the new agreed targets for financial year 2015).

The topics of the meeting on 9 June 2015 included the discussion of the Executive Board's report for the Annual General Meeting, the planned issue of subscription rights/stock options, the setting of targets for the proportion of women in the Executive Board and the Supervisory Board due to the new regulation in § 111 (5) of the German Stock Corporation Act (Aktiengesetz [AktG]) and the discussion and approval of the update of the compliance declaration in accordance with the German Corporate Governance Code (DCGK).

On 20 October 2015 the Supervisory Board discussed the acquisition of SAA Engineering GmbH, Vienna as well as the Executive Board's proposal for the conversion of RIB Software AG into an SE (Societas Europaea – European public company) and the establishment of a joint affiliated institute with a technical college. The relevant resolutions were passed.

The major topic at the meeting on 8 December 2015 was the corporate planning for financial year 2016. Based on recommendations by the Audit Committee and the resolution from the Annual General Meeting on 9 June 2015, BW PARTNER Bauer Schätz Hasenclever Partnerschaft mbB, Wirtschaftsprüfungsgesellschaft, Steuerberatungsgesellschaft Stuttgart was appointed auditor and Group auditor for financial year 2015.

Composition of the Executive Board and the Supervisory Board

Mr Helmut Schmid was appointed new member of the Executive Board (CTO) as of 1 September 2015. Dr Hans-Peter Sanio's contract was extended by one year until 31 December 2016.

There was a new election for the Supervisory Board in 2015. Following Mr Hans-Peter Lützow's resignation on 7 April 2015, Mr Steve Swant was elected to the Supervisory Board at the Annual General Meeting on 9 June 2015. We would like to take this opportunity to thank Mr Hans-Peter Lützow for all the work he has done as part of the Supervisory Board.

The work of the Supervisory Board's committees

The Supervisory Board has formed two committees for the purpose of safeguarding its work: in these two committees specific topics are dealt with and proposals for resolutions are created, which are then dealt with by the Supervisory Board. Following these committee meetings, the Supervisory Board was informed by the chairperson of each committee of the content and results of these meetings at the next plenum meeting. In financial year 2015, the composition of the committees did not change:

The members of the **Audit Committee** were Dr Matthias Rumpelhardt (Chairman), Mr Klaus Hirschle and Ms Sandy Möser.

The **Nomination and Remuneration Committee** consists of: Ms Sandy Möser (Chairwoman), Mr Klaus Hirschle and Dr Matthias Rumpelhardt.

The Audit Committee met on 25 March and 8 December 2015. The members of the committee were all present at each meeting. In March, the topics of discussion were the reporting of the auditors for the annual financial statement and the consolidated financial statement as at 31 December 2014 and the recommendations to be made to the Supervisory Board for approval. The focuses of the meeting in December were the preparation of the annual audit and the consolidated financial statements as at 31 December 2015, the assessment of the internal control system and the risk management system, the supervision of the independence of the auditor, the establishment of audit priorities for the 2015 audit and agreement on the audit fee. In the time between the meetings, the Audit Committee's Chairman was in regular contact with the Supervisory Board's Chairwoman, the Executive Board and the auditor. In accordance with legal regulations, at least one independent member of the Audit Committee – in particular its chairman, Dr Matthias Rumpelhardt – possesses technical expertise in the fields of accounting, internal control procedures and auditing.

The Nomination and Remuneration Committee also met twice in financial year 2015, on 25 March and 9 June 2015. All the members of this committee were also present at each meeting. The main focuses of the consultation process were the remuneration system for the Executive Board, the appointment of Mr Helmut Schmid as a new member of the Executive Board, the extension of Dr Hans-Peter Sanio's Executive Board contract and the allocation of options to the members of the Executive Board and employees of RIB Software AG and affiliated companies.

Corporate Governance and Compliance Statement

The Supervisory Board has closely examined the regulations of the German Corporate Governance Code (DCGK) and assessed the implementation of recommendations for adherence to the DCGK. Together with the Executive Board, the Supervisory Board delivered the Compliance Statement in June 2015 in accordance with § 161 of the German Stock Corporation Act (AktienGesetz [AktG]). The deviations from the recommendations made by the governmental commission are explained in detail in the Corporate Governance report. The Compliance Statements from the years 2011 to 2015 are permanently available to shareholders as an online download at **http://group.rib-software.com/de/investor-relations/corporate-governance/declaration-of-compliance**.

In the past financial year, there were no conflicts of interests between Executive Board or Supervisory Board members that would have to be disclosed to the plenum and reported to the Annual General Meeting.

Audit of the Annual and Consolidated Financial Statements 2015

BW PARTNER Bauer Schätz Hasenclever Partnerschaft mbB Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft, Stuttgart, was selected at the Annual General Meeting to audit the annual and consolidated financial statements for financial year 2015. After being awarded the contract by the Supervisory Board, the firm audited the annual financial statements of RIB Software AG, the consolidated financial statements and the consolidated management report for the Company and the Group for financial year 2015, with the inclusion of accounting, and issued unqualified audit certificates. The consolidated financial statements of RIB Software AG were created in accordance with IFRS accounting principles, as adopted by the EU, while the annual financial statements were compiled according to the regulations of the German Commercial Code (Handelsgesetzbuch [HGB]). The audits also focused on the monitoring system to be introduced by the Executive Board for the early detection of risk, as well as the internal control system with regard to the process of financial accounting. The auditor confirmed that the systems that have been installed are suitable for recognising at an early stage developments that may endanger the continuation of the Company.

Immediately after completion, the auditor's reports, the annual financial statements including the Executive Board's proposal for the appropriation of net profits, the consolidated financial statements and the consolidated management report for the Company and the Group were sent to the Audit Committee and subsequently to the rest of the members of the Supervisory Board to be inspected. They were dealt with in detail both by the Audit Committee on 16 March 2016 and by the entire Supervisory Board on 17 March 2016. In these meetings, the auditor's representatives reported to the Nomination and Remuneration Committee on the significant results of their audit and were available for further questions and comments. In addition, the chairman of the Audit Committee reported to the Supervisory Board in detail on the auditing of the annual and consolidated financial statements via the committee.

The Supervisory Board agreed with the auditor prior to the execution of auditing activities, pursuant to point 7.2.1 of the German Corporate Governance Codex (DCGK), that the Chairpersons of the Supervisory Board and the Audit Committee respectively were to be informed without delay regarding any possible grounds for exclusion or lack of impartiality over the course of the auditing activities. Moreover, pursuant to point 7.2.3 of the German Corporate Governance Codex (DCGK), the auditor was obligated by the Supervisory Board to report without delay regarding any findings and incidents, which could be detected during the execution of auditing activities that are significant for the activities of the Supervisory Board.

The Supervisory Board obtained confirmation about the impartiality of the auditor by requesting a written declaration of impartiality from the auditor.

After conducting its own review of the annual financial statements, the consolidated financial statements and the consolidated management report for the Company and the Group, the Supervisory Board agreed with the conclusions of the auditor's report. The final result of its review did not give rise to any objections. During the balance sheet meeting on 17 March 2016, the Supervisory Board, in accordance with the recommendations of the Audit Committee, declared the annual financial statements pursuant to § 172 Sentence 1 of the German Stock Corporation Act (Aktiengesetz [AktG]), and approved the consolidated financial statement. The Supervisory Board supports the Executive Board's proposal for the appropriation of net profit for the payment of a dividend amounting to 0,16€ per share with dividend entitlement. The Supervisory Board declares itself in agreement with the management report for the Company and the Group for financial year 2015 and approves of the proposal for the appropriation of net profit.

The future challenges facing the company, the Executive Board and the Supervisory Board are just as large as the successes of the past. However, all are in agreement that we are utterly capable of meeting these challenges as we move forwards.

The Supervisory Board would like to take this opportunity to thank the members of the Executive Board and all employees around the world for their exceptional performance and their high level of commitment in the past financial year; we would further like to thank the shareholders for the confidence they have shown in us.

Stuttgart, 17 March 2016

For the Supervisory Board

Sandy Möser
Chairwoman

RIB ON THE CAPITAL MARKET

SHARE PRICE PERFORMANCE 2015

RIB Software AG started the financial year in 2015 on 02 January with a share price of € 10.94. The share price subsequently developed positively until the middle of the third quarter. At times the share price was able to decouple from the leading TecDAX index, and post a new all-time high of € 16.94 per share at the end of July.

In the event of a capital increase on 4 September 2015, RIB Software AG issued 3,378,696 new shares at a price of € 14.25. This meant that the number of shares for the year ending 31 December 2015 stood at a total of 46,845,657. The proceeds from the transaction will be used for the expansion of the iTWO platform, and for the financing of further international growth. The market capitalisation (the product of shares in circulation and the period-end rate) at the end of the year stood at € 515.8 million (previous year: € 461.8 million).

RIB Software AG ended the financial year on 30 December 2015 with a closing share price of € 11.30, which corresponds to a market return of 3.29%. Shares in RIB have received a clear buy recommendation from the analysts Berenberg, Kepler Cheuvreux and Equinet, while the share was assessed as a "hold" by Warburg Research and UBS with a share price target of € 11.50 to € 12.00. Experts and analysts have allocated shares in RIB a target price of between €11.50 and € 15.00.

DIVIDEND PAYMENT

We strive to achieve the objective of a result-oriented and continual dividend policy. At the Annual General Meeting to be held this year on 31 May 2016, the Executive Board will suggest that in the financial year of 2016, the shareholders are paid a dividend of € 0.16 per share for the previous financial year. This would correspond to a payout sum of €7.3 million. A dividend of € 0.16 (2013: € 0.06) was paid per share for the financial year 2014.

SHARE FACTS

Figures in €, if not otherwise indicated	2015	2014
Earnings per share	0.24	0.52
Dividend per share	0.16	0.16
Share price at the beginning of the report period	10.94	7.27
52-week high	16.94	14.23
52-week low	8.80	7.27
Share price at the end of the report period	11.30	10.94
Authorised capital at the end of the reporting period	46,845,657.00	43,466,961.00
Issued shares in circulation at the end of the reporting period	45,645,347	42,209,508
Share price increase at end of reporting period	3.29%	43.96%

* Suggestion by the Executive Board to the annual general meeting of RIB Software AG on 31.05.2016

RIB Software AG is registered with the commercial register of the District Court of Stuttgart (Amtsgericht Stuttgart), Germany under registration number HRB 20490. Since 7 January 2016 RIB Software AG has been listed under the ticker symbol RIB (formerly RSTA).

Share capital on 07 September 2015	€ 46,845,657.00
Number of shares on 07 September 2015	46,845,657
Class of shares	Ordinary shares
Initial trading	8 February 2011
International Securities Identification Number ISIN:	DE000A0Z2XN6
German Securities Identification Number WKN	A0Z2XN
Ticker symbol	
Ticker symbol Reuters	RIB
Ticker symbol Bloomberg	RIB.DE
Transparency level	RIB:GR
Market segment	Prime Standard / Regulated Market

Specialist information concerning the shares can be found on our website **www.rib-software.com/investors/**. You can also find Annual and interim reports as well as other information on RIB Software AG. Furthermore, current announcements, presentations and information on the share price can be retrieved from this internet site.

CORPORATE GOVERNANCE

A. CORPORATE GOVERNANCE REPORT

In accordance with the recommendations of section 3.10 of the German Corporate Governance Code, the Executive Board 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 Executive Board; 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 Executive Board and Supervisory Board of RIB Software AG largely 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 Executive Board 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 German 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 Executive Board 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 05 May 2015 was circularised by the Federal German Ministry of Justice on 12 June 2015 in the Federal Gazette and is published on the website **www.dcgk.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 Executive Board 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 Executive Board, 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 Executive Board

The Supervisory Board together with the Executive Board ensures that there is a long-term succession planning. When changes to the Executive Board are imminent, the Supervisory Board pays due attention to diversity in the appointment of replacements 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. Against this background, the Supervisory Board has set a target figure for the quota of women on the Executive Board of 0%, to be achieved by 30 June 2017.

The remuneration of the members of the Executive Board – 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. The

Supervisory Board has set a target figure for the quota of women on the Supervisory Board of 16.67%, to be achieved by 30 June 2017.

Annual General Meeting

The shareholders may exercise their rights before or during the Annual 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 Annual General Meeting decides on all matters provided for under law with binding effect on all shareholders and the Company. The Executive Board presents the annual financial statements, the consolidated financial statements and other reports and documents prescribed by law to the Annual General Meeting. The Annual General Meeting resolves on the appropriation of profits and on the formal approval of the actions of the Executive Board and the Supervisory Board. It principally elects the members of the Supervisory Board and the auditor. Furthermore, the Annual 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 Annual General Meeting and who has given notice of attendance in due time is entitled to participate in the Annual General Meeting. Shareholders who are not able to 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 Annual General Meeting is in principle chaired by the Chairman of the Supervisory Board. The latter ensures that the Annual General Meeting is conducted in an expeditious fashion and is guided by the suggestion of 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 Annual General Meeting and the reports and documents to be made accessible to the Annual 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 Executive Board 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 54 to 57 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 Executive Board and the Supervisory Board, in particular documents for the Annual 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. The same applies if the Company receives notifications from holders of instruments that grant (1.) the holder either (a) an unconditional right to acquire the Company's shares when due, or (b) discretion in respect of their right to acquire these shares, or

(2.) refer to the Company's shares and have a similar economic effect as the instruments mentioned under (1.) and by means of which the holder reaches, exceeds or falls short of the thresholds of 5, 10, 15, 20, 25, 30, 50 or 75 percent of the voting rights in the Company.

Directors' dealings

In accordance with § 15a of the German Securities Trading Act (WpHG), members of the Executive Board 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 Executive Board, Thomas Wolf, directly and indirectly holds approx. 18.65% of the shares in the Company. Each of the Executive Board Memebers Thomas Wolf and Michael Sauer were granted 15,000 options in the framework of the 2013 share option plan that entitles each of them to the same number of shares in the Company in accordance with the more detailed provisions of the 2013 share option plan. Apart from this, the members of the Executive Board and of the Supervisory Board do not own, 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 financial statements and consolidated financial statements are prepared by the Executive Board and reviewed by the auditor and the Supervisory Board. The quarterly reports and the half-yearly financial report are discussed by the audit committee with the Executive Board 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 potential grounds for disqualification or lack of impartiality during the audit would be eliminated or reported without undue delay. The Supervisory Board has also agreed that the auditor report, without undue delay, 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 in the audit report if circumstances that render the Declaration of Compliance with the German Corporate Governance Code issued by the Executive Board 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 Executive Board and the Supervisory Board of RIB Software AG declare that the recommendations of the German Corporate Governance Code as amended on 30 September 2014 (**"GCGC 2014"**) were complied with since the issuance of the previous declaration of compliance until the entry into force of the German Corporate Governance Code as amended on 12 June 2015 (**"GCGC 2015"**) and the recommendations GCGC 2015 have been complied with since the entry into force of CGCGC 2015 and 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 Executive Board 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 4.2.2 para. 2 GCGC*: The Supervisory Board considers what is an appropriate remuneration for the Executive Board but not the ratio of the Executive Board's remuneration to the remuneration of the more senior management and the staff in general, including development over time. Accordingly, the Supervisory Board also does not specify how the more senior management

and the relevant workforce should be differentiated for the settlement. The corresponding recommendation of the Code appears less than practical and also unsuitable for ensuring that the Executive Board's remuneration is appropriate in every case.

3. Section 4.2.3 para. 2 GCGC*: The variable remuneration for the Executive Board 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 Executive Board does not take any undue risks when managing the company. To the extent members of the Executive Board 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 and the development of the listed price of the share, 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.

4. Section 4.2.5 GCGC*: The remuneration of the Executive Board is disclosed in accordance with the statutory provisions. More comprehensive disclosure in a remuneration report, which outlines or itemises the remuneration system for Executive Board members and the nature of any fringe benefits provided by the Company in a manner that goes beyond the statutory requirements does not appear necessary to satisfy the justified information interest of the shareholders and investors to the due extent.

5. Section 5.1.2 GCGC*: The Supervisory Board has not set an age limit for Executive Board members. Setting an age limit is not in the interests of the Company and its shareholders, since there is no compelling connection between a Board member's age and his performance.

6. Section 5.4.1 paras. 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. 2 GCGC 2015: The Supervisory Board has not set a control limit for the duration of supervisory board membership to the Supervisory Board. Setting a limit for membership of the Supervisory Board is not in the interests of the Company and its shareholders, since there is no compelling connection between a Board member's duration of office and the emergence of any conflicts of interest or the independence of the Supervisory Board member.

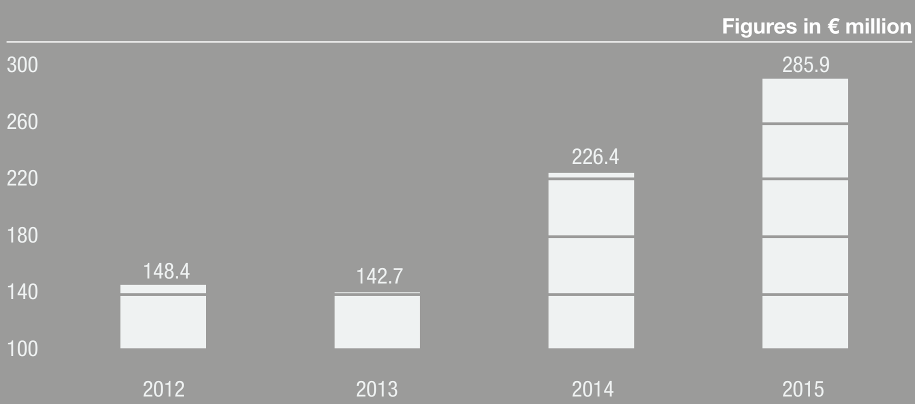
   Section 5.4.1 para. 4 GCGC*: The Supervisory Board does not disclose the personal and business relations of each candidate with the enterprise, the bodies of the company and any shareholder having a significant share in the Company when making its election proposals. In the opinion of the Supervisory Board, 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.

Stuttgart, June 2015

The Executive Board **The Supervisory Board**

*) Unless express reference is made to the GCGC 2015, references to the GCGC always refer equally to the GCGC 2014 and the GCGC 2015.

CHANGES IN EQUITY 2012 - 2015



CONSOLIDATED GROUP MANAGEMENT REPORT

AND MANAGEMENT REPORT FOR FINANCIAL YEAR 2015

EQUITY RATIO 2012 - 2015

„B.2 Financial position“ on page 38

A. BUSINESS AND GENERAL ENVIRONMENT

A.1 SUMMARY

The RIB Group operates highly successfully worldwide in the software market for the construction industry, 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 e-commerce.

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 plan and control the major processes related to cost and income in an integrated, model-based approach over the entire lifecycle of the project.

Our e-commerce platforms can be used to execute electronic purchasing processes and to monitor supply chains. Whereby the demand can be determined from 5D building models, among other things. Then building products can be purchased online via a web shop. Our software and e-commerce solutions thus form an integrated and comprehensive B2B platform through which our clients can plan, implement and control procurement processes with their business partners.

With over 100,000 customers worldwide, we are one of the leading providers of corporate software for the construction industry. Our customers include approximately 6,000 large construction groups and medium-sized construction companies. We have approximately 9,000 customers in the public sector, architecture and engineering consultants, as well as large industrial and plant engineering firms. More than 85,000 customers use our online services, such as iTWOtx or our collaboration project management platform iTWO cx for communicating with all project participants on the basis of an industry-specific internet forum.

For management purposes, the Group is organised into reporting segments. These were redefined in financial year 2015 for the consolidated financial statements. The business segments Licence/Software, Software as a Service / Cloud, and Consulting (previously referred to as Professional Services) were amalgamated into the reporting segment iTWO. The field e-commerce was previously within the Software as a Service / Cloud segment and will now continue as an individual reporting segment xTWO. Thus our business activities are divided into the following reporting segments:

In the **iTWO reporting segment**, we supply our customers with non-exclusive software usage rights of unlimited duration based on licence contracts. Alternatively we also offer our software for a limited period of time for an on-going fee within our customers' in-house IT structures (Private Cloud) or in IT centres operated by third parties. Irrespective of the selected utilisation model, our customers can also contractually agree additional hotline services and the provision of the latest software versions (maintenance) or commission consulting and training services in conjunction with the implementation of the software.

In the **xTWO reporting segment** we offer our customers web-based platforms for the electronic mapping of their e-commerce processes with business partners (B2B) and with end users (B2C). Furthermore we provide modern information and communication technology for the planning, implementation and control of project-specific or cross-company procurement processes, as well as for the management of business relationships and supply chain management.

Our research and development activities are organised on a decentralised basis. The RIB Group has development locations in Stuttgart, Copenhagen, Atlanta, Memphis, Sydney and Guangzhou. The lead development of the German version of iTWO 5D is undertaken by RIB AG and the international versions by RIB Limited, Hong Kong. iTWO 4.0 is developed jointly by RIB Software AG and RIB Limited. For this purpose, the companies utilise development capacities of RIB Information Technologies AG and a Chinese subsidiary, as well as further subsidiaries in the USA, Denmark and Australia.

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 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 are extremely interested in digital planning and management processes. Many industrial countries of the world, such as Scandinavian countries, the UK, Singapore, the USA and Germany, now have government initiatives that make it mandatory, or will in the near 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 also depends on the general economic climate and industry trends in our target segments. The German economy recovered from economic weaknesses in 2014 more quickly than anticipated and returned to a path of growth supported by domestic and international demand. The domestic economy benefited from the positive labour market situation and incomes rising sharply. This had a positive impact, particularly in residential construction. Growth in the USA and emerging countries gained momentum, while China experienced gradually lower rates. However, these were still higher than in the eurozone. Overall this had a positive effect on the construction industry in these regions. Furthermore, there was increased investment in all types of construction projects due to low interest rates worldwide.

A.2.2 Business development

On the whole, business development was favourable in the reporting period. Total revenue increased by 17.3% to € 82.1 million (previous year € 70.0 million). This represents € 38.6 million in international revenue (previous year € 27.3 million) and € 43.5 million in domestic revenue (previous year € 42.7 million). At € 32.1 million, revenues from software licences and Software as a Service / Cloud marginally exceeded the previous year (€ 31.8 million), although it should be noted that a Phase III major contract was concluded in the fourth quarter of 2014, which generated turnover of € 7.1 million the previous year. Maintenance revenues increased by 9.7% to € 23.8 million (previous year: € 21.7 million). Consulting revenues increased by 26.6% to € 20.0 million (previous year: € 15.8 million). The significant increase in e-commerce revenue from € 0.7 million to € 6.2 million (+786%) indicates that there is excellent growth potential in the xTWO reporting segment.

A.2.3 Key performance indicators of RIB AG

At € 38.8 million, revenues fell by € 1.2 million compared with the previous year (€ 40.0 million), since the revenue recorded the previous year from a Phase III major contract concluded in the fourth quarter of 2014 could only be partially compensated for. Adjusted for this special effect, the financial year was nevertheless very pleasing. Thus software revenue in the mass market increased by 63% to € 9.3 million, maintenance revenue by 7% to € 16.8 million and the consulting revenue by 39.2% to € 4.7 million. Due to the change in revenue mix from the previous year, the operating EBITDA* of € 11.0 million decreased by € 2.8 million compared with the previous year (€ 13.8 million). The net profit decreased accordingly to € 8.1 million, 14.7% less than in the

*) Currency effects (2015: income € 4.2 million / 2014: income € 4.3 million); special effects: (2015: transaction costs from income from the cash capital increase € 1.6 million / 2014: € 1.7 million)

previous year (€ 9.5 million). At € 3.1 million, the cash flow from operating activities in financial year 2015 was considerably lower than in the previous year (€ 15.6 million). The decrease is due to lower dividend payments from subsidiaries amounting to € 1.9 million. The adjusted decrease in the operative cash flow is € 10.6 million. Only € 1.5 million of this decline is due to the earnings performance. The decrease is largely due to the reporting date and an additional € 3.4 million compared with the previous year in financial commitments in receivables from goods and services and from a € 3.2 million increase in financial commitments in the field of intra-group receivables and liabilities. Furthermore the outflow of funds for VAT and income tax payments in the reporting year exceeded the previous year's value by approx. € 2.5 million, which is due in particular to the major contract turned over at the end of the 2014 financial year, for which the collected VAT was only paid to the tax authority the following year.

A.2.4 Key performance indicators of RIB Group

Group revenues increased significantly by 17.3% to € 82.1 million (previous year: € 70.0 million). The operating EBITDA** decreased by 18.7% to € 20.9 million (previous year: € 25.7 million). The operating EBITDA margin reached 25.5% (previous year: 36.7%).

In the high-margin iTWO reporting segment the operating EBITDA decreased by 14.0% to € 22.1 million (previous year: € 25.7 million) due to the aforementioned special effects. The operating EBITDA margin decreased accordingly from 37.1% in the previous year to 29.1%.

For e-commerce business (which is still in development) in the xTWO reporting segment, the operating EBITDA was € -1.2 million (previous year: € 0.0 million) owing to the currently low-margin e-commerce business and personnel investments. Accordingly the operating EBITDA margin was -19.4% (previous year -1.4%).

**) Currency effects (2015: income € 3.8 million / 2014: income € 3.7 million); special effects: income from adjustment of purchase price liabilities (2015: income € 0.2 million / 2014: income € 5.9 million)

A.3 KEY EVENTS IN THE REPORTING PERIOD

A.3.1 Acquisition of shares in Soft SA, Madrid

Under the agreement dated 29 July 2015, the RIB Group acquired a 100% shareholding in Soft SA, Madrid/ Spain. The acquisition of Soft SA opened up new business opportunities for the RIB Group in Spain and Latin America. The core Soft SA product is "Presto": the leading cost estimate software in Spain and Spanish-speaking countries with more than 60,000 end users and a network of 15,000 top customers. Presto is used in more than 80 percent of major projects in Spain with budgets exceeding € 1 million. Soft SA clients include top Spanish construction companies with global operations such as ACS, FCC, Sacyr, OHL, Acciona, Ferrovial, Dragados and Cobra. In light of this customer potential, a localised version of iTWO 5D for Spain should be developed in cooperation with the experts at Soft SA and positioned within the existing customer network of Soft SA and for new customers in Spanish-speaking regions.

A.3.2 Acquisition of shares in SAA Software Engineering GmbH, Vienna

Under the agreement dated 02 October 2015, the RIB Group acquired 75% of shares in SAA Software Engineering GmbH, Vienna, Austria (hereinafter: SAA). As a European market leader in the automation of precast concrete parts, SAA offers intelligent machine controller solutions based on the state-of-the-art technology throughout the entire production process and has customers in Europe, North and South America, Russia, Asia, the Middle East as well as in Australia and Africa. With the integration of SAA technology in the iTWO 5D platform, in the future 5D models should also be used for production planning and the automated production of prefabricated components, whereby iTWO 5D functions as an efficient project planning and control system that links industrial prefabrication processes with project-specific construction processes. The objective is to increase the proportion of industrially pre-fabricated construction elements in building projects in order to complete projects like this more quickly and with increased cost-efficiency.

A.3.3 Capital increase from authorised capital

With the consent of the company's Supervisory Board, on 03/04 September 2015 the Executive Board of RIB SOFTWARE AG resolved to execute a share capital increase from authorised capital and to increase the company share capital by up to € 3,378,696.00, from € 43,466,961.00 to € 46,845,657.00, excluding existing shareholders' subscription rights. All new shares were placed at a price of € 14.25 per new share on 04 September 2015. The transaction was executed by Berenberg (Joh. Berenberg, Gossler & Co. KG) as sole global coordinator and sole bookrunner. The net proceeds of € 46.6 million should be used to expand the iTWO platform and to finance further international growth.

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 and company level are the licence revenues, the Cloud revenues, the maintenance and consulting revenues and the trade revenues, each broken down by reporting segment, region and target group. 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 reporting segment. The main earnings indicator at group, company and segment level is the operating EBITDA, adjusted by currency effects.

We use further indicators to manage and monitor our profit centres in the Sales, Development and Consulting 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 annual average number of employees in the RIB Group research and development centres was 269 (previous year: 243).

As the e-commerce platforms in the xTWO reporting segment are operated based on the standard “Magento” software, software development costs are yet to be incurred here. The R&D costs of € 14,000 recorded in the reporting period were used for customising the shop system.

The R&D ratio (sum of capitalised R&D costs and those recorded as expenditure in proportion to revenue in the iTWO reporting segment) increased marginally to 22.3% (previous year: 21.0%) and is thus still above average.

Due to staff recruitment, predominantly in the iTWO 4.0 team (previous project name iTWO cloud), as well as an increase in personnel costs for the development team in China, the total R&D costs increased by € 2.4 million in the reporting period, from € 14.6 million to € 17 million. At € 9.0 million, capitalised development costs increased by € 1.4 million compared with the previous year (€ 7.6 million). Thus, the capitalisation ratio (proportion of capitalised R&D costs to entire R&D costs) increased from 52.1% in the previous year to 52.9% and remains high.

At € 4.3 million, the depreciation on capitalised development costs in the reporting period increased by € 0.7 million compared with the previous year (€ 3.6 million) due to the completion of development projects.

A.5.1 Further development of iTWO 5D

In 2015, iTWO 5D was expanded predominantly for the target group of clients in the construction industry. This includes cost planning methods in early project phases, the creation of financial schedules, access to price databases, and the automatic generation of contracts and interfaces with tender platforms, such as iTWO tx, or e-commerce platforms, such as xTWO. Furthermore, the project-specific and cross-project evaluation and control tools were significantly expanded e.g. with condensed representation of KPI values. In the field of model-based 5D processes, we have also invested in additional iTWO quality gates for further specialist trades. Even in early planning phases, this makes it possible to examine the suitability of the digital data for further iTWO processes in contract allocation, calculation, work preparation and performance monitoring. Also developed were mathematical procedures that allow the model-based application of iTWO, even in complex interior design tasks with standardised BIM models.

A.5.2 iTWO 4.0

Significant development priorities in the reporting period were based on the expansion of iTWO 4.0. A cross-project purchasing platform for construction materials and construction works, as well as a new solution for planning and monitoring resources during the construction phase were enhanced as part of a joint development project with technology partners in the construction industry, which also laid the foundations for a new work calculation method using real resources. With the integration of brand new browser-based 5D visualisation in the iTWO 4.0 platform, iTWO 4.0 will also support model-based working methods from the end of 2016.

iTWO 4.0 represents the digitalisation of the entire value creation chain of a building project through the networking of virtual and real construction, with the objective of ensuring that cost and time limitations are adhered to, and that the process of construction is designed more sustainably. In line with the example set by “Industry 4.0” - distinguished by the strong level of individualisation in products, and under the conditions of a highly adapted production of small-batch series - in future, the smart production of intelligent building components should be enabled by industrial robots in building factories, which obtain their production specifications directly from 5D models. Through the intelligent networking of project and production processes, both the companies and the entire value creation network should be able to be guided and optimised with iTWO 4.0 in real time.

With the integration of the SAA control technology in the iTWO 4.0 platform, in the future it will be possible to simulate and optimise production and logistics processes for prefabricated construction elements as early as during the planning phase. The objective is to be able to offer projects more cost-effectively, faster and at a higher level of quality thanks to the industrial prefabrication of construction components and assemblies. That is the next logical step of virtual planning and construction.

B. EARNINGS, FINANCIAL AND ASSETS POSITION OF THE RIB GROUP

B.1 RESULTS OF OPERATIONS

Total revenue increased by 17.3% to € 82.1 million (previous year: € 70.0 million)

The revenues from software licences and Software as a Service / Cloud of € 32.1 million represented a slight increase on the previous year (€ 31.8 million). The € 3.0 million decrease in software licence revenues to € 20.1 million (previous year: € 23.1 million) was compensated for by the Software as a Service revenues, which increased by € 3.3 million to € 12.0 million (previous year: € 8.7 million). The increase in the SaaS/Cloud revenue is largely due to the first-time inclusion for a full financial year of Byggeweb, which was acquired the previous year.

The maintenance revenue based on annual contracts grew by 9.7% to € 23.8 million (previous year: € 21.7 million).

Consulting revenues increased by 26.6% to € 20.0 million (previous year: € 15.8 million). The € 4.2 million increase in turnover constituted € 2.5 million from regions outside Germany, but predominantly the USA, and € 1.7 million from within Germany, which was accrued largely in relation to the implementation of iTWO 5D at a major customer.

The e-commerce revenues surged from € 0.7 million to € 6.2 million (+786%) in the reporting period.

The international revenue increased by 41.4% from € 27.3 million to € 38.6 million. The increased revenue was the result of acquisition effects, as well as the considerable increase in Phase II/III contracts in the international sector, particularly in the EMEA region. The regional distribution of international revenues is as follows:

- EMEA (Europe, Middle East and Africa): € 18.2 million (previous year: € 7.5 million)
- APAC (Asia Pacific): € 5.1 million (previous year: € 7.0 million)
- North America: € 15.2 million (previous year: € 12.8 million)

In the German market, revenue increased by 1.9% to € 43.5 million (previous year: € 42.7 million) due to strong demand, although RIB's largest Phase III contract to date was concluded and had an impact on sales in the fourth quarter of 2014. At 47.0%, the international share of the total revenue increased by 8.0 percentage points compared with the previous year (39.0%).

The key account sector (national and international major customers) continued to develop positively in 2015 - the number of Phase II/III accounts increased as scheduled by 80% from 14 to 25. Of these 25 accounts, however, three accounts have not yet had an impact on revenue in the reporting period because the respective contracts were concluded shortly before the reporting date and we were yet to render the contractual services. Due to these time delays and due to an absent Phase III contract, revenues in the key account sector decreased by € 6.0 million, from € 12.4 million to € 6.4 million. In contrast iTWO 5D revenues continued to develop positively on the German mass market and increased by 44.1% to € 9.8 million (previous year: € 6.8 million).

Despite the surge in total revenue, at € 44.6 million the gross profit in the reporting period was € 1.3 million less than in the previous year (€ 45.9 million). This is largely due to the significant decrease in gross profit margin by approx. 11 percentage points to 54.3% (previous year: 65.6%), which was caused by various factors. A decline in gross profit margin of approx. 6 percentage points from 78.6% to 72.3% was recorded in our high-margin Licence/Software and Software as a Service/Cloud business segments. The increased proportion of low-margin consulting and e-commerce earnings in the total revenue also drives down the gross profit margin. Furthermore a margin decline of approx. 4 percentage points from 23.4% to 18.9% was recorded in the consulting segment, which can be attributed to a major Phase III implementation project, whereby very low daily rates were remunerated. The proportion of e-commerce revenues in the total revenue increased considerably in the reporting period. At approx. 6% (previous year 13%), the gross margin in this still-developing segment is currently still considerably lower than the gross margins in the other Group segments.

Other operating income totalled € 6.1 million, considerably lower than in the previous year (€ 11.2 million). This decline is due, in particular, to non-operating income contained herein from the adjustment of purchase price liabilities from company acquisitions amassing € 0.6 million (previous year: € 6.1 million). Adjusted by this special effect, other operating income of € 5.5 million was largely comparable with the previous year (€ 5.1 million).

As in the previous year, other operating income includes foreign currency gains from exchange differences totalling € 4.4 million (previous year: € 4.3 million), largely from the USD/EUR exchange rate development.

Sales and marketing expenses increased slightly disproportionately to the increase in sales by approx. 20.3% to € 16.6 million. The € 2.8 million cost increase includes approx. € 1.9 million attributable to the first-time inclusion for a full financial year of companies acquired the previous year.

Administrative expenses increased from € 6.4 million to € 8.5 million (+ 32.8%). The € 2.1 million cost increase includes approx. € 1.0 million, which is also attributable to the full-year effect from acquisitions.

R&D expenses (not capitalised) rose by 14.3% to € 8.0 million (previous year: € 7.0 million).

Taking into account the capitalisation of expenses for in-house software developments, R&D expenses increased by € 2.4 million to € 17.0 million compared with the previous year (previous year: € 14.6 million). This increase is largely due to the scheduled increase in development capacities within the iTWO 4.0 team. Personnel costs in the development centre in Guangzhou, People's Republic of China, also increased as anticipated.

At € 1.2 million, other operating expenses were considerably higher than the previous year (€ 0.9 million).

The operating EBITDA decreased by 18.7% to € 20.9 million (previous year: € 25.7 million). The operating EBITDA margin reached 25.5% (previous year: 36.7%). At € 10.5 million, consolidated net profit was 49.5% less than in the previous year (€ 20.8 million).

Development of reporting segments

iTWO reporting segment

Revenues in the high-margin iTWO reporting segment increased by € 6.6 million to € 75.9 million in the reporting year (previous year: € 69.3 million).

In return the manufacturing costs increased by € 8.1 million to € 31.7 million (previous year: € 23.6 million). This includes software costs that increased by € 3.6 million to € 14.7 million, largely due to increased depreciations from purchase price allocations, as well as the first-time full-year inclusion of acquired companies, as well as consulting costs that increased by € 4.1 million to € 16.2 million, primarily due to recruitment and increased external service costs. The sales and marketing costs increased by € 1.9 million to € 15.6 million and the administration costs by € 1.3 million to € 7.7 million, both largely due to increased recruitment and the first-time full-year inclusion of companies acquired the previous year. Other income decreased from € 10.3 million to € 4.8 million, largely caused by one-off effects owing to income generated the previous year from the reduction of purchase price liabilities for companies acquired.

As a result the EBITDA in the iTWO reporting segment decreased by 25.8% to € 26.2 million (previous year: € 35.3 million). The EBITDA margin decreased accordingly from 50.9% the previous year to 34.5%.

xTWO reporting segment
The revenue in the still low-margin xTWO reporting segment increased by 786% to € 6.2 million in the reporting period. The EBITDA was € -1.2 million (previous year: € 0.0 million) as a result of the currently low-margin e-commerce business (still in development phase) and due to personnel investments in the sales and marketing sector and in administration. Accordingly the EBITDA margin was -19.4% (previous year -1.4%).

B.2 FINANCIAL POSITION

Capital structure
The capital structure of the RIB Group is still characterised by a very high equity ratio of 86.3% of the balance sheet total (previous year: 85.0%). The equity increased in 2015 to € 285.9 million (previous year: € 226.4 million). Of the € 59.5 million increase, € 47.1 million is attributable to the capital increase performed by RIB Software AG and € 16.1 million from the total comprehensive income generated for the year.

Investments
Without taking into account the income and expenditure from the maturity/sale of securities, the cash flow from investment activities came to € -22.4 million (previous year: € - 14.5 million). In 2015, a total of € 9.0 million was invested in software developed in-house (previous year: € 7.6 million). This was largely invested in enhancing the products iTWO 5D (€ 3.5 million) and iTWO 4.0 (€ 3.4 million). There was also further investment in the company acquisitions of Soft SA (Spain) and SAA (Austria) totalling € 12.3 million - offset against the acquired liquidity - (previous year: € 6.0 million).

Cash flow from operating activities
At € 19.4 million, cash flow from operating activities decreased slightly from the previous year (€ 20.7 million). The cash flow from financing activities amounted to € 37.2 million (previous year: € 43.4 million), resulting predominantly from the cash capital increase of RIB Software AG with net proceeds of € 46.6 million. The positive cash flow from financing activities was diminished predominantly through dividend payments to RIB Software AG shareholders amounting to € 6.8 million (previous year: € 2.2 million).

At the end of the reporting period, the cash and cash equivalents of the RIB Group came to € 174.3 million (previous year: € 137.6 million). Taking into account the short-term securities available for sale, the Group had a liquidity of € 177.0 million (previous year: € 137.9 million).

No lines of credit were taken in the reporting period. The RIB Group was in the position to meet all of its payment obligations at all times.

„46. Financial risk management and policy“ on page 123

Concerning the principles and goals of the Group’s financial management, please refer to the Notes to the Consolidated Financial Statements, **Section (46)**.

B.3 NET ASSETS

In 2015, the balance sheet total increased to € 331.3 million and thus increased significantly by € 65.1 million compared with the previous year (previous year: € 266.2 million). In addition to the consolidated net profit and capital increase performed in the reporting year, this increase is also due to exchange rate influences.

The local currencies of group companies in the USA, Hong Kong and China appreciated significantly against the euro in the reporting period. Currency translation differences of € 5.6 million were thus recorded in the overall result for the reporting period (previous year: € 5.7 million). The accumulated comprehensive income recorded in the group equity capital increased by a total of € 5.6 million to € 7.9 million (previous year: € 2.3 million).

In terms of the Group's financial assets, a significant increase was recorded in cash and cash equivalents including available-for-sale securities (€ +39.1 million) but particularly in its intangible assets (€ +20.6 million). This was the result of further company acquisitions in the reporting period. The carrying amounts of the goodwill and other intangible assets increased to € 118.1 million (previous year: € 97.5 million) and thus accounted for 35.6% (previous year: € 36.6%) of the balance sheet total.

Other intangible assets increased by € 6.7 million to € 51.3 million (previous year: € 44.6 million). The item includes in-house developed software amounting to € 34.3 million (previous year: € 29.6 million), followed by customer relationships amounting to € 8.7 million (previous year: € 8.3 million) and purchased technology amounting to € 7.8 million (previous year: € 6.5 million). The € 4.7 million increase in software developed in-house is the result of the capitalisation during the reporting period (€ 9.0 million), minus the ongoing, scheduled depreciations (€ 4.3 million). The customer relationships continued to increase largely due to the initial consolidation of the acquired companies Soft SA and SAA. The further increase in purchased technology is largely due to the acquisition of the companies Soft SA and SAA with scheduled depreciation of the previous year's figure.

In particular, property, plant and equipment included the EOC I real estate located in China and utilised by the development company there. The investment real estate is the EOC II building located directly adjacent to EOC I. The carrying amount of the investment property increased by € 0.4 million largely due to foreign currency effects.

Trade receivables increased from € 13.8 million to € 16.2 million. Based on the information available when the consolidated financial statements were prepared, there were no indications that the past-due but not impaired receivables would not be settled at the carrying amount.

The portfolio of securities available for sale increased from € 0.3 million to € 2.7 million in the reporting period. The securities are predominantlyshares in low-risk money market and investment funds in euro.

B.4 NON-FINANCIAL PERFORMANCE INDICATORS

To us, successful entrepreneurial 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, through our subsidiary RIB Limited we offer comprehensive training and further education programmes in a specially-created Centre of Excellence for the ever-rapidly growing number of international employees.

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 national and international universities, as well as with innovative industry initiatives, such as the 5D Initiative of the ENCORD Group (**http://www.5d-initiative.eu/**), which aims to actively promote model-based planning and construction in the building industry.

C. EARNINGS, FINANCIAL AND ASSETS POSITION OF RIB SOFTWARE AG

C.1 RESULTS OF OPERATIONS

At € 38.8 million, the total revenue fell by € 1.2 million compared with the previous year (€ 40.0 million), the total revenue with iTWO 5D, however, increased by 5.0% to € 25.0 million (previous year: € 23.8 million) and thus accounted for 64.4% of total revenue (previous year: 59.5%). As the previous year was shaped by the largest Phase III software contract in the company's history, which added € 7.0 million in software revenue to the total revenue of € 40.0 million, this is a very good result. Another contributing factor was the surge in mass market revenue through a large number of small service contracts concluded with major customers that demand 5D capacities from their business partners. Maintenance revenues increased by € 1.1 million from € 15.7 in 2014 to € 16.8 million (+ 7.0%). Consulting revenue recorded a disproportionate increase by € 1.3 million or 38.2% to € 4.7 million (previous year: € 3.4 million), which is largely due to the implementation of iTWO with a major customer.

Other operating income of € 7.2 million was comparable with the previous year (€ 7.0 million). This included income from exchange rate variations from EUR to USD amounting to € 4.2 million (previous year: € 4.3 million).

Material costs decreased by 3.2% to € 12.0 million compared with the previous year (previous year: € 12.4 million). In particular, this item concerned software development services obtained by subsidiaries.

Personnel expenses increased slightly in 2015 to € 2.7 million (previous year: € 2.4 million). € 0.2 million (previous year: € 0.1 million) of personnel expenses resulted from granting share options to RIB AG employees as part of share option programmes.

Other operating expenses increased by € 1.8 million from € 15.9 million to € 17.7 million. This included transaction costs related to capital increase measures amounting to € 1.6 million (previous year: € 1.7 million). Furthermore, this item largely includes sales commissions amassing € 11.6 million, which were paid to the subsidiaries responsible for sales on the German-speaking market. (previous year: € 10.8 million).

The financial result is € 0.3 million more than in previous year (€ -0.2 million).

As a result the annual net profit of € 8.1 million was € 1.4 million less than in the previous year (€ 9.5 million).

C.2 FINANCE AND NET ASSETS

Capital structure

The capital structure of RIB AG is characterised by a very high equity ratio of 95.5% of the balance sheet total (previous year: 93.1%). The equity capital increased by € 52.3 million to € 242.2 million (previous year: € 189.9 million), predominantly due to the cash capital increase from authorised capital performed in the reporting year, which generated gross proceeds of € 48.1 million through the issue of 3,378,696 new ordinary shares in RIB AG.

In 2015, the balance sheet total increased to € 253.8 million and thus increased significantly compared with the previous year (previous year: € 204.0 million). This is due on the asset side predominantly by the sharp increase in liquidity by € 44.8 million, as well as an increase in receivables from goods and services totalling € 3.0 million.

Investments

As in the previous year, the company's investment activities were predominantly in financial assets. Investments in financial assets totalled € 4.8 million in the reporting year (previous year: € 39.6 million). In particular, these concerned the acquisition of SAA (€ 4.3 million).

Cash inflows of € 2.7 million have a counter effect in this area. These result from the appropriation of RIB AG shares as part of the company acquisition by the subsidiary RIB Ltd. RIB Ltd reimbursed the market value of the appropriated shares to RIB AG.

Liquidity

At € 3.1 million, the cash flow from operating activities in financial year 2015 was considerably lower than in the previous year (€ 15.6 million). The decrease is due to lower dividend payments from subsidiaries amounting to € 1.9 million. The adjusted decrease in the operative cash flow is € 10.6 million. Only € 1.5 million of this decline is due to the earnings performance. The decrease is largely due to the reporting date and an additional € 3.4 million compared with the previous year in financial commitments in receivables from goods and services and from a € 3.2 million increase in financial commitments in the field of intra-group receivables and liabilities. Furthermore the outflow of funds for VAT and income tax payments in the reporting year exceeded the previous year's value by approx. € 2.5 million, which is due in particular to the major contract turned over at the end of the 2014 financial year, for which the collected VAT was only paid to the tax authority the following year.

The cash flow from financing activities amounted to € 39.8 million (previous year: € 44.4 million) and includes the net proceeds of € 46.6 million from the cash capital increase, decreased by the € 6.8 million dividend payment from the net profit of the previous year.

Cash and cash equivalents

Cash and cash equivalents came to € 143.0 million at the end of the reporting period (previous year: € 98.2 million). This item includes € 138.0 million in cash and bank balances (previous year: € 93.2 million) and € 5.0 million in cash and cash equivalents (previous year € 5.0 million).

No lines of credit were taken in the reporting year. RIB AG was in the position to meet all of its payment obligations at all times.

Other information on net assets

Intangible assets of € 2.9 million (previous year € 4.2 million) comprise in particular the goodwill from the 2003 merger of RIB Bausoftware GmbH into the parent company.

Current assets increased by 46.0% to € 151.1 million, particularly due to the € 44.8 million increase in liquidity to € 138.0 million. The securities portfolio of € 5.0 million was unchanged (previous year: € 5.0 million).

On the balance sheet date the receivables from goods and services increased by € 3.0 million to € 6.4 million (previous year: € 3.4 million), which results largely from increased software sales that were invoiced in December but not yet settled, as well as payment extensions in some customer projects.

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

Liabilities declined from € 6.1 million to € 4.1 million, largely due to decreased liabilities of € 2.0 million from company acquisitions.

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. Both business dealings with Software as a Service/Cloud as well as e-commerce business with xTWO developed very well. In these segments, the RIB Group is taking a leading position in its target groups with its e-commerce platforms and the innovative new iTWO 4.0 components. With a high level of liquidity, the RIB Group has financial reserves that 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 capital stock of RIB AG amounts to € 46,845,657.00 and is divided into 46,845,657 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 shareholders‘ right to the securitisation of their shares and any profit-sharing and renewal coupons is excluded.

As of the balance sheet date, the company had civil law ownership of 1,200,310 shares, from which it cannot derive any voting rights pursuant to § 71b German Stock Corporation Act (AktG). This includes 107,143 shares for which economic ownership was already transferred as part of the acquisition of Soft SA completed in the reporting year, so as of 31 December 2015 the financial statement only reported 1,093,167 own shares. 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), as of the reporting date only RIB AG Chairman Mr Thomas Wolf, Singapore, held direct or indirect interests in the capital that exceed 10% of the voting rights.

Pursuant to § 160 (1) German Stock Corporation Act (AktG), interests in the capital that exceed 10% of voting rights are disclosed in Section F.5 “Disclosures According to the German Securities Trading Act” of the Notes to the Annual Financial Statements of RIB AG” in the Notes to the Annual Financial Statements of RIB AG.

By resolution of the Annual General Meeting on 10 June 2015, the Executive Board is authorised to increase the share capital of the Company by 09 June 2020 with the approval of the Supervisory Board once or several times by a total of € 21,733,480.00 by issuing a maximum of 21,733,480 new registered shares each with a par value of € 1.00 per share in exchange for cash and/or non-cash contributions (Authorised Capital 2015). This authorisation was utilised in the reporting year in the form of a cash capital increase. Thus, a total of 3,378,696 shares were issued, whereby a further 18,354,784 shares may be issued based on the existing authorisation.

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

(3) if, in the case of a cash capital increase, which the new shares represent, for which the subscription right is ruled out, does not exceed a total of ten per cent of the share capital, both at the time it takes effect as well as at the time of the exercise of the authorisation, and the issue amount of the new shares does not significantly fall below the stock market price of the shares of the Company with the same terms within the meaning of Sections 203 (1 & 2), 186 (3) 4 of the German Companies Act (Aktiengesetz); to be deducted from this ten per cent limit is (1) the proportion of the share capital attributable to treasury shares, which are sold at the time of this authorisation coming into effect in indirect or analogous appli-

cation of § 186 (3) 4 of the German Companies Act, and (ii) the proportion of the share capital attributable to shares subject to conversion and/or option privileges or conversion obligations from bonds and other instruments covered by § 221 of the German Companies Act, which are issued under exclusion of the subscription right as per § 186 (3) 4 of the German Companies Act.

The proportion of the share capital which the new shares represent for which the subscription right is ruled out according to sections (1) to (3) above may not in total exceed twenty per cent of the share capital of the Company both at the time it takes effect as well as at the time of the exercise of the authorisation. To be deducted from this twenty per cent limit with regard to all possibilities of excluding the subscription right according to sections (a) to (c) above are shares that are used after 10 June 2015 by virtue of the authorisation to use treasury shares in accordance with § 71 (1) 8 sentence 5 and § 186 (2) 4 of the German Companies Act under exclusion of the subscription right, i.e. in a manner other than selling them on the stock market or by way of an offer addressed to all shareholders.

Furthermore, the Executive Board shall decide on the issue of new shares, the content of the share rights and the terms of the share issue, with 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 shall be conditionally increased by a maximum of € 1,548,616.00 by issuing a maximum of 1,548,616 new registered shares with a par value of € 1.00 per share ("Conditional Capital 2015/I"). The conditional capital increase shall only be carried out to the extent that subscription rights were issued according to the 2011 stock option plan in accordance with the resolution of the Annual General Meeting of 20 May 2011 (in the version of the resolution of the Annual General Meeting of 04 June 2013) or the 2015 stock option plan in accordance with the resolution of the Annual General Meeting of 10 June 2015, that the holders of the subscription rights make use of their exercise right and that the Company does not grant any treasury shares to meet the subscription rights, whereby the Supervisory Board is exclusively responsible for the granting and handling of subscription rights to members of the Executive Board. The new shares shall participate in profit from the beginning of the financial year in which the issue occurs.

By resolution of the Annual General Meeting of 24 May 2012, the company is authorised to purchase treasury shares representing up to 10% of the share capital at the time of the resolution 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 proposals 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 §§ 84 and 85 of the German Stock Corporation Act (AktG) in conjunction with § 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 (§§ 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 § 161 GERMAN STOCK CORPORATION ACT (AKTG)

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

The Executive Board and Supervisory Board of RIB Software AG hereby declare that the recommendations of German Corporate Governance Code (GCGC) 2014 were complied with in the period between the last declaration of compliance and the entry into force of GCGC 2015 and that the recommendations of GCGC 2015 will be complied from the entry into force of GCGC 2015 with the following deviations:

1. Figure 3.8 GCGC: The D&O insurance for the Supervisory Board does not include a deductible. In the opinion of the Executive Board 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. Figure 4.2.2 (2) GCGC: The Supervisory Board considers what is an appropriate remuneration for the Executive Board but not the ratio of the Executive Board's remuneration to the remuneration of the more senior management circle and the staff in general, including development over time. Accordingly, the Supervisory Board also does not specify how the more senior management circle and the relevant workforce should be differentiated for the settlement. The corresponding recommendation of the Code appears less than practical and also unsuitable for ensuring that the Executive Board's remuneration is appropriate in every case.

3. Figure 4.2.3 (2) GCGC: The variable remuneration for the Executive Board 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 Executive Board does not take any undue risks when managing the company. To the extent members of the Executive Board 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.

   Figure 4.2.3 (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.

4. Figure 4.2.5 GCGC: The remuneration of the Executive Board 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.

5. Figure 5.1.2 GCGC: The Supervisory Board has not fixed an age limit for Board members. Setting an age limit is not in the interests of the company and its shareholders, since there is no compelling connection between a Board member's age and his performance.

6. Figure 5.4.1 (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.

Figure 5.4.1 (2) GCGC: The Supervisory Board has not set a control limit for the term of membership to the supervisory board. Setting an limit for membership of the Supervisory Board is not in the interests of the company and its shareholders, since there is no compelling connection between tenure and the occurrence of any conflicts of interested and/or the autonomy of the Supervisory Board member.

Figure 5.4.1 (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. In the opinion of the Supervisory Board, 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.

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 Board of Directors may be released from the restrictions of § 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. Its members have the same rights and obligations. 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. Apart from this, descriptions of the procedures followed by the Supervisory Board shall apply accordingly. 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

The Supervisory Board members receive an annual fixed remuneration (Remuneration 1). The Chairperson of the Supervisory Board receives double and the Vice-Chairperson receives one and a half of 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:

2015 (figures in € thousands)	**Remuneration 1**	**Remuneration 2**	**Total remuneration**
Sandy Möser	24.0	5.0	29.0
Dr Matthias Rumpelhardt	18.0	5.0	23.0
Klaus Hirschle	12.0	4.0	16.0
Hans-Peter Lützow (until 07 April 2015)	3.2	0.0	3.2
Prof Martin Fischer	12.0	0.0	12.0
Steve Swant (from 10 June 2015)	6.7	0.0	6.7
Prof. Dr Achim Preiß	12.0	0.0	12.0
Total remuneration	**87.9**	**14.0**	**101.9**

2014 (figures in € thousands)	**Remuneration 1**	**Remuneration 2**	**Total remuneration**
Sandy Möser	24.0	5.0	29.0
Dr Matthias Rumpelhardt	18.0	5.0	23.0
Klaus Hirschle	12.0	4.0	16.0
Hans-Peter Lützow	12.0	0.0	12.0
Prof Martin Fischer	12.0	0.0	12.0
Prof. Dr Achim Preiß	12.0	0.0	12.0
Total remuneration	90.0	14.0	104.0

H.2 REMUNERATION REPORT OF THE EXECUTIVE BOARD

The remuneration of the Executive Board of the parent company comprises a fixed element (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 D.5 of the Notes to the annual financial statements of RIB AG and to **Section 32** of the Notes to the consolidated financial statements. In the scope of this programme, the members of the Executive Board were offered subscription rights in accordance with the conditions of the existing share option plan, which were taken up by all the members of the Executive Board.

„32. Share option plan“
on page 110

The remuneration of the Executive Board is composed as follows:

2015 (figures in € thousands)	Remuneration 1	Remuneration 2	Remuneration 3	Total remuneration
Thomas Wolf*	324.0	54.0	337.3	715.3
Dr Hans-Peter Sanio	146.8	27.0	134.9	308.7
Michael Sauer	219.7	54.0	337.3	611.0
Helmut Schmid (since 01 September 2015)	70.1	10.0	337.3	417.4
Total remuneration	760.6	145.0	1,146.7	2,052.3

2014 (figures in € thousands)	Remuneration 1	Remuneration 2	Remuneration 3	Total remuneration
Thomas Wolf*	324.0	166.0	331.5	821.5
Dr Hans-Peter Sanio	146.8	83.0	165.8	395.6
Michael Sauer	219.7	166.0	331.5	717.2
Total remuneration	690.5	415.0	828.8	1,934.3

* Mr Thomas Wolf receives his remuneration from RIB PTE. Limited, Singapore.

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

	Thomas Wolf	Dr Hans-Peter Sanio	Michael Sauer	Helmut Schmid
Options granted in the reporting period (units)	25,000	10,000	25,000	25,000
Options outstanding at the end of the reporting period (units)	70,000	35,000	70,000	25,000
Share in the recognised total cost of the share-based remuneration (€ thousand)	94.9	46.5	94.9	25.3

I. FORECAST, OPPORTUNITY AND RISK REPORT

I.1 TARGET ACHIEVEMENT OF THE FORECASTS FOR FINANCIAL YEAR 2015

Due to the surge in demand for 5D technologies and cloud software over the last three years, we also anticipated positive growth opportunities for the RIB Group in 2015. In particular, we were able to increase the number of major Phase II/III contracts each year by 80%. Therefore in Software Licences, our aim was to increase the number of Phase II/III contracts again by 80% from 14 to 25. We achieved this objective in full.

We had planned revenues of between € 85.0 million and € 95.0 million for the RIB Group, provided we achieved two Phase III contracts each with a sales volume of approx. € 5 million from the planned 25 accounts. In November 2015, it became clear that revenue-generating conclusions of two Phase III contracts were no longer realistic in the current financial year. In light of this, the revenue forecast for the 2015 financial year was amended to an annual turnover of between € 78 million and € 86 million. At € 82.1 million the 2015 Group turnover falls in the middle of the adjusted forecast.

In the field of research and development, the intention was to once again focus our main development efforts on iTWO 4.0 in 2015 (former project name: iTWO Cloud). The group planned new appointments and a corresponding increase in development costs in this sector. Furthermore, we planned to increase the production costs of services required to achieve sales revenues slightly disproportionately to sales growth to create a solid basis for further growth from 2016. These measures were implemented as planned.

Assuming the same underlying market conditions as in 2015 and based on the aforementioned planned values as the key financial performance indicator, we forecast an operating EBITDA of between € 29.0 million and € 36.0 million for the RIB Group. Based on the lowered revenue forecast as amended in November 2015, the target for the EBITDA (before currency adjustment) was also adjusted down to between € 22.0 million and € 30.0 million. The operating EBITDA for the reporting year is € 21.0 million. Including the currency effect the EBITDA of € 25.0 million falls within the adjusted forecast.

Revenues and EBITDA at the previous year's level was planned for RIB AG. The target revenue was just missed (-3%), the operating EBITDA was 20% lower than planned.

I.2 FORECAST REPORT FOR FINANCIAL YEAR 2016

Due to the surge in demand for our software and SaaS/Cloud solutions over the last three years, we anticipate positive growth opportunities for the RIB Group in 2016. With xTWO we expect a high degree of growth in the e-commerce sector. In the mass market we expect to achieve software revenues with iTWO 5D comparable with the previous year. Following the decline in the reporting year, in the key account sector we anticipate increasing software revenue with iTWO 5D in the 2016 financial year. In terms of consulting revenue we expect a sales development in line with the growth of software revenue. In terms of maintenance revenue, we expect the stable growth recorded in recent years to continue. On this basis and assuming otherwise stable market conditions, we calculate revenue of between € 90 million and € 100 million for the RIB Group.

In the field of research and development, in 2016 we plan to continue to focus our main development efforts on iTWO 4.0. We are planning new appointments here and in the consulting sector for 2016, which will increase the Group's development and consulting costs. Furthermore, we intend to increase the production costs of services required to achieve sales revenues slightly disproportionately to sales growth to create a solid basis for further growth from 2017. We anticipate a surge in revenue in the xTWO sector, however, due to necessary investment in expanding this business sector, we nevertheless expect a negative EBITDA of up to € 2 million for 2016.

Taking the aforementioned premises into account, we plan an EBITDA of between € 20 and € 25 million for the RIB Group in 2016.

For RIB AG, we are planning revenue and an EBITDA at the previous 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 continues to offers great potential in Germany, Austria and Switzerland. Based on the fact that iTWO 5D offers the full functionality of ARRIBA and also enables the use of 5D construction models, the RIB Group expects to be able to migrate the majority of the ARRIBA customers to RIB iTWO 5D in the next few years.

International expansion. As one of its major strategic goals, the RIB Group plans to strengthen its existing international business relationships, to establish itself in existing foreign markets and to expand into new markets e.g. Spain and Latin America. The RIB Group is pursuing a key account strategy that focuses on attracting customers from the Top 1000 of the respective target groups, mainly large construction companies, general contractors, investors and consultants. 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 the construction industry and in plant engineering. With the existing end-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 2016 are, amongst others, to integrate companies acquired in the last two financial years into the Group and to win major customer contracts for iTWO 5D via these companies, particularly in the USA, Australia, Germany, Austria, Switzerland, Spain and Scandinavia.

Reporting segment-specific opportunities. Based on the increasing acceptance of model-based working methods in the construction industry, which is supported by an increasing number of corresponding government initiatives, we see potential for further growth in the iTWO reporting segment in our markets through our iTWO 5D and iTWO 4.0 technology. In the xTWO reporting segment, we expect the e-commerce ecosystem to evolve rapidly from the current web shop to a comprehensive B2B platform. In this context, the integration of iTWO 5D and iTWO 4.0 into the xTWO e-commerce platform is one of our key objectives for the coming years. In this sector and particularly in Germany we anticipate exceptional growth potential in the e-commerce reporting segment due to very strong market penetration with iTWO 5D and increasing market acceptance of the x-TWO platform.

Overview of opportunities. The RIB Group is very well established in its markets thanks to its extensive range of solutions based on state-of-the-art technologies. In terms of 5D and Cloud software, the RIB Group is regarded as a pioneer in the construction sector. Against this backdrop, we consider the opportunities of the RIB Group to vigorously expand its market position as extremely positive.

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. Identified 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. While the risks should not be consciously accepted, attempts are made to combat the risks through appropriate countermeasures.

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

There are no particular segment-specific risk factors at present.

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 2015, 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. Due to a strong commitment of consulting capacities to a major implementation project of a Phase III contract, in Germany there is a risk that there may not be enough consulting capacity for other implementation projects. In other markets, there is still the risk that the quality and availability of consulting services and the hotline service, as well as the range of software functions in terms of international requirements cannot as yet be completely fulfilled. 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 retain its competitive edge, the RIB Group must invest heavily in product development and product launches, using both financial and human resources. The risk here is that the functional scope of the software will require expensive adaptation with respect to the legal framework. There is also the possibility that development capacities may be inhibited by individual customer requirements, whereby this could delay the supply of new products. This could mean that our software might not achieve the expected market acceptance.

The economic success of the RIB Group largely depends on the success of our high-revenue product iTWO 5D. If iTWO 5D were to lose its strong market acceptance, this could have a considerable negative impact on our business activities.

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

The RIB Group has maintained a high level of liquid assets. These are invested in low-risk short and medium-term time deposits and fixed-income securities. A portion of the liquid assets and securities exist and/or are listed in foreign currency. The associated risk of price changes is not hedged. These risks are taken into account through permanent monitoring of price developments and conditions.

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

The continuing financial crisis, especially the over-indebtedness of some EU countries could lead to a global economic or euro crisis. As a result, payment default risks could occur with regard to our securities and liquid 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.

The RIB Group has international subsidiaries that are still building their client base. If the volume of new clients acquired by these companies does not develop as planned, this could also 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.

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

Individual risks were reassessed in the reporting period. The probability of occurrence of a significant sales risk in terms of severity of loss regarding the operability of our software with standard operating systems and server landscapes was downgraded from “very likely” to “unlikely”. Two financial risks related to the fair value of securities and the availability of liquidity, which were deemed “unlikely”, were upgraded from “insignificant” and/or “average” to “significant” whereby the probability of occurrence remained unchanged. Due to the reassessment of the risks, the quantifiable amount of loss has on the whole increased 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 are posed by the need to make product adjustments as a result of changed legal framework conditions, or due to individual requirements on a customer-by-customer basis. This may necessitate costly product modifications and inhibit capacities to such an extent that the completion of planned new software components may be delayed.

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 with the previous year, the formal recording and summary of the risks was performed at the end of the 2015 financial year. We currently do not see any risks that would endanger the company as a going concern.

Note on forecasts

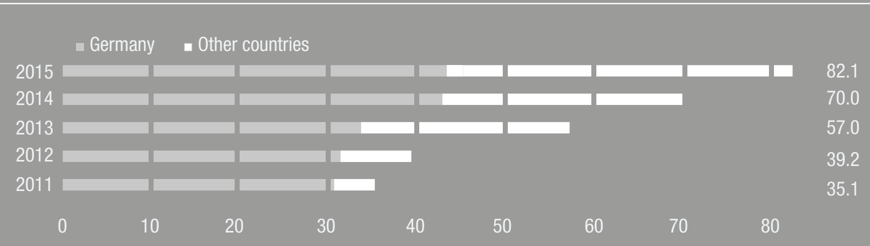
This section of the management report includes forward-looking statements and information, i.e. statements about events that lie in the future. Such forward-looking statements can be recognised by the fact that they use words such as ‘should’, ‘will’, ‘expect’, ‘intend’, ‘plan’, ‘estimate’, ‘in the opinion of the RIB Group’ and other similar terms. Such forward-looking statements are based on our current expectations and certain assumptions. They therefore entail a certain degree of risk and uncertainty. 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, 09 March 2016

Thomas Wolf | Michael Sauer | Dr. Hans-Peter Sanio | Helmut Schmid

DEVELOPMENT IN REVENUES FIVE-YEAR COMPARISON

Figures in € million



„9. Segment information“
on page 90

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR FROM 01 JANUARY 2015 TO 31 DECEMBER 2015

REGIONAL BREAKDOWN IN REVENUE

„9. Segment information“ on page 90

CONSOLIDATED INCOME STATEMENT FOR THE 2015 FINANCIAL YEAR

€ thousand unless otherwise indicated	Notes	2015	2014
Revenue	**(10)**	**82,079**	**70,026**
The production costs of services for revenue generation	(11)	-37,505	-24,170
Gross profit		44,574	45,856
Other operating income	(12)	6,066	11,238
Marketing and distribution costs		-16,554	-13,776
General administrative expenses		-8,480	-6,435
Research and development expenses		-7,955	-7,021
Other operating expenses	(13)	-1,170	-933
Financial income	(15)	237	291
Finance costs	(15)	-224	-373
Share of profit and losses of associates		-9	0
Profit before tax		**16,485**	**28,847**
Income taxes	(16)	-5,949	-8,043
Consolidated net profit for the year		**10,536**	**20,804**
Losses attributable to non-controlling interests		-43	0
Profit attributable to owners of the parent company		10,579	20,804
Result per share on the basis of the share of earnings of the sharehol-ders of RIB Software AG:			
basic	**(17)**	**€ 0.24**	**€ 0.52**
diluted	**(17)**	**€ 0.24**	**€ 0.52**

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE 2015 FINANCIAL YEAR

Figures in € thousand	2015	2014
Consolidated net profit for the year	**10,536**	**20,804**
Components reclassified with no effect on profit and loss:		
Revaluations	31	-308
Other consolidated comprehensive income after taxes for components reclassified with no effect on profit and loss	**31**	**-308**
Components reclassified in subsequent periods with an effect on profit and loss:		
Exchange differences	5,574	5,712
Changes in value of available-for-sale securities	-4	24
Other consolidated comprehensive income after taxes for components reclassified with an effect on profit and loss	**5,570**	**5,736**
Other consolidated comprehensive income after taxes	**5,601**	**5,428**
Total comprehensive income for the year	**16,137**	**26,232**
of which attributable to non-controlling interests	-43	0
of which attributable to owners of the parent company	**16,180**	26,232

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS OF 31 DECEMBER 2015

Figures in € thousand	Notes	31 December 2015	31 December 2014
Goodwill	(18)	66,878	52,951
Other intangible assets	(19, 20)	51,257	44,575
Property, plant and equipment	(19)	7,199	6,836
Investment properties	(19, 22)	5,969	5,732
Investments accounted for using the equity method	(21)	88	0
Prepaid land use lease payments	(23)	1,063	1,015
Other assets	(24)	118	63
Deferred tax assets	(25)	495	199
Total non-current assets		**133,067**	**111,371**
Inventories	(26)	983	109
Trade receivables	(27)	16,203	13,826
Gross amounts due from customers for contract work	(28)	165	0
Available-for-sale securities	(29)	2,686	273
Other assets	(24)	3,880	2,992
Cash and cash equivalents	(30)	174,335	137,621
Total current assets		**198,252**	**154,821**
Total assets		**331,319**	**266,192**

Figures in € thousand	Notes	31 December 2015	31 December 2014
Subscribed capital	(31)	46,846	43,467
Treasury shares	(31)	-4,828	-5,543
Capital reserves	(31)	181,396	135,157
Legal reserve	(31)	95	60
Accumulated other comprehensive income	(33)	7.943	2,342
Retained earnings		54,657	50,963
Equity attributable to owners of the parent company		**286,109**	**226,446**
Non-controlling interests		-167	0
Total equity		**285,942**	**226,446**
Pension provisions	(35)	3,609	3,579
Other provisions	(37)	238	0
Other financial liabilities	(40)	2,499	2,286
Deferred tax liabilities	(25)	13,024	11,604
Total non-current liabilities		**19,370**	**17,469**
Trade payables	(36)	2,206	1,529
Provisions for income taxes		4,297	5,398
Other provisions	(37)	929	1,056
Deferred liabilities	(38)	4,432	3,511
Deferred revenue	(39)	5,152	4,959
Other financial liabilities	(40)	2,579	2,669
Other liabilities	(41)	6,412	3,155
Total current liabilities		**26,007**	**22,277**
Total liabilities		**45,377**	**39,746**
Total equity and liabilities		**331,319**	**266,192**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE 2015 FINANCIAL YEAR

Figures in € thousand	Subscribed capital	Capital reserves	Legal reserve
Notes	(31)	(31)	(31)
As of 01 January 2014	**38,715**	**80,768**	**56**
Consolidated net profit for the year	-	-	-
Other comprehensive income for the year	-	-	-
Total comprehensive income for the year	**-**	**-**	**-**
Disposal of treasury shares	-	1,061	-
Dividend payment	-	-	-
Capital increases	4,752	54,203	-
Transaction costs from cash capital increase	-	-1,194	-
Transactions with non-controlling interests	-	-	-
Other changes	-	-	4
Share-based remuneration	-	319	-
As of 31 December 2014 and 01 January 2015	**43,467**	**135,157**	**60**
Consolidated net profit for the year	-	-	-
Other comprehensive income for the year	-	-	-
Total comprehensive income for the year	**0**	**0**	**0**
Disposal of treasury shares	-	1,985	-
Dividend payment	-	-	-
Capital increases	3,379	43,681	-
Transactions with non-controlling interests	-	-	-
Other changes	-	-4	35
Share-based remuneration	-	577	-
As of 31 December 2015	**46,846**	**181,396**	**95**

Accumulated other comprehensive income							
Changes in value of available-for-sale securities	Foreign currency translation reserve	Revaluations	Treasury shares	Retained earnings	Equity attributable to owners of the parent company	Non-controlling interests	Equity according to consolidated statement of financial position
(33)	(33)	(33)	(31)	-	-	-	-
-19	**-2,954**	**-113**	**-6,240**	**32,397**	**142,610**	**67**	**142,677**
-	-	-	-	20,804	20,804	-	20,804
24	5,712	-308	-	-	5,428	-	5,428
24	**5,712**	**-308**	**-**	**20,804**	**26,232**	**-**	**26,232**
-	-	-	697	-	1,758	-	1,758
-	-	-	-	-2,238	-2,238	-	-2,238
-	-	-	-	-	58,955	-	58,955
-	-	-	-	-	-1,194	-	-1,194
-	-	-	-	-	-	-67	-67
-	-	-	-	-	4	-	4
-	-	-	-	-	319	-	319
5	**2,758**	**-421**	**-5,543**	**50,963**	**226,446**	**0**	**226,446**
-	-	-	-	10,579	10,579	-43	10,536
-4	5,574	31	-	-	5,601	-	5,601
-4	**5,574**	**31**	**0**	**10,579**	**16,180**	**-43**	**16,137**
-	-	-	715	-	2,700	-	2,700
-	-	-	-	-6,754	-6,754	-	-6,754
-	-	-	-	-	47,060	-	47,060
-	-	-	-	-	0	-124	-124
-	-	-	-	-131	-100	-	-100
-	-	-	-	-	577	-	577
1	**8,332**	**-390**	**-4,828**	**54,657**	**286,109**	**-167**	**285,942**

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE 2015 FINANCIAL YEAR

Figures in € thousand	Notes	**2015**	2014
Cash flow from operating activities:			
Profit before tax		**16,485**	**28,847**
Adjustments for:			
Depreciation of property, plant and equipment	(14)	772	604
Amortisation of intangible assets	(14)	7,592	5,560
Depreciation of investment property	(14)	151	151
Changes in valuation allowances for trade receivables		168	49
Other non-cash items		351	-7,830
Profit(-)/loss from disposal of property, plant and equipment		23	84
Interest expense and other finance costs	(15)	224	373
Financial income	(15)	-237	-291
		25,529	**27,547**
Working capital adjustments:			
Increase/decrease(-) in provisions and deferred liabilities		479	1,366
Increase(-)/decrease in receivables and other assets		-2,568	-2,246
Increase/decrease(-) in liabilities from trade payables and other liabilities		-135	-767
Cash generated from operations		**23,304**	**25,900**
Interest paid		-14	-105
Interest received		125	186
Income taxes paid		-4,028	-5,241
Net cash flow from operating activities		**19,387**	**20,740**
Purchase of property, plant and equipment		-646	-518
Purchase/production of intangible assets		-9,417	-7,675
Payments made for investment properties		0	-292
Payments made for the acquisition of financial assets		-85	0
Payments made for the acquisition of consolidated companies less cash acquired		-12,286	-6,028
Purchase(-)/sale of available-for-sale securities		-169	3,801
Net cash flow from investing activities		**-22,603**	**-10,712**
Payments received from capital increase		48,147	48,394
Payments made for capital increase expenses		-1,565	-1,718
Dividends paid		-6,754	-2,238
Payments made to non-controlling shareholders		-60	0
Payments made for the acquisition of non-controlling interests		0	-90
Payments made for redeeming other financial liabilities		-2,580	-984
Payments made for finance leases		0	-1
Net cash flow from financing activities		**37,188**	**43,363**
Change in cash and cash equivalents impacting cash flow		**33,972**	**53,391**
Cash and cash equivalents at the beginning of the period		137,621	78,378
Currency-related change in cash and cash equivalents		2,742	5,852
Cash and cash equivalents at the end of the period		**174,335**	**137,621**
Composition of cash and cash equivalents:			
Liquid funds, unrestricted	(30)	171,775	135,130
Liquid funds, restricted	(30)	2,560	2,491

NOTES TO THE 2015 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, software maintenance and the provision of consulting and support services for its customers.

The Company was incorporated in Germany on 07 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 was added to TecDAX, the stock index for the technology sector, on 22 September 2014.

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. Rounding differences may arise for individual items due to the fact that the figures are presented in € thousand.

The consolidated financial statements and group management report of RIB Software AG were released to the Supervisory Board by the Executive Board on 09 March 2016.

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 § 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 2015. 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 2015. The Group applied all relevant new and changed IFRS in the preparation and presentation of its consolidated financial statements.

IFRS (2011 to 2013) „Annual Improvements to IFRS 2011 to 2013"
The standards were 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. These have no significant 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 14 "Regulatory Deferral Accounts"**
  IFRS 14 is of significance to companies that are applying the IFRS financial reporting framework for the first time, and should allow them to be able to continue accounting for regulatory deferral account balances in accordance with their existing financial reporting framework. However, the standard is only intended to be an interim solution until the IASB has concluded its extensive project for price-regulated transactions. The standard will be mandatory from 01 January 2016. It has not yet been adopted into EU law. The change will not have any effects on RIB consolidated financial statements.

- **IFRS 15 „Revenue from Contracts with Customers"**
  IFRS 15 replaces IAS 18, IAS 11 and a range of revenue-related forms of interpretation. The standard includes a five-step model, according to which any amount that is expected from the customer as consideration for goods or services is to be recognised as revenue. The standard will be subject to mandatory application for financial years commencing on or after 01 January 2018. Adoption before this date is permitted. It has not yet been adopted into EU law. The regulations on revenue recognition for arrangements with multiple elements contained in IFRS 15, i.e. in the sale of software solutions combined with the provision of training, maintenance or other services are of particular significance to the RIB consolidated financial statements. Based on our current analysis of the new regulations, we expect no significant changes to arise in the first-time implementation of IFRS 15 in this important area for the RIB Group. On the other hand, changes may arise in the revenue recognition of customer-specific contract work previously accounted for in accordance with IAS 11. In some cases, according to our analysis, the relevant regulations of IFRS 15 may result in revenue being recognised later than has been the case. However, this area is of minor importance to the RIB Group. We have therefore not undertaken a final analysis as to whether we will react to the changed accounting framework conditions by amending our standard contracts where necessary.

- **Amendments to IFRS 11 (2014) "Joint Arrangements"**
  The IASB published amendments to IFRS 11 on 06 May 2014. According to these amendments, the acquisition of interests in a joint operation that is a business is to be accounted for according to the principles of IFRS 3 and other relevant standards. The amendments are applicable for financial years commencing on or after 01 January 2016. Adoption before this date is permitted. The change is not expected to have any effects on RIB consolidated financial statements.

- **Amendments to IAS 16 and IAS 38 (2014) "Property, Plant and Equipment" and "Intangible Assets"**
  The IASB published amendments to IFRS 16 and IAS 38 on 12 May 2014. These concerned the clarification of the permitted depreciation methods. The published information clarifies the fact that the revenue-based method is not an appropriate method for calculating depreciation as per IAS 16, and that there is a rebuttable presumption that revenue is also not an appropriate basis for amortisation as per IAS 38. In addition, expected reductions in selling prices could be indicative of a reduction in the economic benefits embodied in the asset. The amendments are applicable for financial years commencing on or after 01 January 2016. Adoption before this date is permitted. They will not have any effects on RIB consolidated financial statements.

- **Amendment to IFRS 9 (2009, 2010, 2011, 2013 and 2014) "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 deals with 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 01 January 2015. The IASB published a fourth and final version of IFRS 9 on 24 July 2014. As a result, IAS 39 will be superseded with effect from the point at which IFRS 9 commences application. This version for the first time contains provisions on the impairment of financial instruments and altered provisions on measurement categories for financial assets. In addition, the date for initial application was moved to 01 January 2018. However, adoption before this date is permitted. It has not yet been adopted into EU law. The Company is currently investigating the impact that the application of IFRS 9 will have on RIB's consolidated financial statements.

- **IFRS (2012 to 2014) "Annual Improvements to IFRS 2012 to 2014"**
  The standards were 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. They will not have any significant effects on RIB consolidated financial statements.

- **IFRS 10 and IAS 28 "Sales or contributions of assets between an investor and its associate/joint venture"**
  The IASB published an amendment to IFRS 10 and IAS 28 on 11 September 2014. The amendment clarifies that the extent of the recognition of gains and losses for transactions with an associate or joint venture depends on whether the assets sold or contributed are business operations. The amendments are applicable for financial years commencing on or after 01 January 2016. It has not yet been adopted into EU law. The change is not expected to have any significant effect on RIB consolidated financial statements.

- **IAS 1 "Disclosure Initiative"**
  The IASB published an amendment to IAS 1 on 18 December 2014. The objective of the amendment is to address the broad criticism and suggestions for improvement with respect to the disclosure obligations required in IFRS accounting. The amendments are applicable for financial years commencing on or after 01 January 2016. The amendments are not expected to have any significant effects on the RIB consolidated financial statements.

- **IAS 12 "Recognition of deferred tax assets for unrealised losses"**
  The IASB published an amendment to IAS 12 on 19 January 2016. The amendments in particular clarify accounting for deferred tax assets from unrealised losses for assets recognised at fair value. The amendments are applicable for financial years commencing on or after 01 January 2017. The Company is currently investigating the impact that the application of the amendments will have on RIB's consolidated financial statements.

- **IAS 7 "Disclosure Initiative"**
  The IASB published an amendment to IAS 7 on 29 January 2016. The objective of the amendments is for companies to provide disclosures that enable the users of financial statements to assess changes in liabilities from financing activities. The amendments are applicable for financial years commencing on or after 01 January 2017. The amendments are not expected to have any significant effects on the RIB consolidated financial statements.

- **IFRS 16 "Leasing"**
  The IASB published an amendment to IFRS 16 on 13 January 2016. IFRS 16 governs the accounting for leases and replaces IAS 17 valid up to this time as well as three leasing-related interpretations. Application is mandatory for all IFRS adopters and, in principle, applies to all leasing arrangements. Exceptions are leasing arrangements that fall under IAS 38, IAS 41, IFRIC 12 or IFRS 15. The amendments are applicable for financial years commencing on or after 01 January 2019. The Company is currently investigating the impact that application of IFRS 16 will have on RIB's consolidated financial statements.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of consolidation

The consolidated financial statements comprise 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 uniformly 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 over which RIB Software AG has control. The Company is considered to have control of a subsidiary if it has power of disposition over it. In other words, the Company has rights that grant it a current ability to steer and control the subsidiary's key activities. Such activities are those that have a significant impact on the subsidiary's returns. Furthermore, the Company is exposed to fluctuations in returns resulting from its involvement in the subsidiary, or is entitled to such returns, and has the ability to influence these returns by exercising its power of disposition over the subsidiary.

Associates

An associate is an entity over which RIB Software AG has significant control. Significant control means the ability to influence the financial and business policy decisions of the company in which the interest is held. In doing so, there is neither control nor joint control over the decision-making processes.

The results, assets and liabilities of associates are presented in these annual financial statements in accordance with the equity method. According to this method, shares in associates must be included in the consolidated statement of financial position at their acquisition costs that are carried forward by the changes in the share of the Group in the gains and losses in the other income of the associate.

The regulations of IAS 39 are used in order to determine whether there are indications that the value of the shares in associates has reduced. If an impairment test is to be undertaken, the carrying amount of the investment is tested for impairment in accordance with the regulations of IAS 36. For this purpose, the recoverable amount, i.e. the higher amount of the value in use and fair value less selling costs is compared with the carrying amount of the investment. The resulting amount of the impairment is offset against the carrying amount of the investment.

Consolidated group

The consolidated financial statements are based on the separate financial statements pursuant to national 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 2015.

Besides RIB Software AG as the parent company, the consolidated group comprises thirty two fully consolidated entities, of which eight are German and 24 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 in the fourth quarter of each financial year. 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, or groups of 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 (group of) cash-generating unit(s) to which the goodwill has been allocated. If the recoverable amount of the cash-generating unit or group of cash-generating units 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 is the higher of value in use or fair value less costs to sell. If an asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, the fair value is to be 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 financial year 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 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 at least 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.

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. Impairment testing is performed annually for internally created software that is not yet ready for use.

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 technology

Technology purchased as part of a business combination are amortised over their estimated useful life of five years on a straight-line basis.

Purchased software

Purchased software reflects the cost of computing software used by the Group internally and not to generate revenue; It is capitalised at the costs incurred to acquire and commission the purchased 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 all the substantial 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 all substantial 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 for which the future usage 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. 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.

Inventories

Merchandise listed as inventories is recognised at the cost of acquisition as per IAS 2. On the balance sheet date, merchandise is measured at the cost of acquisition or the net realisable value, whichever is lower. The net realisable value is the revenue expected to be earned from the sale, less directly attributable costs to sell incurred up until the point of sale. If the net realisable value is lower than the cost of acquisition, the inventories are devalued. If the reasons that led to the devaluation no longer apply, the devaluation is reversed accordingly.

Contract work

Contract work is recognised according to the percentage-of-completion method (POC method) in accordance with IAS 11. The degree of completion to be recognised as determined in accordance with the cost-to-cost method. Contract work is recognised on the asset side and the balance sheet item “Gross amounts due from customers for contract work” or, if there is an impending loss, on the liabilities side under the item “Gross amounts due to customers for contract work”. If the advance payments exceed the accumulated payments, the amount is recognised on the liabilities side under trade payables. Hardware accrued pro rata according to degree of completion is recognised under inventories.

Financial and other assets

Initial recognition and measurement

Financial assets within the scope of IAS 39 are classified as (i) financial assets measured 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; for financial assets not measured at fair value through profit or loss, the directly attributable transaction costs are taken into account.

The Group's financial assets include liquid funds and bank balances, trade and other receivables, available-for-sale securities and investments in associates accounted for according to the equity method.

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

Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Upon initial recognition, such assets are measured in accordance with the effective interest method at amortised cost less impairments. 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 rate, and transaction costs. The effective interest rate is presented under financial result on the income statement. Impairment expenses are recognised through profit or loss on the income statement.

Impairment of financial assets
At the end of each financial year, the Group assesses 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, only 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
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. After 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.

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 discretionary judgement.

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 all the substantial risks and rewards of the asset, or (b) the Group has neither transferred nor retained all the substantial rewards of the asset, but has transferred control of the asset.

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 generated 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. Income and expenses are recognised when the liabilities are derecognised as well as when using the effective interest rate method.

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 securities maturing in less than three months.

Equity

An equity instrument is a contract that establishes a residual claim to the assets of a company after deduction of all the related liabilities. Equity instruments are recognised in the amount of the issue proceeds received less directly attributable issuing costs.

Third-party and equity instruments issued by a Group company are classified as financial liabilities or equity according to the economic content of the contractual agreement. For the RIB Group, this classification is of significance in particular when transferring treasury shares in the context of company acquisitions. Taking into account the regulations of IAS 32.21 et. seq., contractual obligations are classified as equity instruments if the Group is obligated to deliver a fixed number of treasury shares in fulfilment of an obligation. If the obligation is to deliver a variable number of treasury shares the amount of which is measured such that the fair value of the Group’s equity instruments to be delivered corresponds to the amount set out in the contractual obligation, the agreement is recognised as a financial liability.

Treasury shares

Treasury shares are not shown as assets, and instead are 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. The 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 deferred tax liabilities 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 arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will be reversed in the foreseeable future and taxable profit will be available against which the deductible temporary differences can be utilised.

The carrying amount of a deferred tax asset is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred taxes 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 a 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 allocating 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 licences and software as a service/cloud, the provision of maintenance services, and the provision of consultancy and support services as well as e-commerce.

(a) Sale of software solutions

The Group sells software solutions for customers active in the construction industry. The proceeds result from the licence 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 licence term, but not to operate the software permanently on their own systems. Revenues from cloud software sales are recognised pro rata over the licence 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 customers 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 recognises 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) Sale of merchandise

In the xTWO segment, the Group generated revenues due to trade in construction materials, in particular for sanitary facilities. These proceeds are recognised after the ordered goods have been delivered. Customers' rights of return are taken into account in that the revenues are reduced by an estimated return ratio based on historical values.

(f) Interest income

Interest income is recognised pro rata temporis using the effective interest rate 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 Group. 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. In accordance with IAS 19, "remeasurements" are recognised immediately in other comprehensive income. 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, 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, plus
- the change in an asset ceiling, to the extent different from the assumed interest rate.

Under the rules of IAS 19, 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 means reductions in the number of plan participants. 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 refund or a reduction in the future payments is available.

(b) Other post-employment benefits

These post-employment benefits concern defined benefit plans according to which employees receive fixed-rate compensation payments after the end of the employment relationship. The amount of the compensation payments depends on the length of service, as well as on whether the employment relationship was terminated by the employee or the employer.

A reserve is recognised for obligations from defined benefit plans as soon as the employee is granted an entitlement from which the Group cannot then withdraw. Measurement of the obligations is based on short-term fulfilment. The reserves are therefore recognised in the amount of the estimated cash outflows not discounted. The change in reserves recorded during the reporting period was fully recognised as service cost.

c) Other non-current employee benefits

Other non-current employees benefits relate to severance obligations as a part of employee dismissals or redundancies and exits. The amount of the obligation depends on the duration of the employment relationship and after a three-year service period amounts to two months' salary, after a five-year service period three months' salary up to a maximum 12 months' salary for 25 years of service. The payment is due immediately upon termination of the employment relationship in the amount of a maximum of three months' salary. Any further employee claims, i.e. from the fourth months' salary, is payable in monthly instalments from the first day of the fourth month after the end of the employment relationship.

The severance obligations were measured on the basis of actuarial methods using the PUC method (projected unit credit method). The respective age of the employee, the remaining service period, the commencement date and the amount of the salary were taken into account as the basic parameters in the measurement.

Reinsurance policies were concluded for covering the severance obligations. The resulting claims are measured at the repurchase of value as of the closing date. If insurance policies are pledged in favour of the beneficiaries, the obligations are offset against the claims.

(d) Employee leave entitlements

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

(e) Share-based remuneration

Share-based remuneration includes remuneration plans paid out in cash as well as remuneration plans paid out with equity instruments. 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 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 32** for further details on our share-based remuneration.

„32. Share option plan“
on page 110

Dividends
Dividends are recognised as a liability when they are approved by the shareholders and announced at the Annual General Meeting.

5. RECLASSIFICATIONS DURING THE REPORTING PERIOD

Until the 2014 financial year, we recognised expenses from the scheduled depreciation of technology purchased relating to company acquisitions in the consolidated income statement under “Marketing and distribution costs”. We reclassified these expenses to production costs of services for revenue generation in the reporting period. Due to the functional connection of the purchased technology with the production of our products, we are of the view that this recognition provides a more correct view of the Group’s results of operations. To ensure comparability, the prior-year amounts have been adjusted accordingly. The write-downs on purchased technology amount to € 1,836 thousand in the reporting year (previous year: € 930 thousand). Due to the reclassification, the gross profit recognised for the previous year decreased from € 46,786 thousand to € 45,856 thousand. In addition, the marketing and distribution costs decreased from € 14,706 thousand to € 13,776 thousand.

6. SIGNIFICANT DISCRETIONARY JUDGEMENTS AND ESTIMATES

The preparation of the Group’s financial reporting requires the Executive Board 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.

Discretionary judgements
In the process of applying the Group’s accounting policies, the Executive Board has made the following discretionary 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 time of preparing the consolidated financial statements. 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

The initial measurement of assets and liabilities recognised in the context of initial consolidations as well as the subsequent measurement are largely based on estimated amounts derived from assumptions regarding uncertain future developments.

Discretionary judgements are made here in particular in the measurement of intangible assets, such as customer relationships or purchased technologies, that are identified and recognised for the first time in the context of accounting for the company acquisitions. The fair values of these assets are generally determined using procedures based on net present value. Future cash flow is forecast and discounted at appropriate interest rates as of the measurement date in the context of the measurement. If the actual future development differs from the expectations and assumptions underlying the measurement, charges to the income statement due to depreciation may arise.

(b) Impairment of non-financial assets

The Group tests goodwill and internally created software that is not yet ready for use 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 discretionary judgements and estimates. We refer to **Section 18** for details of key assumptions and estimates used in testing goodwill for impairment.

„18. Goodwill“ on page 97

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 judgements and estimation uncertainties.

Please refer to the explanations in **Sections 40** and **45** regarding measurement.

„40. Other financial liabilities“ on page 116

„45. Fair value hierarchy“ on page 120

(e) Income tax
The Group is subject to income taxes in various jurisdictions. Determining the income tax expense arising during the reporting period 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 tax provisions or tax refunds in the periods concerned.

Deferred tax assets relating to certain temporary differences and tax losses are recognised when the Executive Board considers it to be 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.

7. CHANGES TO THE CONSOLIDATED GROUP

On 31 December 2015, the consolidated group comprised, in addition, the following entities, which were newly established and included in the consolidated financial statements according to the full consolidation method for the first time in the reporting year, compared to the consolidated financial statements as of 31 December 2014:

- RIB iTWO Software Inc., Bonifacio Global City, Philippines (hereinafter: RIB PHP)
- xTWOmarket GmbH, Hungen, Germany (hereinafter: xTWOmarket)

The following companies were acquired and included in the consolidated financial statements according to the full consolidation method for the first time in the reporting year:

- RIB Spain SA (formerly: Soft SA), Madrid, Spain (hereinafter: RIB Spain)
- RIB SAA Software Engineering GmbH (formerly: SAA Software Engineering GmbH) , Vienna, Austria (hereinafter: SAA) with the subsidiary-PBS Production Business Solutions GmbH, Vienna, Austria (hereinafter: i-PBS)

These company 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 the 2015 financial year with the consolidated financial statements for the 2014 and 2013 financial years. We refer to **Section 8** for further explanatory notes on the company acquisitions and the resulting impact on the consolidated financial statements.

„8. Business combinations“ on page 86

The following changes occurred over the reporting period, as compared with the previous year, concerning the Group's interests in companies that were already included in the consolidated financial statements as of 31 December 2014:

- During the reporting period, RIB FZ Limited Liability Company, Fujairah, United Arab Emirates suspended its business activities and was dissolved on 30 June 2015 and removed from the relevant companies register.

- The name of RIB Sales International GmbH, Stuttgart was changed to iTWO Baufabrik 4.0 F&E GmbH, Stuttgart (hereinafter: iTWO BF) in the reporting period. Under the agreement dated 02 July 2015, RIB Software AG sold 75.1% of its shares to iTWO BF at a purchase price of € 37 thousand. The company was therefore deconsolidated in July 2015. The deconsolidation resulted in earnings of € 6 thousand. The participation in the now associated company is accounted for according to the equity method.

- STRAPS Bausoftware GmbH, Stuttgart, merged with RIB Deutschland GmbH, Stuttgart on 31 July 2015 and was deleted from the relevant company register.

- RIB iTWO PTY Limited, Sydney, Australia, was dissolved on 31 December 2015 and deleted from the relevant company register.

We refer to the information on shareholdings in **Section 50** with regard to all the companies included in the consolidated financial statements.

„50. Disclosure on shareholdings pursuant to § 313 (2) HGB“ on page 128

8. BUSINESS COMBINATIONS

Acquisition of Soft SA

Under the agreement dated 03 July 2015, the Group acquired a 100% shareholding in Soft SA. The name of the company was subsequently changed to RIB Spain SA (hereinafter: RIB Spain). The acquisition date was 29 July 2015. For the sake of simplicity, the purchase price allocation was based on the value as of 31 July 2015. The transactions between 29 July and 31 July 2015 were of minor importance. Furthermore, no material changes in value occurred during this period.

The total cost of acquisition was € 13,320 thousand. This amount includes a fixed purchase price of € 10,000 thousand, which was paid on 29 July 2015. In addition, 164,286 shares in RIB Software AG are to be transferred as consideration for the shares acquired in RIB Spain. Of these, 57,143 shares were transferred on 29 July 2015. The remaining 107,143 shares were retained to secure the seller's warranties and will only be transferred after two years and one month. The shares are measured at the share price on closing in the amount of € 16.46 and thus have a fair value of approx. € 2,700 thousand. In addition after two years and two weeks of closing, a conditional payment (earn-out payment) in the amount of € 1,000 thousand is due that is payable on condition that certain employment relationships are continued for a period of 24 months after the acquisition date as well as reaching a set minimum price for the RIB share within one year after the date of acquisition. The probability of the fulfilment of the condition was estimated by means of a Monte Carlo simulation. The liability is recognised at the cash value of the probability-weighted payment obligation. For the discount interest rate, an interest rate appropriate to the term of 1.06% p.a. was used. The fair value of the conditional consideration determined in this way amounted to € 620 thousand on the date of acquisition. The fair value of the identifiable assets and liabilities of RIB Spain as of the acquisition date and the corresponding book values immediately before the acquisition date were as follows:

Figures in € thousand	Carrying amount 31 July 2015	Fair values 31 July 2015
Intangible assets	594	2,007
Property, plant and equipment	50	50
Other assets	50	50
Trade receivables	405	405
Available-for-sale securities	2,150	2,150
Cash and cash equivalents	240	240
	3,489	**4,902**
Deferred revenue	130	130
Other debts and other liabilities	333	333
Deferred tax liabilities	0	354
	463	**817**
Net assets	**3,026**	**4,085**
Goodwill from the company acquisition		9,235
Total acquisition costs		**13,320**

As of the acquisition date, there was no difference between the gross amount of the contractual trade receivables and their fair value.

RIB Spain offers a leading cost estimating software in Spain and Spanish-speaking countries and is widely present on the Spanish-speaking market with more than 60,000 end users and a network of 15,000 top customers.

The existing software, Presto, will be integrated into the iTWO 5D Big Data platform. RIB Spain will provide iTWO Presto technologies on the market and establish iTWO 5D in the Spanish-speaking regions.

The goodwill particularly reflects expected synergy effects from the company acquisition, and the know-how of the acquired team.

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

Of the intangible assets totalling € 2,007 thousand, software accounted for € 808 thousand and € 1,199 thousand accounted for customer agreements and associated customer relationships.

As a result of the acquisition of RIB Spain, revenues increased by € 643 thousand in the reporting period, and consolidated earnings went down by € 37 thousand.

If RIB Spain had already been acquired as of 01 January 2015, the revenues in the reporting period would have been € 2,401 thousand higher, and the consolidated earnings would have been € 553 thousand higher.

Acquisition of SAA

Under the agreement dated 02 October 2015, the Group acquired 75% of the shares in SAA Software Engineering GmbH, Vienna, Austria. The name of the company was subsequently changed to RIB SAA Software Engineering GmbH (hereinafter: SAA).

The acquisition date was 02 October 2015. For the sake of simplicity, the purchase price allocation was based on the value as of 30 September 2015. The transactions between 30 September and 02 October 2015 were of minor importance. Furthermore, no material changes in value occurred during this period.

At the time of the acquisition of the shares, mutual buy and sell options (call/put options) were agreed for the transfer of the outstanding stake of 25%. The options can in principle be exercised by either party in the period from 01 January 2021 until 31 March 2021. Some sellers remain as managing directors of SAA. If the management position of these sellers should end before the normal exercise period, the options may be exercised earlier. However, if the management position should end due to certain, contractually agreed circumstances, the sell option of the respective seller is forfeited.

The amount of the exercise price is based on the pro rata enterprise value of SAA that is calculated using a contractually determined measurement procedure. The measurement is carried out using a multiplier procedure based on SAA's operating result in the two financial years before the option is exercised with contractual minimum and maximum amounts providing upper and lower limits for the respective exercise price. The minimum price for the outstanding 25% amounts to a total of € 1,750 thousand and the maximum price € 4,000 thousand.

As the Group – in its capacity of writer in the put option agreement – cannot avoid the purchase of the remaining shares, and in addition has the right to acquire the outstanding shares by exercising the call option, the interests still held by the sellers under civil law are to be recognised as a financial liability rather than under consolidated equity.

This financial liability was determined by discounting the expected strike price as of the acquisition date using an interest rate of 1.25%, which is appropriate for the respective period and risk. The fair value of the financial liability from the put option as of the acquisition date is thus € 2,632 thousand.

The option can only be exercised by the sellers if certain conditions are met, as mentioned above. In particular, this involves continued employment of the owners of the option for a minimum period of time. According to the criteria of IFRS 3, part of this contingent consideration is attributable to a transaction in the form of a consideration arrangement, which is to be considered separate from the company acquisition. Based on the purchase price for 75% of the shares, we have derived an amount of € 1,582 thousand for the proportion attributable to the financial obligation from the company acquisition, and an amount of € 1,050 thousand for the proportion attributable to the separate transaction. Whilst the consideration allocated to the company acquisition increased the goodwill and was recognised as a financial liability, the consideration allocated to the consideration arrangement is accumulated over a period of 66 months at the expense of personnel expenses through profit or loss, and thus leads to recognition of a financial liability. This results in a personnel expense of € 47 thousand in the reporting period. Further, the accrued interest from the financial liabilities results in an interest expense of € 9 thousand.

The total cost of acquiring the shares is € 6,332 thousand. Of this, € 4,250 thousand is attributable to a fixed purchase price, € 500 thousand to the fair value of an earn-out component of up to € 1,000 thousand payable if the agreed targets for financial years 2015 and 2016 are met and € 1,582 thousand is attributable to the fair value of the obligation to purchase the remaining 25% of the shares. The fixed purchase price was paid on 05 November 2015. At the time that these consolidated financial statements were being prepared, it was clear that SAA had reached the performance targets underlying the earn-out component. The contingent purchase price component from the earn-out agreement in the amount of € 500 thousand is recognised under "Other financial liabilities".

At the time of the acquisition, SAA held 60% of the shares in the subsidiary, i-PBS. A recognition of non-controlling interests in the Group of € -200 thousand arose from the consolidation of the sub-group, SAA.

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

Figures in € thousand	Carrying amount 30 September 2015	Fair values 30 September 2015
Intangible assets	7	2,529
Property, plant and equipment	64	64
Other assets	298	818
Deferred tax assets	82	82
Trade receivables	654	654
Gross amounts due from customers for contract work	163	163
Cash and cash equivalents	1,725	1,725
	2,993	**6,035**
Deferred revenue	176	176
Gross amounts due to customers for contract work	17	17
Deferred tax liabilities	55	816
Other debts and other liabilities	1,938	1,938
	2,186	**2,947**
Net assets	**807**	**3,088**
Of which attributable to non-controlling interests	-200	-200
Purchased net assets	**1,007**	**3,288**
Goodwill from the company acquisition		3,044
Total acquisition costs		**6,332**

As of the acquisition date, there was no difference between the gross amount of the contractual trade receivables and their fair value.

SAA offers intelligent machine controller solutions based on the latest technologies for smooth production flow throughout the entire production process of precast concrete parts. The range of services provided by SAA includes master computer as well as warehousing and logistics solutions with which the production and logistics process can be managed and optimised. In this connection, SAA also provides consultancy services, project management services, the commissioning of facilities as well as support services for the precast concrete parts industry. SAA operates globally and has international customer relationships.

The goodwill particularly reflects expected synergy effects from the company acquisition, and the know-how of the team. We expect synergy effects to arise from the acquisition of new customers and the expansion of our service for existing customers to include the planned integration of the SAA software platform via an interface to the iTWO 5D and iTWO 4.0 platform. With the planned development and integration of an industry 4.0 solution, all the production and logistics processes should in future already be able to be simulated and optimised in the planning stage.

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

Of the intangible assets totalling € 2,529 thousand, software accounted for € 2,244 thousand and € 285 thousand accounted for customer agreements and associated customer relationships.

In addition, the orders on hand taken over as part of the company acquisition were recognised at a fair value of € 520 thousand (recognised under other assets).

As a result of the acquisition of the company, revenues increased by € 814 thousand in the reporting period, and consolidated earnings went down by € 197 thousand.

If SAA had already been acquired as of 01 January 2015, the revenues in the reporting period would have been € 4,743 thousand higher, and the consolidated earnings would have been € 312 thousand higher.

9. SEGMENT INFORMATION

For internal management purposes, the Group is organised into business units based on its products and services. We significantly expanded the e-commerce segment during the reporting year and intend to continue to drive this development further. We have adapted our internal reporting procedures appropriately to manage this strategic alignment. The e-commerce segment had been included in the Software as a Service/Cloud business segment in 2014. As of 2015, it is now an independent business unit in our internal reporting processes. In order to present our internal reporting structures as clearly and meaningfully as possible in the external accounting, we combined the Licence/Software, Software as a Service/Cloud and Consulting business segments (previously referred to as Professional Services) into one reporting segment named iTWO. The information presented below for the 2014 financial year was adapted to the changed reporting structure.

The Group therefore reports on the following segments from the reporting year:

1. The iTWO reporting segment comprises the following business segments:

- 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;

- The Software as a Service/Cloud (SaaS) segment that includes our solution offerings in the domain of online platforms for tendering and award processes, project collaboration, new web services and iTWO Success; and

- Consulting, which 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.

2. The xTWO reporting segment comprises all the e-commerce activities of the Group.

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 primarily involve sales to external customers. As there are no transactions between segments, there are no intersegment elimination entries.

The accounting and valuation methods of the segments subject to reporting correspond to the Group accounting principles outlined in **Section 4**.

„4. Summary of significant accounting policies“ on page 70

The revenue and results of the Group's reporting segments are presented below:

2015

Figures in € thousand	iTWO	xTWO	Total
Revenue, external	75,909	6,170	82,079
Licence/software	43,934	-	43,934
SaaS/Cloud	11,987	-	11,987
Consulting	19,988	-	19,988
e-commerce	-	6,170	6,170
Production costs	**-31,709**	**-5,796**	**-37,505**
Licence/software	-14,673	-	-14,673
SaaS/Cloud	-828	-	-828
Consulting	-16,208	-	-16,208
e-commerce	-	-5,796	-5,796
Research and development expenses	**-7,941**	**-14**	**-7,955**
Licence/software	-5,477	-	-5,477
SaaS/Cloud	-2,464	-	-2,464
Consulting	-	-	-
e-commerce	-	-14	-14
Distribution and marketing costs	**-15,635**	**-919**	**-16,554**
General administrative expenses	**-7,705**	**-775**	**-8,480**
Other operating income und expenses	**4,820**	**76**	**4,896**
EBIT segment	**17,739**	**-1,258**	**16,481**
Financial result			4
Income taxes			-5,949
Consolidated net profit for the year			**10,536**
EBITDA segment	**26,191**	**-1,195**	**24,996**
Other segment information:			
Segment amortisation and depreciation	**-8,452**	**-63**	**-8,515**

2014

Figures in € thousand	iTWO	xTWO	Total
Revenue, external	69,333	693	70,026
Licence/software	44,827	-	44,827
SaaS/Cloud	8,700	-	8,700
Consulting	15,806	-	15,806
e-commerce	-	693	693
Production costs	**-23,567**	**-603**	**-24,170**
Licence/software	-11,104	-	-11,104
SaaS/Cloud	-352	-	-352
Consulting	-12,111	-	-12,111
e-commerce	-	-603	-603
Research and development expenses	**-7,021**	**0**	**-7,021**
Licence/software	-4,787	-	-4,787
SaaS/Cloud	-2,234	-	-2,234
Consulting	-	-	-
e-commerce	-	-	-
Distribution and marketing costs	**-13,713**	**-63**	**-13,776**
General administrative expenses	**-6,388**	**-47**	**-6,435**
Other operating income und expenses	**10,298**	**7**	**10,305**
EBIT segment	**28,942**	**-13**	**28,929**
Financial result			-82
Income taxes			-8,043
Consolidated net profit for the year			**20,804**
EBITDA segment	**35,254**	**-10**	**35,244**
Other segment information:			
Segment amortisation and depreciation	**-6,312**	**-3**	**-6,315**

The Executive Board as the chief operating decision-maker does not request submission of 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:

Figures in € thousand	2015	2014
Germany	43,488	42,701
EMEA (Europe, Middle East and Africa)	18,235	7,549
Asia Pacific	5,135	6,939
North America	15,221	12,837
Total revenue	**82,079**	**70,026**

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

Figures in € thousand	31 December 2015	31 December 2014
Germany	48,389	45,333
EMEA	36,247	21,036
Asia Pacific	30,366	27,908
North America	18,065	17,094
Total	**133,067**	**111,371**

Information on important customers

No individual customer accounts for more than 10% of the Group's total revenue during the reporting period.

Business transactions with individual customers generated revenues in the amount of € 7,100 thousand in the previous year – and thus more than 10% of the Group's total revenue. The revenue was recognised in the iTWO segment.

10. REVENUE

Revenue breaks down as follows:

Figures in € thousand	2015	2014
Software licences	20,108	23,083
Software as a service/cloud	11,987	8,701
Total software licences and software as a service/cloud	**32,095**	**31,784**
Maintenance	23,826	21,744
Consulting	19,988	15,806
e-commerce	6,170	692
Total revenue	**82,079**	**70,026**

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

Figures in € thousand	2015	2014
iTWO key account	6,397	12,352
iTWO mass market	9,829	6,824
SaaS/Cloud	11,987	8,701
Other product lines	3,882	3,907
Total software licences and software as a service/cloud	**32,095**	**31,784**

11. THE PRODUCTION COSTS OF SERVICES FOR REVENUE GENERATION

Production costs of services for revenue generation mainly includes 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 and purchased technology. The write-downs on self-created software amount to € 4,295 thousand (previous year: € 3,590 thousand) in the reporting year. The write-downs on purchased technology amount to € 1,836 thousand (previous year: € 930 thousand) in the reporting year. Please see our statements in **Section 5** regarding the reclassification undertaken in this area.

„5. Reclassifications during the reporting period“ on page 83

12. OTHER OPERATING INCOME

Other operating income breaks down as follows:

Figures in € thousand	2015	2014
Income from purchase price liabilities adjustments	550	6,095
Income from the reclassification of profits previously recognised in other income	0	10
Income from the release of provisions and liability accruals	267	17
Grant income in respect of research and development work*	106	93
Exchange rate gains	4,421	4,040
Foreign exchange income on available-for-sale securities	0	266
Other	722	717
Total	**6,066**	**11,238**

* The amount represents subsidies granted by the European Union for financing research and development projects. There are no unfulfilled contractual conditions or contingent liabilities relating to these subsidies.

13. OTHER OPERATING EXPENSES

The other operating expenses break down as follows:

Figures in € thousand	2015	2014
Foreign exchange expenses arising from cash and cash equivalents	580	646
Expenses from purchase price liabilities adjustments	341	191
Other	249	96
Total	**1,170**	**933**

14. OTHER FINANCIAL INFORMATION

Figures in € thousand	2015	2014
Personnel expenses:		
Wages and salaries	34,964	27,991
Social security and pension costs	6,022	4,970
Total	**40,986**	**32,961**
Minimum lease payments under operating leases:		
Office buildings	2,357	1,641
Equipment	740	526
Total	**3,097**	**2,167**
Amortisation and depreciation:		
of intangible assets	7,592	5,560
of property, plant and equipment	772	604
of investment property	151	151
Total	**8,515**	**6,315**
Disclosure of the amortisation and depreciation of intangible assets in the income statement:		
The production costs of services for revenue generation	6,133	4,527
General administrative expenses	47	35
Marketing and distribution costs	1,379	928
Research and development expenses	33	70
Total	**7,592**	**5,560**
Product warranty provision:		
Additional provision	127	207
Unused amounts reversed	11	7
Total research and development expenses		
Research and development expenses	16,962	14,572

15. FINANCE INCOME AND COSTS

Finance income and costs break down as follows:

Figures in € thousand	2015	2014
Finance income:		
Bank interest income	108	139
Interest income from available-for-sale securities	0	20
Income from the accrued interest on non-current financial assets	129	128
Other	0	4
Total	**237**	**291**
Finance costs:		
Payments made to non-controlling shareholders	-60	0
Accumulated interest on financial liabilities	-35	-147
Other	-129	-226
Total	**-224**	**-373**

16. 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:

Figures in € thousand	2015	2014
Actual income tax	5,896	6,431
Deferred income tax	53	1,612
Total tax expense	**5,949**	**8,043**

A reconciliation of the expected tax expense arising from the profit before tax multiplied by the income tax rate of the parent company of 30.53% (previous year: 30.53%) and the income tax expense according to the income statement is provided in the following:

Figures in € thousand	2015	2014
Profit before tax	**16,485**	**28,847**
Expected tax expense	5,033	8,807
Non-deductible expenses and tax-exempt income	51	-1,571
Tax profits/losses for which no deferred taxes were/are recognised	704	-34
First-time capitalisation of tax loss carryforwards	-90	0
Change in the ability to realise deferred tax assets	-141	718
Differences in tax rate for foreign subsidiaries	325	-143
Taxes relating to other reporting periods	17	180
Other	50	86
Tax expense according to income statement	**5,949**	**8,043**

17. 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:

Figures in € thousand	2015	2014
Profit share of the shareholders of RIB Software AG – diluted and basic	10,579	20,804

Figures in thousand shares	2015	2014
Weighted average of shares in circulation - basic	43,366	39,693
Dilution effect	335	230
Weighted average of shares in circulation - diluted	43,701	39,923

The average market value of the Company's shares used to calculate the dilution effect of existing share options is based on the listed market prices for the period in which the options were in circulation.

18. GOODWILL

For the purposes of impairment testing, we allocate goodwill acquired in the event of a business combination to cash-generating units or groups of cash-generating units from the takeover date. The following overview shows how the carrying amount of the goodwill was allocated to the business segments, or, in the case of allocation to lower levels, to the cash-generating units or groups of cash generating units:

Figures in € thousand	31 December 2015	31 December 2014
Licence/software business segment	*43,307*	*31,424*
SaaS/Cloud business segment	*12,851*	*12,610*
Consulting business segment	*5,749*	*4,160*
iTWO reporting segment	61,907	48,194
xTWO reporting segment	689	689
GZ TWO development entity	3,388	3,174
Arriba Finance	894	894
Total	**66,878**	**52,951**

„19. Statement of changes in non-current assets in the 2015 financial year" on page 100

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 19**. In the reporting period, additions from initial consolidations amounted to € 12,279 thousand, resulting from the acquisition of the companies Soft SA (€ 9,235 thousand) and SAA (€ 3,044 thousand).

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 business segments Licence/Software, SaaS/Cloud, Consulting and the new xTWO reporting segment and based on financial budgets covering a five-year period, a growth rate of 1% is 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. No sustained growth is assumed in the perpetual annuity.

The product iTWO Finance was placed on the market in the 2014 financial year, and will replace Arriba Finance in the medium term. This was taken into account in determining the recoverable amount, and cash flow projections were used for the remaining marketing period. No perpetual annuity was considered.

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

Figures in %	2015	2014
Licence/software business segment	8.08	7.23
SaaS/Cloud business segment	8.70	8.54
Consulting business segment	8.31	7.47
xTWO reporting segment	7.94	-
GZ TWO development entity	8.80	7.51
Arriba Finance	22.52	20.73

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 sales forecast in the Licence/Software business segment includes the proceeds generated from the sale of licences and the maintenance of our products and, amongst others, includes the full annual revenue of the companies newly acquired in the reporting year for the first time for the 2016 planning year. Starting from a detailed proceeds and expense budget for the 2016 financial year, the Licence/Software business segment is assumed to generate an annual increase in revenue in the range of approximately 10% to 27% over the detailed planning period.

The revenue projections for the SaaS/Cloud business segment include most of the revenue from RIB CADX and the majority of the revenue from Byggeweb. In addition, the planned revenues of the product lines iTWO tx, iTWO cx and iTWO 4.0 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 the 2016 financial year, the SaaS/Cloud business segment is assumed to generate an annual increase in revenue in the range of approximately 6% to 30% over the detailed planning period, whereby the growth rate of approximately 6% applies to the planning year of 2016 as the planned revenue for the iTWO 4.0 product generation is included only from 2017.

The revenue projections for the Consulting business segment include revenues from the provision of training and consulting services. Starting from a detailed proceeds and expense budget for the 2016 financial year, the Consulting Segment is assumed to generate an annual increase in revenue in the range of approximately 5% to 6% over the planning period.

The revenue projections in the xTWO reporting segment include the revenue of the company acquired in the previous year, xTWO, as well as the planned revenue of the company, xTWOmarket, newly established in the current financial year. Segment revenue includes the income from the distribution of building materials generated by the online platforms xTWOstore and xTWOmarket. Starting from a detailed proceeds and expense budget for the 2016 financial year, the xTWO reporting segment is assumed to generate an annual increase in revenue in the range of approximately 33% to 100% over the detailed planning period.

For the GZ TWO development entity, the revenue from the development man-days rendered was calculated by multiplying the budgeted capacity in man-days by the daily rate expected in the future.

Due to the replacement of Arriba Finance with iTWO finance, the cash flow projections were made for a restricted period of eight years. This period was estimated based on experience gained from replacing other products in the Arriba division with iTWO. The revenue projections surrounding Arriba Finance include revenues from the sale of licences and maintenance and the provision of training and consulting services. Starting from a detailed budget for the 2016 financial year, an annual decrease in licence and consulting revenues is planned up until the phase-out of the product, as is a subsequent decrease in maintenance revenues.

In all areas, 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 segment-specific manifestations in the cost structure were taken into account.

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.

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.

19. STATEMENT OF CHANGES IN NON-CURRENT ASSETS IN THE 2015 FINANCIAL YEAR

	Acquisition or manufacturing costs					
Figures in € thousand	As of 01 January 2015	Additions from initial consolidation	Addi-tions	Currency adjustments	Dispo-sals	As of 31 December 2015
1. Goodwill	**61.248**	**12.279**	**0**	**1.648**	**0**	**75.175**
2. Other intangible assets						
a) Self-created software	47,403	0	9,007	0	0	56,410
b) Customer relationships	10,157	1,483	0	258	0	11,898
c) Purchased technology	9,256	3,045	0	80	0	12,381
d) Purchased software	638	8	381	-1	0	1.026
e) Other	18	0	29	0	0	47
	67,472	**4,536**	**9,417**	**337**	**0**	**81,762**
3. Property, plant and equipment						
a) Land and buildings	5,549	22	24	355	0	5,950
b) Furniture and fixtures	3,711	93	622	89	59	4,456
	9,260	**115**	**646**	**444**	**59**	**10,406**
4. Investment properties	5,928	0	0	388	0	6,316

Statement of changes in other non-current assets in the 2014 financial year

	Acquisition or manufacturing costs					
Figures in € thousand	As of 01 January 2014	Additions from initial consolida-tion	Addi-tions	Currency adjustments	Dispo-sals	As of 31 December 2014
1. Goodwill	**46,477**	**12,608**	**0**	**2,163**	**0**	**61,248**
2. Other intangible assets						
a) Self-created software	39,853	0	7,550	0	0	47,403
b) Customer relationships	5,802	3,945	0	410	0	10,157
c) Purchased technology	3,603	5,456	0	197	0	9,256
d) Purchased software	581	36	125	11	115	638
e) Other	18	0	0	0	0	18
	49,857	**9,437**	**7,675**	**618**	**115**	**67,472**
3. Property, plant and equipment						
a) Land and buildings	5,024	0	2	523	0	5,549
b) Furniture and fixtures	2,998	298	516	169	270	3,711
	8,022	**298**	**518**	**692**	**270**	**9,260**
4. Investment properties	**5,076**	**0**	**291**	**561**	**0**	**5,928**

Amortisation and depreciation (cumulative)					Carrying amounts	
As of 01 January 2015	Additions	Currency adjustments	Disposals	As of 31 December 2015	As of 31 December 2015	As of 31 December 2014
8,297	**0**	**0**	**0**	**8,297**	**66,878**	**52,951**
17,800	4,295	0	0	22,095	34,315	29,603
1,870	1,343	14	0	3,227	8,671	8,287
2,739	1,836	0	0	4,575	7,806	6,517
470	118	2	0	590	436	168
18	0	0	0	18	29	0
22,897	**7,592**	**16**	**0**	**30,505**	**51,257**	**44,575**
183	136	13	0	332	5,618	5,366
2,241	636	34	36	2,875	1,581	1,470
2,424	**772**	**47**	**36**	**3,207**	**7,199**	**6,836**
196	151	0	0	347	5,969	5,732

Amortisation and depreciation (cumulative)					Carrying amounts	
As of 01 January 2014	Additions	Currency adjustments	Disposals	As of 31 December 2014	As of 31 December 2014	As of 31 December 2013
8,297	**0**	**0**	**0**	**8,297**	**52,951**	**38,180**
14,210	3,590	0	0	17,800	29,603	25,643
916	941	13	0	1,870	8,287	4,886
1,809	930	0	0	2,739	6,517	1,794
469	99	15	113	470	168	112
18	0	0	0	18	0	0
17,422	**5,560**	**28**	**113**	**22,897**	**44,575**	**32,435**
46	119	18	0	183	5,366	4,978
1,868	485	76	188	2,241	1,470	1,130
1,914	**604**	**94**	**188**	**2,424**	**6,836**	**6,108**
45	**151**	**0**	**0**	**196**	**5,732**	**5,031**

20. OTHER INTANGIBLE ASSETS

The self-created software, iTWO 5D and iTWO 4.0, are of material importance for the Group. iTWO 5D is a fully integrated software solution for digital planning and construction (ERP 5D); iTWO 4.0 essentially offers the same functions and can be used via a public or private cloud.

Of the carrying amount for the self-created software of € 34,315 thousand (previous year: € 29,603 thousand), the following amounts are attributable to iTWO 5D/iTWO 4.0:

Figures in € thousand unless otherwise indicated	**31 December 2015**	**31 December 2014**
Carrying amount	27,228	23,290
of which uncompleted portion at the reporting date	5,472	4,177
Remaining amortisation period of the modules completed by the reporting date	6 to 10 years	7 to 10 years

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

21. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

The Group holds shares in the associates iTWO BF and 3D Prodigy. The effects of these shares on the net assets, financial position and results of operations as well as the cash flow of the RIB Group were of minor importance during the reporting period.

The shares in the associates were measured using the equity method. Determination of the fair values of the shares would require substantial discretionary judgements and estimates as both companies are in a start-up phase and no quoted prices on an active market are available. We waived a substantiated determination of the fair values of the interests due to the minor importance of this item for the consolidated financial statements. In our view, the carrying amount represents a reasonable approximation of the fair value.

22. 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. As 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 € 7,061 thousand as of the balance sheet date. The fair value is determined on level two (of the hierarchical levels for fair value). 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 to be 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 approximately 36 years. The monthly depreciation amounts to around € 13 thousand. No rental income was generated from the property during the reporting period. The operating expenses directly attributed to the investment property amount to € 41 thousand during the reporting period.

The development of the carrying amounts as of the balance sheet dates is composed as follows:

Figures in € thousand	2015	2014
Opening balance	5,732	5,031
Additions	0	291
Depreciation	-151	-151
Change resulting from foreign currency conversion	388	561
Closing balance	**5,969**	**5,732**

23. PREPAID LAND USE LEASE PAYMENTS

The land usage right was recorded at the amortised carrying amount of € 1,063 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 € 63 thousand are attributed to foreign currency differences from the translation recognised as of the balance sheet date with no effect on profit and loss.

24. OTHER ASSETS

Other assets of the Group break down as follows:

	31 December 2015		31 December 2014	
Figures in € thousand	Non-current	Current	Non-current	Current
Income tax refund claims	-	32	-	104
Other tax refund claims	-	151	-	83
Other receivables	-	1,511	-	1,104
Prepaid expenses	-	1,796	-	1,701
Orders on hand	-	390	-	-
Other	118	-	63	-
Total	**118**	**3,880**	**63**	**2,992**

25. DEFERRED TAXES

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

Deferred tax assets

Figures in € thousand	Pensions	Tax loss carryforwards	Other	Total
As of 01 January 2014	**398**	**1,371**	**194**	**1,963**
Addition from initial consolidation (with no effect on profit or loss)	-	49	-	49
Deferred tax recognised in the consolidated income statement as income/expense during the year	-3	-687	51	-639
Deferred tax recognised in other comprehensive income during the year	135	102	8	245
As of 31 December 2014 and 01 January 2015	**530**	**835**	**253**	**1,618**
Addition from initial consolidation (with no effect on profit or loss)	-	-	82	82
Deferred tax recognised in the consolidated income statement as income/expense during the year	-7	-44	500	449
Deferred tax recognised in other comprehensive income during the year	-14	57	8	51
As of 31 December 2015	**509**	**848**	**843**	**2,200**

Deferred tax assets relating to tax loss carryforwards refer to RIB CADX in the amount of € 479 thousand, RIB MC² in the amount of € 279 thousand and € 90 thousand to RIB UK recognised for the first time. We assume that realisation of the deferred tax assets of RIB CADX will be accompanied by the expected sustainable growth in the Cloud segment and that the deferred taxes can be realised in full. Within the scope of the further implementation of our international distribution strategy, we have pooled our sales activities on the US market into RIB MC². We are therefore expecting sustainably positive results for the future. For RIB UK, we expect that it will also realise this sustainably positive result for the future based on the positive earnings performance in recent years. Based on the above explanations, we expect the recognised benefits from the deferred tax assets to be realised. The tax loss carryforward of RIB MC² will expire in the years 2024 to 2031.

The submitted tax returns indicate tax loss carryforwards of € 8,958 thousand for the subsidiary RIB Ltd. These have not yet been legally established by the responsible tax authorities. As we currently cannot be sufficiently certain that the unused losses will be able to be carried forward, we have not capitalised them. RIB Ltd.'s tax loss can be carried forward without limitation in time.

The unused losses of RIB USA and xTWO, amounting to € 109 thousand and € 1,334 thousand respectively, were also not capitalised as deferred tax, 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. The unused losses of RIB USA will expire in the period 2026 to 2034.

Deferred tax liabilities

Figures in € thousand	Capitalised development costs	Conso-lidation ad-justments	Other	Total
As of 01 January 2014	**6,577**	**3,036**	**3**	**9,616**
Addition from initial consolidation (with no effect on profit or loss)	-	2,375	-	2,375
Deferred tax recognised in the consolidated income statement during the year as an expense/(income)	811	-362	-	449
Deferred tax debited/ (credited) in other comprehensive income during the year	-	585	-3	582
As of 31 December 2014 and 01 January 2015	**7,388**	**5,634**	**0**	**13,022**
Addition from initial consolidation (with no effect on profit or loss)	-	1,171	-	1,171
Deferred tax recognised in the consolidated income statement during the year as an expense/(income)	891	-867	-	24
Deferred tax debited/ (credited) in other comprehensive income during the year	-	512	-	512
As of 31 December 2015	**8,279**	**6,450**	**0**	**14,729**

The Group‘s consolidated statement of comprehensive income includes € 14 thousand for deferred tax expenses (previous year: deferred tax income in the amount of € 135 thousand) in the pension provisions item. In addition, other total consolidated comprehensive income for the year includes deferred tax expenses from exchange differences of a total of € 512 thousand (previous year: € 585 thousand).

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

Figures in € thousand	31 December 2015	31 December 2014
Deferred tax assets	495	199
Deferred tax liabilities	13,024	11,604

Deferred tax liabilities of € 10,635 thousand are not expected to be realised before twelve months have passed.

26. INVENTORIES

Inventories break down as follows:

Figures in € thousand	2015	2014
Merchandise	874	112
Work in progress	212	0
Total inventories, gross	**1,086**	**112**
Allowance for impairments	103	3
Total inventories, net	**983**	**109**

The cost of goods for inventories recorded as an expense in the reporting period amounts to € 5,683 thousand, including € 61 thousand of expenses for services purchased. The allowance for impairments of € 103 thousand relate exclusively to merchandise.

27. TRADE RECEIVABLES

Movements in trade receivables were as follows:

Figures in € thousand			Due in more than one year	
	31 December 2015	31 December 2014	31 December 2015	31 December 2014
Trade receivables (gross)	16,704	14,158	-	410
Allowance for impairments	501	332	-	-
Trade receivables (net)	**16,203**	**13,826**	**0**	**410**

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:

Figures in € thousand	**Total**	< 30 days	30-60 days	60-90 days	90-120 days	> 120 days
31 December 2015	6,296	3,883	1,026	421	311	655
31 December 2014	4,583	3,208	392	312	239	432

Based on the information available when the consolidated financial statements were prepared, 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:

Figures in € thousand	**2015**	**2014**
Opening balance	332	180
Additions	352	242
Utilised	-83	-100
Unused amounts reversed	-101	-4
Change resulting from foreign currency conversion	1	14
Closing balance	**501**	**332**

The valuation of trade receivables results in expenses of € 252 thousand (previous year: € 252 thousand), which were recognised under other operating expenses in the income statement through profit or loss.

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.

28. GROSS AMOUNTS DUE FROM CUSTOMERS FOR CONTRACT WORK

The total of the expenses incurred in and gains recognised for contract work not yet completed, less the losses recognised, amounted to € 1,460 thousand as of the balance sheet date.

If the advance payments received of € 1,295 thousand are deducted, the gross amounts due from customers amounts to € 165 thousand. The contract revenue recognised in the reporting period amounts to € 553 thousand.

29. AVAILABLE-FOR-SALE SECURITIES

Available-for-sale securities comprise corporate bonds of foreign companies in US dollars and shares in money market and investment funds denominated in EUR. The fair values of the securities are based on quoted prices on an active market.

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

Figures in € thousand	2015	2014
Opening balance	273	3,761
Additions (cash item)	410	-
Additions from initial consolidation	2,235	-
Disposals	-241	-3,801
Change resulting from interest rate effects	7	20
Change resulting from price effects	4	37
Expenses from the reclassification of profits and losses previously recognised in other income	-5	-10
Change resulting from foreign currency conversion	3	266
Closing balance	**2,686**	**273**

30. CASH AND CASH EQUIVALENTS

Figures in € thousand	31 December 2015	31 December 2014
Cash on hand	41	20
Bank balances	169,297	132,604
Cash equivalents	4,997	4,997
Liquid funds	**174,335**	**137,621**
Of which unrestricted	171,775	135,130
Of which restricted	2,560	2,491

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 the 2015 financial year, bank balances accrued interest at floating interest rates (based on call money rates and time deposit rates) ranging between 0.01% and 0.4% (financial year 2014: between 0.01% and 0.23%). 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

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 € 2,560 thousand (previous year: € 2,491 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.

31. EQUITY

Issued capital/treasury shares

Number	2015	2014
Issued shares in circulation:		
As of 01 January	**42,209,508**	**37,298,655**
Cash capital increase	3,378,696	3,871,541
Physical capital increase	0	880,000
Disposal of treasury shares	57,143	159,312
Acquisition of treasury shares	0	0
As of 31 December	**45,645,347**	**42,209,508**

All shares issued are fully paid up. The par value of the registered shares is € 1.00. During the reporting period, the share capital was increased by 3,378,696 ordinary shares due to a cash capital increase. In addition, 57,143 treasury shares were used as a purchase price payment for the acquisition of further shares in Soft SA, with the result that the number of shares in circulation increased to a total of 45,645,347 as of the balance sheet date (31 December 2015).

Treasury shares

By resolution of the Annual General Meeting of 24 May 2012, the Executive Board of RIB Software AG is authorised pursuant to § 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. This corresponds to an amount of 3,871,542 shares. The exercise may also be performed by Group companies or by third parties for its account or for their account under consideration of § 71d of the German Stock Corporation Act (AktG).

The Company acquired a total of 1,716,765 treasury shares on this basis in financial years 2012 and 2013. Of these, a total of 632,598 treasury shares were used in company acquisitions – of which 164,286 were used in the reporting year to top up the interest in the acquired company, Soft SA. Of the 164,286 shares used in total, 57,143 were already transferred to the sellers and are thus again in circulation. In addition, the Group has obligated itself to transfer an additional 107,143 shares under certain conditions. This obligation was accounted for as an equity instrument in accordance with IAS 32.22, which resulted in the carrying amount of the treasury shares increasing by the acquisition cost of these shares.

The average acquisition cost of the shares used in the reporting year was € 4.40 per share. The price of the shares upon use was € 16.43 per share. This provided proceeds on disposal of € 2,700 thousand in total.

This results in the following development in the stock of treasury shares:

	Number of shares	Date of use	Pro rata amount in the share capital	Share in the share capital	Acquisition costs
	Number		€ thousand	%	€ thousand
Balance as of 01 January 2013	**1,416,765**		**1,417**	**3.66**	**6,240**
Disposals in 2014	159,312	September 2014	159	0.36	697
Balance as of 31 December 2014	**1,257,453**		**1,257**	**2.89**	**5,543**
Disposals in 2015	164,286	August 2015	164	0.35	715
Balance as of 31 December 2015	**1,093,167**		**1,093**	**2.33**	**4,828**

Authorised capital

By resolution of the Annual General Meeting of 10 June 2015, 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 € 21,733 thousand up until 09 June 2020 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 § 7 of the Articles of Association. 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.

Capital increases from authorised capital: The Executive Board made use of its authorisation in the reporting year, and decided on 03/04 September 2015, with the approval of the Supervisory Board, to increase the capital stock of the Company by € 3,379 thousand from € 43,467 thousand to € 46,846 thousand by issuing 3,378,696 new par-value registered shares with full profit participation from 01 January 2015. The shareholders' subscription right was precluded as per § 4 (4) sentence 3 no. 3 of the Articles of Association. The capital increase was entered in the commercial register on 07 September 2015.

Conditional capital

By means of the resolution dated 10 June 2015, the Annual General Meeting resolved the 2015 share option plan and for this purpose, re-recognised the existing conditional capital in the amount of € 1,549 thousand. At the same time, the cancellation of the 2011/2013 share option plan was decided.

The Executive Board is subsequently authorised to issue 1,548,616 subscription rights until 09 June 2020. The new shares will 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 Supervisory Board alone was authorised accordingly. 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 company shares and the Company does not grant any treasury shares to fulfil the subscription rights.

The term of the subscription rights is seven years. The subscription rights can only be exercised after four 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 the issue on a total of 60 trading days, namely:

At the end of the reporting period, there were a total of 438,914 subscription rights to be exercised (see **Section 32**).

„32. Share option plan“ on page 110

Capital reserves

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

Figures in € thousand	2015
As of 01 January 2015	**135,157**
Allocation of premium from cash capital increase	44,768
Transaction costs	-1,087
Disposal of treasury shares	1,985
Share-based remuneration	577
Other changes	-4
As of 31 December 2015	**181,396**

The transaction costs of the cash capital increase in the amount of € 1,565 thousand were accounted for as a deduction from the capital reserves net of the associated tax benefits of € 478 thousand.

Legal reserve

As in the previous year, a contribution to the legal reserve was made during the reporting year for the subsidiary RIB Cosinus AG, Lucerne, Switzerland (reporting year: € 35 thousand, previous year: € 4 thousand). No further changes to the legal reserves took place in the reporting year or the previous year in compliance with applicable statutory regulations.

32. SHARE OPTION PLAN

By resolutions of 20 May 2011 and 04 June 2013, the Annual General Meeting adopted the 2011/2013 share option plan and authorised the Executive Board to grant 1,548,616 subscription rights until 19 May 2016. The term of the subscription rights is seven years. The subscription rights can only be exercised after the expiry of a waiting period of four 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 01 July 2013 to 30 June 2014, an amount of € 5.88
- in the period from 01 July 2014 to 30 June 2015, an amount of € 7.88
- in the period from 01 July 2015 to 30 June 2016, an amount of € 9.88
- in the period from 01 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 2011/2013 share option plan, 260,688 share options settled in equity instruments and 15,500 phantom shares settled in cash were granted in prior years.

By resolution of 10 June 2015, the Annual General Meeting adopted the 2015 share option plan and authorised the Executive Board to grant 1,548,616 subscription rights until 09 June 2020. At the same time, the cancellation of the 2011/2013 share option plan was decided. The term of the subscription rights is seven years. The subscription rights can only be exercised after the expiry of a waiting period of four 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 01 July 2015 to 30 June 2016, an amount of € 11.88;
- in the period from 01 July 2016 to 30 June 2017, an amount of € 13.88;
- in the period from 01 July 2017 to 30 June 2018, an amount of € 15.88;
- in the period from 01 July 2018 to 30 June 2019, an amount of € 17.88;
- in the period from 01 July 2019 to 30 June 2020, an amount of € 19.88;
- in the period from 01 July 2020 to 30 June 2021, an amount of € 21.88;
- in the period from 01 July 2021 to 30 June 2022, an amount of € 23.88;
- in the period from 01 July 2022 to 30 June 2023, an amount of € 25.88;
- in the period from 01 July 2023 to 30 June 2024, an amount of € 27.88;

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.

For the first time on 13 August 2015, 210,026 share options were granted from the 2015 share option plan.

Movement of subscription rights	**Share options**		**Phantom shares**	
	2015	**2014**	**2015**	**2014**
Balance at the beginning of the reporting period	252,688	82,300	12,500	15,500
Granted in the reporting period	210,026	178,388	0	0
Forfeited in the reporting period	23,800	8,000	0	3,000
Exercised in the reporting period	0	0	0	0
Lapsed in the reporting period	0	0	0	0
Balance at the end of the reporting period	438,914	252,688	12,500	12,500
To be exercised at the end of the reporting period	0	0	0	0

The weighted average remaining period of the outstanding share options is 5.71 years as of the balance sheet date.

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
Valuation date	13 August 2015	30 December 2015
Strike price	€ 1.00	€ 1.00
Share price	€ 16,110	€ 11,300
Risk-free interest rate	0.23%	-0.04%
Dividend yield	1.43%	1.66%
Expected volatility	39.19%	40.29%
Term	7.0 years	4.9 years
Fair values	**€ 13.49**	**€ 9.37**

The estimates 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 € 576 thousand from the granting of share options and € 30 thousand from the granting of phantom shares. The carrying amount of the liabilities from the phantom shares amounts to € 68 thousand and the intrinsic value of vested benefits is € 0 thousand.

33. ACCUMULATED OTHER CONSOLIDATED COMPREHENSIVE INCOME

Accumulated other comprehensive income breaks down as follows:

Figures in € thousand	31 December 2015	31 December 2014
Reserve for changes in value of available-for-sale securities	1	5
Foreign currency translation reserve	8,332	2,758
Reserve for revaluations	-390	-421
Total	**7,943**	**2,342**

The change in the reserve for changes in value of available-for-sale securities comes from fair value changes of these financial assets resulting from price changes of € -6 thousand, with compensatory deferred taxes of € 2 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 increase is basically due to the performance of the Hong Kong dollar, the Chinese yuan and the US dollar against the euro in the period under review.

34. DIVIDENDS

The total retained earnings available for RIB Software AG to pay out to the shareholders is € 12,311 thousand as of 31 December 2015.

The Executive Board proposes to pay a dividend of € 0.16 per share, a total of € 7,303 thousand, to shareholders in the 2016 financial year for the past financial year. This dividend must still be approved at the Annual General Meeting. Consequently, it has not been recognised as a liability in these financial statements.

A dividend of € 0.16 per share was paid for the 2014 financial year.

35. PENSIONS AND SIMILAR OBLIGATIONS

The provisions for pensions and similar obligations covers the pension fund scheme of the Group. These schemes are only valid for employees who joined the Group prior to May 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 obligations from pension commitments are in part covered by reinsurance policies. 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 € 1,079 thousand in the 2015 financial year and € 1,022 thousand in the 2014 financial year.

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

- Calculation basis: actuarial 2005 G mortality tables
- Notional interest rate: 2.23 % p.a. (2014: 2.10 % p.a.)
- Pension growth trend: 1.50 % p.a. (2014: 1.50 % p.a.)
- Employee turnover: 2.50 % p.a. (2014: 2.50 % p.a.)

(a) Present value of the defined benefit pension plans and fair value of the plan asset:

Figures in € thousand	2015	2014
Present value of the defined benefit pension plan	3,732	3,579
Less fair value of the plan asset	-123	-
Net debt from the defined benefit pension plans	**3,609**	**3,579**

(b) The development of the net debt from defined benefit pension plans is composed as follows:

Figures in € thousand	2015	2014
Pension obligations as of 01 January	3,579	3,182
Current service cost	12	11
Service cost for prior years	283	-
Addition/reversal	3	12
Net interest expense	72	106
Revaluation	-45	443
Return on plan assets	-123	-
Pension payments	-172	-175
Pension obligations as of 31 December	**3,609**	**3,579**

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

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

Figures in € thousand	2015	2014
Service cost	295	11
Net interest expense	72	106
Total cost	**367**	**117**
Return on plan assets	123	-

In addition, the Group has incurred costs for defined contribution plans operated by public authorities that are also recognised in the income statement.

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

Figures in € thousand	2015	2014
Long-term pension provisions	3,437	3,404
Short-term pension provisions	172	175
Total pension provisions	**3,609**	**3,579**

The contributions payable in relation to pension obligations in the 2016 financial year are expected to amount to € 180 thousand.

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.

		Figures in € thousand
Valuation parameter	Sensitivity in % points	Pension provisions
Notional interest rate	+ 0.75	3,094
Notional interest rate	- 0.75	3,722
Pension growth trend	+ 0.5	3,566
Pension growth trend	- 0.5	3,216

The weighted average term of the performance-based obligations as of 31 December 2015 is 13 years (previous year: 13 years).

36. 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.

37. OTHER PROVISIONS

The movements of other provisions are as follows:

Figures in € thousand	Warranty provisions	Post-employ-ment benefits	Other non-current employee benefits	Other	Total
As of 01 January 2014	**242**	**-**	**-**	**64**	**306**
Utilised	193	-	-	15	208
Unused amounts reversed	7	-	-	-	7
Arising during the year	207	459	-	299	965
As of 31 December 2015 and 01 January 2015	**249**	**459**	**0**	**348**	**1,056**
Utilised	-	108	-	221	329
Unused amounts reversed	11	-	-	87	98
Arising during the year	127	-	238	173	538
As of 31 December 2015	**365**	**351**	**238**	**213**	**1,167**

The Group provides warranties related to the functionality of 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. The addition to other provisions primarily includes a provision for development services yet to be provided in the reporting period.

The provisions for other non-current employees benefits are a result of severance obligations in the context of employee dismissals and redundancies and exits. The provisions were measured according to actuarial principles using the PUC method (projected unit credit method). In the 2015 financial year, this was based on a discount rate of 2.23% p.a. and salary increases of 3.0% p.a.

38. DEFERRED LIABILITIES

The accruals break down as follows:

Figures in € thousand	31 December 2015	31 December 2014
Accrued payroll and social security expenses	2,833	2,649
Licence obligations	99	86
Commission	370	149
Accrual for outstanding invoices	205	208
Other	925	419
Total	**4,432**	**3,511**

39. 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.

40. OTHER FINANCIAL LIABILITIES

These primarily constitute derivative financial liabilities from company acquisitions, which were classified at fair value through profit or loss. In the reporting period, the fair value of the financial liability from the acquisition of shares in RIB Cosinus in 2013 was reviewed and revalued on the basis of revised budgets.

Other financial liabilities break down as follows:

	31 December 2015		31 December 2014	
Figures in € thousand	Non-current	Current	Non-current	Current
Liability from the acquisition of RIB Cosinus	-	1,877	1,523	-
Liability from the acquisition of RIB SAA	1,638	500	-	-
Liability from the acquisition of RIB US Cost	422	61	533	151
Liability from the acquisition of xTWO	334	-	182	-
Liability from the acquisition of RIB Spain	70	-	-	-
Liability from the acquisition of Byggeweb	-	-	-	2,499
Other	35	141	48	19
Total	**2,499**	**2,579**	**2,286**	**2,669**

The financial liability from the acquisition of **RIB Cosinus** results from mutually agreed buy and sell options for the transfer of the outstanding stake of 20% to this company. The options may be exercised for a period of six months starting from 01 August 2016 under certain circumstances, or else from 01 August 2018. The option price is based on the enterprise value of RIB Cosinus at the time of the exercise of the option. However, it is limited by a contractually agreed minimum price (€ 1,100 thousand) as well as a maximum price (€ 1,900 thousand). As regards the subsequent valuation of the financial liability from the acquisition of RIB Cosinus, the expected enterprise value that will arise in the event of application of the valuation method agreed in the purchase agreement at the time of the option was determined in the reporting year on the basis of updated budget figures. Alternative future scenarios were taken into account. We are assuming that the options will, in all probability, be exercised by 01 August 2016 and have therefore classified the liabilities as non-current.

The planning period for the valuation covers the 2016 to 2019 financial years. The updated planning was undertaken using the expected actual figures of the 2015 financial year. In accordance with the approved corporate planning, 2016 was based on revenue at the level of the previous year. An increase in revenue of between 0.2% and 4.9% p.a. was assumed for subsequent years, with the associated improvements in earnings.

On the basis of our calculations, we assume that the enterprise value of RIB Cosinus at the time of the option will be somewhere between € 7.9 million and € 10.3 million (previous year: between € 5.3 million and € 8.1 million). Bearing in mind the estimated occurrence probability of the alternative future scenarios as well as the contractual minimum and maximum price limits, we assume that we will need to pay a purchase price amounting to € 1,899 thousand (previous year: € 1,587 thousand) for the currently outstanding stake of 20% at the time of the option. 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 0.85%.

The subsequent valuation of the financial liability results in an initial interest expense of € 13 thousand. An expense of € 341 thousand also arises from the updating of the budget figures as part of the company valuation, which was recognised under other operating expenses in the consolidated income statement in the reporting period through profit or loss. This expense results from an adjustment in the planning from 2016 as well as from the reduction in the discounting interest rates by approximately 0.2 to 0.4 percentage points.

As it 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 € 777 thousand (previous year: income of a maximum of € 487 thousand) or expenses of a maximum of € 23 thousand (previous year: expenses of a maximum of € 313 thousand) may accrue.

The Group acquired 75% of the shares in **SAA** during the reporting year. Mutual buy and sell options for the transfer of the outstanding stake of 25% were concluded with the sellers. From the writer position in the context of the put option agreement, a financial liability arises for the Group for which a fair value of € 2,632 thousand was calculated as of the purchase date. Of this, a partial amount of € 1,582 thousand was allocated to the company acquisition and a partial amount of € 1,050 thousand to a separate transaction in the form of a consideration agreement. For further details in this regard, we refer to the explanations in **Section 8**.

„8. Business combinations“
on page 86

The financial liability allocated to the company acquisition was recognised in full as part of the accounting for the company acquisition. The financial liability allocated to the separate transaction will be accumulated over a period of 66 months through profit or loss as a personnel expense and is included under financial liabilities at an amount of € 56 thousand as of the balance sheet date. The personnel expense attributable to the reporting period arising therefrom amounts to € 47 thousand. The accrued interest from the financial liabilities results in an interest expense of € 9 thousand.

The planning period for the valuation covers the 2019 and 2020 financial years. The planning was undertaken using the expected actual figures of the 2015 financial year. In accordance with the approved corporate planning, 2016 was based on revenue at the level of the previous year. An increase in revenue of between 6.3% p.a. and 8.4% p.a. was assumed for subsequent years, with the associated improvements in earnings.

On the basis of our calculations, we assume that the operating net income after tax of SAA at the time of the option will be somewhere between € 0.4 million and € 1.2 million. Bearing in mind the estimated probability of occurrence of the alternative future scenarios as well as the contractual minimum and maximum price limits, we assume that we will need to pay a purchase price amounting to € 2,810 thousand for the currently outstanding stake of 25% at the time of the option. The 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 1.25%.

As it 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, expenses of a maximum of € 2,362 thousand may accrue.

In addition, the company acquisition of SAA results in a non-current financial liability of € 500 thousand, resulting from a conditional purchase price payment due for payment within one year after SAA reaches the agreed performance targets in the 2015 financial year. The earn-out components are due within one year. Please refer to **Section 8** for further explanations in this regard.

„8. Business combinations“ on page 86

By means of the agreements dated 30 April 2014 and 08 October 2014, the Group acquired the remaining 38.325% of shares in **RIB US Cost**. A partial amount of € 361 thousand of the outstanding purchase price represents a contingent consideration, the amount of which will depend on the future price performance of RIB Software AG's share in particular. Furthermore, we expect that this condition will be met and have recognised the financial liability at the maximum amount, unchanged from the previous year. The accrued interest from the purchase price liability in the year under review results in an interest expense of € 6 thousand. Of the total amount of the liability, € 61 thousand are due within one year and a partial amount of € 60 thousand in the 2017 financial year. An amount of € 362 thousand for the contingent consideration is scheduled to be due in 2017. An instalment amounting to € 81 thousand was repaid in the reporting year for the purchase price liability. An amount of € 115 thousand was forfeited in the reporting period and a change of € 11 thousand is due to currency conversion differences.

Due to the fact that the contingent consideration depends on the price performance of RIB Software AG's share, the fulfilment of the financial liability involves uncertainty. In the period until the financial liability becomes payable, income of a maximum of € 362 thousand may accrue.

The RIB Group acquired 75% of the shares in **xTWO** (formerly: iceprice) in the 2014 financial year. Alongside this, a put option agreement was concluded concerning the transfer of the remaining shares (25%), leading to recognition of a derivative financial liability. If the purchase option is exercised, the RIB Group is obligated to pay a fixed purchase price of € 500 thousand. However, part of this amount will fall under a consideration arrangement classed as a separate transaction. Based on a fair value of the total option liability in the amount of € 474 thousand, an amount of € 158 thousand was allocated to the company acquisition and an amount of € 316 thousand to the separate transaction in the context of the initial measurement. A personnel expense of € 146 thousand in the reporting period results from the subsequent valuation. The financial liability was measured using an interest rate of 1.25%, which is appropriate for the respective period and risk. The accrued interest from the financial liability in the reporting period results in an interest expense of € 6 thousand.

„8. Business combinations“ on page 86

The Group acquired 100% of the shares in **RIB Spain** in the reporting period. As explained in **Section 8** above, a conditional purchase price liability that was recognised at € 620 thousand in the context of the initial measurement is due to the company acquisition. The subsequent valuation as of the balance sheet date resulted in earnings of € 550 thousand.

The subsequent measurement of the contingent purchase price liability was calculated using a Monte Carlo simulation. The probability of occurrence as of the balance sheet date thus amounts to 7.2%. Due to the fact that the contingent consideration depends on the price performance of RIB Software AG's share, the fulfilment of the financial liability involves uncertainty. In the period until maturity, income of a maximum of € 70 thousand and an expense of a maximum of € 930 thousand may accrue.

41. OTHER LIABILITIES

Other liabilities break down as follows:

Figures in € thousand	31 December 2015	31 December 2014
Tax liabilities	4,062	2,064
Social security liabilities	423	287
Advance payments received from customers	1,079	294
Liabilities due to employees	232	0
Other	616	510
Total	**6,412**	**3,155**

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

42. 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 one to five 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:

Figures in € thousand	31 December 2015	31 December 2014
Due within one year	2,489	2,490
Due in between two and five years	4,072	3,801
Total	**6,561**	**6,291**

Of the total amount of financial obligations from operating lease agreements, € 464 thousand is attributable to the companies acquired during the reporting period.

(b) Other

As of 31 December 2015, other financial obligations resulting from the agreement on a strategic business alliance with a customer totalled € 124 thousand with a remaining term of five years.

The company acquisition of xTWO in 2014 results in a financial liability of € 316 thousand that is accumulated on a scheduled basis through profit and loss until the settlement date. An amount of € 142 thousand was not yet recognised as of the balance sheet date of 31 December 2015. Please also see our explanatory notes in **Section 40**.

„40. Other financial liabilities“ on page 116

The company acquisition of SAA results in a financial liability of € 1,050 thousand that is accumulated on a scheduled basis through profit and loss until the settlement date. An amount of € 994 thousand was not yet recognised as of the balance sheet date of 31 December 2015. Please also see our explanatory notes in **Section 40**.

43. CONTINGENT LIABILITIES

There were no material contingent liabilities as of 31 December 2015 and 31 December 2014.

44. RELATED PARTY TRANSACTIONS

a) During the reporting period, no transactions were undertaken with related parties.

b) Outstanding balances with related parties:
There were no outstanding balances with related parties as of 31 December 2015.

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 48**.

„48. Remuneration of the Company's Supervisory Board and the Executive Board" on page 127

45. FAIR VALUE HIERARCHY

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

- **Level1:**
  fair values measured based on quoted prices (unadjusted) in active markets for identical assets or liabilities

- **Level2:**
  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

- **Level3:**
  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

Financial assets measured at fair value as of 31 December 2015:

Figures in € thousand	Level 1	Level 2	Level 3	**Total**
Available-for-sale financial assets:				
Money market and investment funds	2,651	-	-	2,651
Corporate bonds	35	-	-	35

Financial assets measured at fair value as of 31 December 2014:

Figures in € thousand	Level 1	Level 2	Level 3	**Total**
Available-for-sale financial assets:				
Corporate bonds	273	-	-	273

Financial liabilities measured at fair value as of 31 December 2015:

Figures in € thousand	Level 1	Level 2	Level 3	**Total**
Financial liabilities:				
Derivatives	-	552	3,849	4,401

Financial liabilities measured at fair value as of 31 December 2014:

Figures in € thousand	Level 1	Level 2	Level 3	**Total**
Financial liabilities:				
Derivatives	-	564	1,681	2,245

The financial liabilities measured at fair value as of 31 December 2015 are derivative financial liabilities from company acquisitions. Please refer to **Sections 8** and **40** in this regard as well as the changes in the fair values of the financial liabilities.

„8. Business combinations“ on page 86

„40. Other financial liabilities“ on page 116

The derivatives allocated to level two are liabilities whose amount in particular depends on the future price performance of RIB Software AG’s share. An amount of € 482 thousand is attributable to liabilities from the acquisition of the subsidiary RIB US Cost. If the share exceeds an agreed minimum rate during a particular timeframe in the period up until April 2017, this liability will be increased up to an agreed maximum amount. If the performance targets are not met, a fixed minimum amount must be paid. We assume that the performance targets will be met and have therefore recognised the liabilities at the present value of the agreed maximum amount. A further partial amount of € 70 thousand is attributable to liabilities in connection with the company acquisition of Soft SA carried out in the reporting period.

The derivatives allocated to level three are liabilities from option agreements related to the acquisition of RIB Cosinus (€ 1,877 thousand), xTWO (€ 334 thousand) and SAA (€ 1,638 thousand). Please see the explanations in **Section 40** for a description of the techniques used in measuring these liabilities and the input factors used to assess the fair values.

„40. Other financial liabilities“ on page 116

In the reporting periods, there were no transfers between levels one and two and no transfers into or out of level three.

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

Figures in € thousand	2015	2014
As of 01 January	**2,245**	**10,697**
Changes without effect on profits		
Acquisition of company shares	2,202	158
Repayments	-81	-2,733
Other changes	16	-120
	2,137	**-2,695**
Changes with effect on profits		
Income from the subsequent valuation of purchase price liabilities (other operating income)	-550	-6.095
Expenses from the subsequent valuation of purchase price liabilities (other operating expenses)	341	191
Personnel expenses from the accumulation of purchase price liabilities (marketing and distribution costs)	146	0
Personnel expenses from the accumulation of purchase price liabilities (production costs)	47	0
Expenses from the interest accrued on purchase price liabilities (finance expenses)	35	147
	19	**-5,757**
As of 31 December	**4,401**	**2,245**
Gains/losses(-) from the valuation of financial liabilities	-19	5,757

The changes with effect on profits include unrealised expenses from the valuation of financial liabilities held at the end of the reporting period amounting to € 534 thousand (prior year: € 191 thousand) (listed under other operating expenses, expenses for distribution and marketing and production costs).

Material valuation parameters were subjected to a sensitivity analysis for measuring the purchase price liabilities on level three. The calculations carried out for this purpose by the Group were undertaken separately for the valuation parameters classified as material. An increase or decrease in the material assumptions would have had the following effects on the carrying amounts of the purchase price liabilities on level three of € 3,849 thousand:

Figures in € thousand

Valuation parameter	Sensitivity	Carrying amount
Discounting interest rate used for the discounting period	+ 1%-point	3,702
Discounting interest rate used for the discounting period	- 1%-point	3,911
Growth rate in the budgeted revenues in the budget period	+ 10.0%	4,043
Growth rate in the budgeted revenues in the budget period	- 10.0%	3,499

46. FINANCIAL RISK MANAGEMENT AND POLICY

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

The Group continues to operate primarily in Europe but is increasing its activities in North America and Asia. 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. No economic hedging relationships were recognised in the consolidated financial statements as balance sheet hedging relationships.

(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 respective local 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)
- Danish krone (DKK)
- Philippine peso (PHP)

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 2015, the consolidated net profit for the year would have included an additional expense of € 835 thousand and € 2,577 thousand in consolidated comprehensive income for the year. If the euro had been 10% weaker against the currencies listed above as of 31 December 2015, the consolidated net profit for the year would have included additional income of € 835 thousand and € 2,577 thousand in consolidated comprehensive income for the year.

(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. The corporate bonds still held in foreign companies in US dollars as of 31 December 2015 are not expected to have any significant effects on the consolidated financial statements if there are any realistic changes in the market rate.

(c) Other price risks

Price risks due to hypothetical changes in prices with an effect on financial instruments do exist as of 31 December 2015 and did not exist as of 31 December 2014.

(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 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 in the form of trade payables is disclosed in **Section 36**. 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 contractual party.

„36. Trade payables“
on page 114

Please see **Sections 8** and **40** with respect to the due dates of the financial liabilities from company acquisitions.

„8. Business combinations“
on page 86

„40. Other financial liabilities“
on page 116

(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. In individual cases, certain customers enjoy a longer credit period. The Group reviews the recoverable amount of each individual receivable at the end of each reporting period. The customer's financial position, past experience and other factors are taken into account 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 and services 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 capital plus net debt. The Group's policy is to keep the gearing ratio below 50%. Net debt is defined as interest-bearing liabilities, net of liquid funds, and 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.

47. AUDITOR'S FEES

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

Figures in € thousand	2015
Audit of the financial statements*	157
Other assurance services	8
Tax advice	30
Other services	84
Total	**279**

* of which for the previous year: € 20 thousand

48. REMUNERATION OF THE COMPANY'S SUPERVISORY BOARD AND THE EXECUTIVE BOARD

The total remuneration paid to the members of the Executive Board in the 2015 financial year comes to € 2,052 thousand (previous year: € 1,934 thousand). The members of the Executive Board received a basic salary that is not performance-based for their work in the 2015 financial year („Remuneration 1“) in the amount of € 761 thousand (previous year: € 691 thousand). The Executive Board's remuneration also includes a performance-based element („Remuneration 2“) for their work in the previous year, amounting to € 145 thousand (previous year: € 315 thousand). In the prior year, an amount of € 100 thousand was additionally included under “Remuneration 2” for the activity in the previous year. In the 2015 financial year, share-based remuneration (“Remuneration 3”) in the amount of € 1,147 thousand (previous year: € 829 thousand) was granted additionally. As of 31 December 2015, there were outstanding balances arising from Executive Board's remuneration in the amount of € 210 thousand (previous year: € 315 thousand) for the share in „Remuneration 2“ recognised as deferred liabilities relating to the 2015 financial year.

Retirement benefits in the amount of € 24 thousand (previous year: € 25 thousand) were paid to former members of the Executive Board in the 2015 financial year.

The total remuneration of the Supervisory Board for the 2015 financial year amounts to € 102 thousand (previous year: € 104 thousand). The remuneration of the Supervisory Board is reported as current liabilities as of 31 December 2015.

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.**

„H. Remuneration report“ on page 50

49. AVERAGE HEADCOUNT FOR THE YEAR

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

Number	2015	2014
General administration	93	81
Research and development	269	243
Marketing/distribution	123	100
Support/consulting	195	175
Total	**680**	**599**

50. DISCLOSURE ON SHAREHOLDINGS PURSUANT TO § 313 (2) HGB

Figures in %	**Abbreviations**	**Share in capital**
Fully consolidated entities:		
Germany:		
RIB Deutschland GmbH, Stuttgart	RIB Deutschland	100,00
RIB Engineering GmbH, Stuttgart	RIB Engineering	100,00
RIB Information Technologies AG, Stuttgart	RIB IT	100,00
RIB Research & Development AG, Stuttgart	RIB R+D	100,00
RIB Cosinus GmbH, Freiburg	RIB Cosinus	80,00
MAC Europe GmbH, Hungen	MAC Europe	100,00
xTWO GmbH, Hungen	iceprice oder xTWO	75,00
xTWOmarket GmbH, Hungen	xTWOmarket	75,00
Other countries:		
Guangzhou RIB Software Company Limited, Guangzhou, People's Republic of China	RIB China	100,00
Guangzhou TWO Consulting Company Limited, Guangzhou, People's Republic of China	TWO Consulting	100,00
Guangzhou TWO Information Technology Company Limited, Guangzhou, People's Republic of China	GZ TWO	100,00
i-PBS Production Business Solutions GmbH, Vienna, Austria	i-PBS	74,00
MAC International Company Limited, Hong Kong, People's Republic of China	MAC International	100,00
MAC II Limited, Hong Kong, People's Republic of China	MAC II	100,00
MAC (Guangdong) Industrial Company Limited, Foshan, People's Republic of China	MAC GD	100,00
RIB A/S (formerly: Byggeweb A/S, Copenhagen, Denmark	Byggeweb	100,00
RIB Asia Ltd., Hong Kong, People's Republic of China	RIB Asia	100,00
RIB Cosinus AG, Lucerne, Switzerland	RIB CCH	100,00
RIB iTWO Software Private Limited, Mumbai, India	RIB India	100,00
RIB Limited, Hong Kong, People's Republic of China	RIB Ltd.	100,00
RIB Management Computer Controls, Incorporated, Memphis/USA	RIB MC²	100,00
RIB Limited, RIB PTE. Limited, Singapore	RIB Singapur	100,00
RIB Software (Americas) Inc., Wilmington/USA	RIB USA	100,00
RIB stavebni Software s.r.o., Prague, Czech Republic	RIB Prag	100,00
RIB SAA Software Engineering GmbH (formerly: SAA Software Engineering GmbH), Vienna, Austria	SAA	75,00
RIB Software (UK) Limited, London, England	RIB UK	100,00
RIB iTWO Software Inc., Bonifacio Global City, Philippines	RIB PHP	100,00
RIB Software PTY Ltd., Sydney, Australia	RIB CADX	100,00
RIB Spain SA (formerly: Soft S/A), Madrid, Spain	RIB Spain	100,00
RIB U.S. Cost Incorporated, Atlanta, USA	RIB US Cost	100,00
TWO Hong Kong Limited, Hong Kong, People's Republic of China	TWO HK Ltd.	100,00
Williams International Group LLC, Dubai, United Arab Emirates	RIB Williams	100,00

Associates accounted for using the equity method		
iTWO Baufabrik 4.0 F&E GmbH (formerly: RIB Sales International GmbH), Stuttgart	iTWO BF	24,90
3D Prodigy PTE Limited, Singapore	3D Prodigy	48,00

Stuttgart, 09. March 2016

RIB Software AG

Stuttgart

The Executive Board

Thomas Wolf | Michael Sauer | Dr. Hans-Peter Sanio | Helmut Schmid

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, 09. March 2016

RIB Software AG

The Executive Board

Thomas Wolf   Michael Sauer   Dr. Hans-Peter Sanio   Helmut Schmid

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 2015 to 31 December 2015. 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, 09.03.2016

BW PARTNER
Bauer Schätz Hasenclever Partnerschaft mbB
Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft

Olaf Brank	Philipp Hasenclever
Wirtschaftsprüfer	Wirtschaftsprüfer

FINANCIAL STATEMENTS OF RIB SOFTWARE AG

FOR THE FINANCIAL YEAR 2015 (HGB) (EXCERPT)

BALANCE SHEET 31.12.2015

RIB Software AG, Stuttgart

ASSETS

	Figures in € thousand	31. December 2015	31. December 2014
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	192,079.37	81,176.94
	2. Goodwill	2,757,188.57	4,135,782.85
		2,949,267.94	4,216,959.79
	II. Property, plant and equipment		
	Furniture and fixtures	217,332.05	193,781.63
	III. Financial assets		
	1. Investments in affiliated companies	99,008,668.38	93,850,343.88
	2. Interests in companies	12,450.00	0.00
		99,021,118.38	93,850,343.88
		102,187,718.37	**98,261,085.30**
B.	**Current assets**		
	I. Receivables and other assets		
	1. Trade receivables	6,361,713.43	3,394,256.31
	2. Receivables from affiliated companies	1,687,819.24	3,439,016.57
	3. Other assets	58,452.94	66,010.52
		8,107,985.61	6,899,283.40
	II. Securities		
	Other securities	4,997,027.80	4,997,027.80
	III. Cash on hand Bank balances	137,971,680.45	93,215,400.30
		151,076,693.86	**105,111,711.50**
C.	**Prepaid expenses**	**544,366.35**	**584,628.24**
		253,808,778.58	**203,957,425.04**

EQUITY AND LIABILITIES

	Figures in € thousand	31. December 2015	31. December 2014
A.	**Equity**		
	I. Issued capital		
	1. Subscribed capital - conditional capital: € 1,548,616.00	46,845,657.00	43,466,961.00
	2. Less nominal amount of treasury shares	-1,093,167.00	-1,257,453.00
		45,752,490.00	42,209,508.00
	II. Capital reserves	184,121,364.10	137,173,751.04
	III. Retained earnings		
	Legal reserves	47,588.47	47,588.47
	IV. Retained earnings	12,310,542.10	10,460,937.18
		242,231,984.67	**189,891,784.69**
B.	**Provisions**		
	1. Pension provisions	2,423,638.00	2,347,196.00
	2. Provisions for taxation	3,654,115.00	4,293,600.00
	3. Other provisions	942,100.00	948,690.00
		7,019,853.00	**7,589,486.00**
C.	**Liabilities**		
	1. Trade payables	486,887.84	427,267.72
	2. Liabilities to affiliated companies	238,318.64	1,614,521.74
	3. Other liabilities	3,382,374.43	4,055,946.29
	- of taxes: € 2,728,835.29 (prior year: € 1,392,707.07)		
	- of which social security liabilities: € 5,376.28 (prior year: € 6,395.86)		
		4,107,580.91	**6,097,735.75**
D.	**Prepaid expenses**	**449,360.00**	**378,418.60**
		253,808,778.58	**203,957,425.04**

INCOME STATEMENT FOR THE FINANCIAL STATEMENT 2015

	Figures in €		2015	2014
1.	Revenues		38,770,816.94	39,976,535.69
2.	Other operating income		7,197,429.10	7,047,798.29
	- of which from currency translation:	€ 4,239,179.85		
	(prior year:	€ 4,277,762.34)		
3.	Material costs			
	a) Expenses for goods		-1,579,321.83	-1,284,748.90
	b) Expenses for services purchased		-10,403,362.14	-11,100,041.09
			-11,982,683.97	-12,384,789.99
4.	Personnel expenses			
	a) Wages and salaries		-2,283,316.11	-2,066,763.09
	b) Social security and pension costs		-427,387.41	-300,284.05
	- Of which for pension schemes:	€ -151,675.26		
	(prior year:	€ -34,472.13)		
			-2,710,703.52	-2,367,047.14
5.	Amortisation of intangible non-current assets and depreciation on property, plant and equipment		-1,564,990.10	-1,552,405.54
6.	Other operating expenses		-17,654,161.21	-15,897,555.81
	- of which from currency translation:	€ -78,947.08		
	(prior year:	€ -119.22)		
7.	Income from investments		265,730.13	20,538.60
	- of which from affiliated companies	€ 265,730.13		
	(prior year:	€ 20,538.60)		
8.	Other interest and similar income		194,256.60	210,454.32
	- from affiliated companies	€ 161,948.40		
	(prior year:	€ 123,598.64)		
9.	Depreciation of current assets		-100,000.00	-251,185.80
10.	Interest and similar expenses		-105,078.98	-220,647.64
	- of which write-ups	€ -105,078.98		
	(prior year:	€ -115,658.64)		
11.	**Net income from ordinary business activities**		**12,310,614.99**	**14,581,694.98**
12.	Income tax expense		-4,255,152.09	-5,048,972.46
13.	Other taxes		-3,475.82	-2,126.00
14.	**Net profit for the year**		**8,051,987.08**	**9,530,596.52**
15.	Profit carried forward from the prior year		3,707,415.90	391,866.10
16.	Income from the sale of treasury shares		551,139.12	538,474.56
17.	**Retained earnings**		**12,310,542.10**	**10,460,937.18**

FURTHER INFORMATION

IMPRINT

Published by:
RIB Software AG
Vaihinger Straße 151
70567 Stuttgart

Responsible for content:
RIB Software AG, Stuttgart

Photos:

Page 4:	Shutterstock, RIB, Shutterstock, Georgia Tech
Page 8:	Shutterstock (Picture 3)
Page 11:	Bundesregierung/Kugler
Page 14 + Page 16:	Andreas Dalferth

Icons:
designed by Freepik

Design and realisation:
RIB Software AG, Stuttgart.

Print:
Walter Digital GmbH, Korntal-Münchingen

MIX
Paper from responsible sources
FSC® C089491
www.fsc.org

RIB running together

March 2016

Translation of the original German version:
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.

FINANCIAL CALENDAR

29 April 2016
Publication Interim Report (January - March 2016)
Analyst Conference Call

31 May 2016
Ordinary Annual General Meeting

29 July 2016
Publication Interim Report (January - June 2016)
Analyst Conference Call

31 October 2016
Publication Interim Report (January - September 2016)
Analyst Conference Call

CONTACT

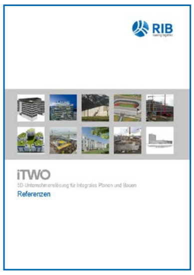
RIB Software AG
Vaihinger Straße 151
70567 Stuttgart

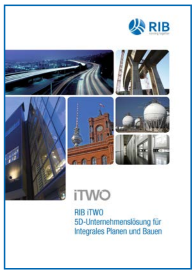
Investor Relations
Phone: +49 (0) 711 7873-191
Fax: +49 (0) 711 7873-311

E-Mail: **investor@rib-software.com**
Internet: **group.rib-software.com**

Careers
Internet: **group.rib-software.com/en/careers**

Product informationen and References





www.rib-software.com/itwo-references
www.rib-software.com/itwo-broschuere

RIB Software AG

Investor Relations
Vaihinger Straße 151
70567 Stuttgart

Phone: +49 711 7873-191
Fax: +49 711 7873-311

E-Mail: investor@rib-software.com
Internet: group.rib-software.com