moving minds

NEMETSCHEK

Annual Report 2009

Contents

Key Figures

Nemetschek Group
2009

in million €	Dec. 31, 2009	Dec. 31, 2008	Dec. 31, 2007	Dec. 31, 2006	Dec. 31, 2005
Revenues	**135.6**	**150.4**	**146.2**	**107.5**	**98.8**
Gross profit	**130.8**	**143.6**	**139.0**	**101.8**	**91.7**
as % of revenue	96 %	95 %	95 %	95 %	93 %
EBITDA	**30.4**	**31.4**	**33.6**	**20.7**	**16.2**
as % of revenue	22 %	21 %	23 %	19 %	16 %
per share in €	3.16	3.26	3.49	2.15	1.68
EBIT	**20.9**	**21.0**	**23.9**	**17.8**	**13.1**
as % of revenue	15 %	14 %	16 %	16 %	13 %
per share in €	2.17	2.18	2.48	1.85	1.36
Net income (Group shares) adjusted by PPA effects	**17.9**	**16.2**	**20.4**	**13.9**	**11.7**
per share in €	1.86	1.68	2.12	1.45	1.22
Net income (group shares)	**12.2**	**10.4**	**14.6**	**13.6**	**11.7**
per share in €	1.27	1.08	1.52	1.41	1.22
Net income	12.9	11.3	15.3	14.4	12.2
Cash flow for the period	**28.6**	**29.9**	**30.8**	**21.3**	**17.3**
Cash flow from operating activities	**23.4**	**30.4**	**25.3**	**18.3**	**12.1**
Cash flow from investing activities	**−3.6**	**−4.7**	**−102.4**	**−6.3**	**−2.0**
Cash and cash equivalents	**22.9**	**23.2**	**29.1**	**32.0**	**29.0**
Net debt	**−9.3**	**−26.1**	**−40.4**	**−68.0**	**29.0**
Equity	**79.6**	**67.9**	**62.9**	**55.1**	**48.1**
Equity-quote	**50 %**	**41 %**	**34 %**	**27 %**	**59 %**
Average number of outstanding shares (undiluted)	**9,625,000**	**9,625,000**	**9,625,000**	**9,625,000**	**9,625,000**
Headcount as of balance sheet date	**1,064**	**1,114**	**1,067**	**1,151**	**735**

Highlights 2009

Nemetschek announces preliminary earnings – profitable growth even in 2008 (February)

Launch of Allplan 2009, the latest software version – focus on restoration and energy-efficient building (April)

Engineering Group elects winner of the international user contest – 122 participants from 16 countries present their projects (May)

Graphisoft rolls out EcoDesigner – reliable energy requirements analysis in the early design phase (May)

Construction Group moves closer together – joint development of a new technical software generation planned (July)

Launch of ArchiCAD 13, the latest software version – new teamwork function provides for efficient processes and enables team collaboration over the Internet (September)

Allplan starts cooperation with Swiss-based Plancal – the objective is an integrated solution for architecture, civil engineering and building services (September)

Nemetschek North America rolls out Vectorworks 2010 – 3D modeling made easy (September)

Nemetschek Scia enters US market – sales organization in cooperation with Nemetschek North America (October)

Nemetschek signs cooperation agreement with Tekla – data exchange possibilities to be optimized together (October)

Nemetschek confirms forecast for 2009 – operating margin remains constant (November)

Buildings in industrial nations cause around **40 %** of all CO_2 emissions worldwide.

Starting at the end of **2020**, new buildings in the European Union will be allowed to emit virtually no greenhouse gases.

According to the IPCC (Intergovernmental Panel on Climate Change), green technologies could reduce carbon dioxide emissions from buildings by **40 %** by 2030.

The European construction industry estimates that modern construction techniques and building insulation in the EU could save up to **400 million** metric tons of carbon dioxide.

According to analyses by McGraw Hill, the operating costs of sustainably constructed buildings are on average **14 %** below those of traditional buildings.

Ernst Homolka, CEO

Dear Shareholders,

The business environment has rarely been more difficult than it was in 2009 – and yet the Nemetschek Group still gave a good account of itself. Despite expected losses in revenue, we succeeded in maintaining largely stable operating results and even managed to increase the margin. This is better than we could have predicted, but avoiding falling short of expectations is one of our core values. Quarter for quarter, we have either met or exceeded our promises. We have also strengthened our Investor Relations activities. This has slowly been recognized on the market, as the share price has more than tripled in value since its lowest point in March.

Sustainable business practices

All companies in the group made their contribution to the consistent cost savings realized in 2009. We owe our gratitude for this to all of our employees worldwide. At the same time, we felt it was very important not to jeopardize either the current status or the future viability of the company. Thus, we even increased investment in research and development during 2009.

As promised, we also reduced our liabilities and further strengthened our equity capital. Our equity ratio is now back to a comfortable 50 percent. This puts us in the position to propose another dividend payment this year. A glance at the figures shows that we can afford it. Once again, Nemetschek joins the ranks of German dividend companies.

Nemetschek was founded as a company over four decades ago, so sustainable growth is second nature to us. We also apply this philosophy to one of the most future-oriented areas in the construction industry - sustainable building. Our large, design-oriented subsidiaries focused heavily on this area in 2009. It is no coincidence that we are dedicating so much space to this area in this year's annual report.

Maintain profitability

Sustainable building is going to become increasingly important, and our subsidiaries will develop innovative solutions for this area. Easier-to-use software and more efficient construction through building information modeling will also be driving factors in the group's future business. Nemetschek is investing in the future; with over 20 percent of its revenue going into research and development, that much is sure.

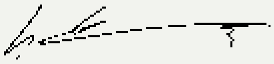
What is not sure for now is what will happen to the economy in 2010. The prospects for growth in our most important markets are rather limited, and the possibility of another downturn in the world economy cannot be discounted. This is why our forecast is appropriately cautious.

Together with my colleagues on the management boards of the subsidiaries, I expect us to at least maintain our current revenue level. Across the group, we are planning in the low single-digit percentage range. Revenues from license sales should increase again. At the same time, all subsidiaries are to further increase revenues from maintenance contracts. Based on these revenue expectations, we should be able to maintain the current EBITDA margin, and we also expect increased revenues to be reflected in the operating result.

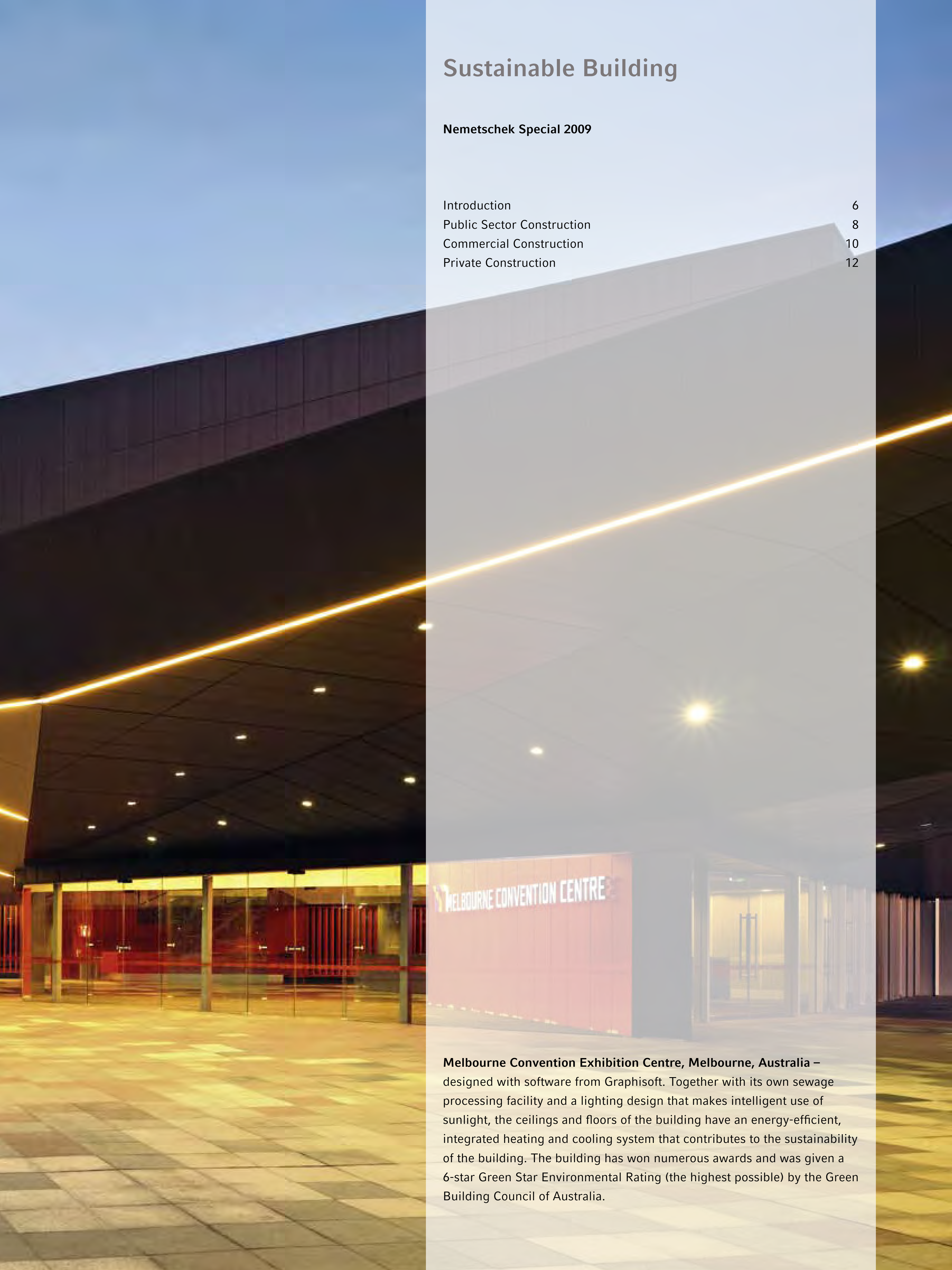
However, in keeping with our philosophy of sustainable management, we will not only maintain high investment in research and development but also increase investment in developing our market presence. If the crisis-ridden markets outside Europe recover as expected, then our subsidiaries will also target them more aggressively.

In 2009, we proved that Nemetschek is a crisis-resistant company that is capable of generating profits and maintaining sustainable economic activity even in the most adverse conditions. Management worked together, and every subsidiary made its own contribution to the group's success. You can be certain that we will also make the best of whatever 2010 brings.

Thank you for your confidence.
Yours



Ernst Homolka



Sustainable Building

Nemetschek Special 2009

Melbourne Convention Exhibition Centre, Melbourne, Australia – designed with software from Graphisoft. Together with its own sewage processing facility and a lighting design that makes intelligent use of sunlight, the ceilings and floors of the building have an energy-efficient, integrated heating and cooling system that contributes to the sustainability of the building. The building has won numerous awards and was given a 6-star Green Star Environmental Rating (the highest possible) by the Green Building Council of Australia.

Sustainable Building

Even though the international climate summit in Copenhagen did not achieve its goals, pressure will continue to increase on the international community to set worldwide, binding regulations for the reduction of carbon dioxide emissions. And this, of course, includes the construction industry – after all, buildings are responsible for 40 percent of all global carbon dioxide emissions.

Taking the lead, the EU has already set strict rules for the construction industry. There are also many national support programs for energy-efficient costruction and renovation. Whether it is in private, public or commercial construction, sustainability is now a requirement that nobody can ignore. Architects and engineers must find the adequate answers.

There are many ways to reduce harmful carbon dioxide emissions. The construction industry calculates that insulation and better construction techniques alone can reduce CO_2 emissions in the European Union by up to 400 million metric tons. The European Community goes even further: in its 2009 directive, it sets strict energy-efficiency standards for the construction industry that will come into force at the end of 2018. In the future, buildings will be allowed to emit virtually no greenhouse gases – making them "energy neutral".

Mandatory green construction for all

The EU is making no exceptions in its drive for greener buildings. Private, public and commercial construction clients must all follow the new standards. This will bring significant medium-term benefits. According to studies by McGraw Hill, the operating costs of sustainable buildings are 14 percent lower on average than those of traditional buildings. The renovation of existing buildings can also create significant energy savings. It is no coincidence that 50 percent of all construction volume in the EU is currently renovation or restoration work.

Whether working on renovation or new construction projects, it is architects and engineers who must meet these new challenges. Around 80 percent of the decisions on the energy requirements of a building are made in the early design phase.

Varied solutions for sustainable design

The software programs from Nemetschek not only simplify designers' work, they are specifically designed to facilitate environmentally-aware construction. Nearly every company in the Design business unit has corresponding products in its set of software.

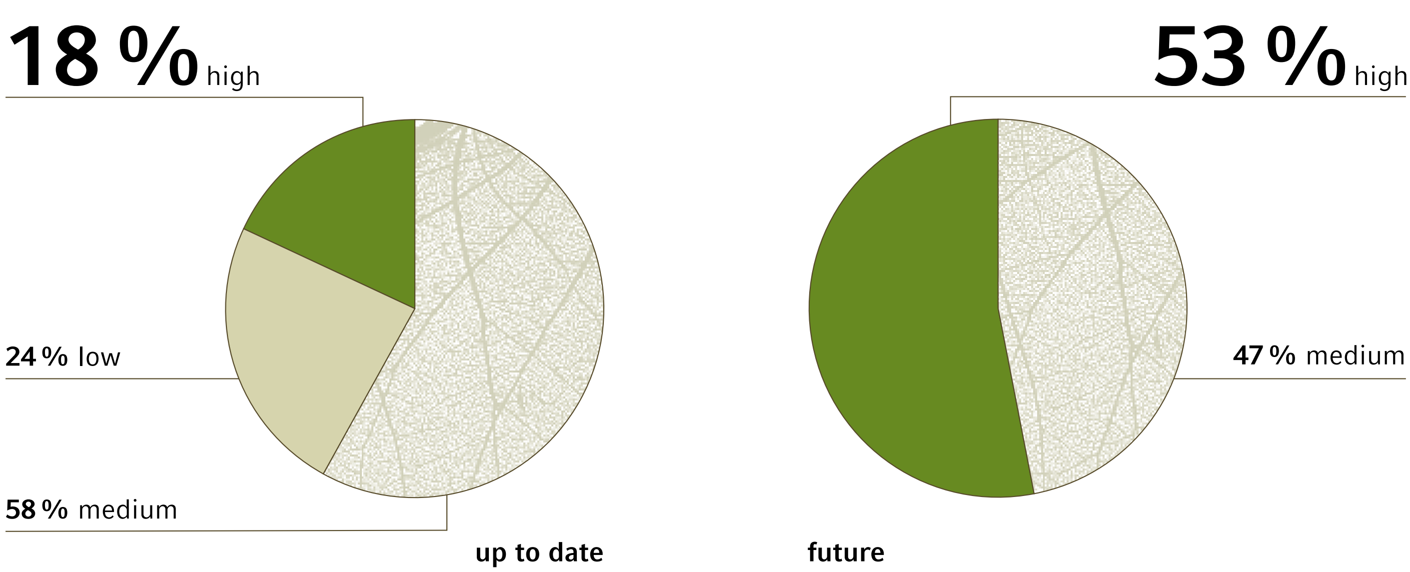
These products range from solutions that estimate the energy requirements of a building in the draft phase to those that allow the user to calculate the Energy Performance Certificate (required throughout the European Union) based directly on the building model in accordance with the standards of selected countries. There are also simulation programs for equipping a building with solar and photovoltaic systems.

Sustainable building also means the use of sustainable raw materials and the economical use of building materials. This means that civil engineers, for example, might design lighter and more slender structures or reinforcement solutions that use less steel. This saves on costs and creates less of an impact on the environment – here too, Nemetschek has exactly the right software.

According to international surveys, real estate investors place just as much value on sustainability as tenants. The various projects on the following pages demonstrate just how varied green construction has already become.

To what extent is the decision to purchase real estate influenced by sustainability considerations?

Source: worldwide survey of tenants, investors and fund managers conducted by Ernst & Young Real Estate, 2008



Public Sector Construction

Currently, many economic stimulus programs are stabilizing public sector construction. At the same time the European Union is getting serious: to reduce harmful carbon dioxide emissions, the latest EU Directive for construction holds construction clients and owners of public buildings to high energy-efficiency standards. By the end of 2018, new public buildings will be allowed to emit virtually no greenhouse gases. From then on, a significant portion of the energy used by these buildings will have to come from alternative energy sources.

The EU has also set strict standards for existing public buildings. If renovation costs for a building amount to more than a quarter of its value, then that building must also produce virtually no greenhouse gas emissions.

While the new EU energy-saving standards will increase construction costs by up to ten percent, this is balanced by significant advantages. According to the Deutsche Energie Agentur (German Energy Agency), expert renovation of a building can reduce its previous energy requirements by up to 80 percent. New, sustainably designed buildings are also, on the whole, significantly less costly to operate than "non-green" buildings.

A breathing campus

The Sagamihara campus of the Japanese university Aoyama Gakuin has had a reputation as an "eco-campus" ever since it was opened in 2003. This is due to the energy-efficient design of the buildings and the deliberately ecological design of the outside areas. Because of this holistic approach, the campus produces carbon dioxide emissions around 23 percent lower than would a conventional design.

One of the features of the main buildings are their vertical and horizontal air louvers, supplying additional sunlight and minimizing the need for air conditioning systems. The specially constructed stairwells also contribute to optimum room temperatures as they channel air much like a chimney.

A carefully designed avenue with 1,700 cedars and zelkovas also maintains a pleasant climate on the campus. Tests have shown that the temperature of the avenue's surface is about 10 to 15 degrees Celsius lower than in other regions.

The entire campus facility along with the open-air areas was designed by the architectural firm Nikken Sekkei Ltd. in Tokyo using Vectorworks.

Charm of the 70s

Massive concrete construction and large glass surfaces characterize the convention hall of the city of Augsburg, built in 1972. The city has been forced to renovate the building because of its lack of safety facilities, and it also intends to reduce energy usage by roughly 50 %. At the same time, the renovation work must not affect the appearance of the protected building.

The energy efficiency measures include adding double-glazed or triple-glazed glass fronts and a new lighting design. Because many of the building components lose too much heat to the exterior, the walls and ceilings are being completely reinsulated, thereby reducing existing thermal bridges while striving to maintain the overall appearance of the building.

The schedule for the work is very tight. Construction starts in May 2010, and the building is scheduled to reopen in September 2012. This requires perfect planning management and real-time coordination with various public authorities.

The Augsburg architectural firm Schuller & Tham is planning the renovation project using Allplan.

Commercial Construction

Commercial construction was particularly hard hit by the global economic collapse. However, analysts expect commercial owners to profit indirectly from the various economic stimulus packages. In either case, the benefits of sustainable construction or renovation for commercial owners speak for themselves.

On the one hand, companies will need to run their buildings and production facilities as efficiently as possible in order to reduce high overhead costs associated with high energy prices; and on the other, ecologically-planned commercial buildings will prove generally more profitable. According to a study by the real estate service provider Jones Lang LaSalle, over two-thirds of commercial tenants worldwide are prepared to pay higher rent for sustainable buildings. According to calculations by the University of Maastricht, companies can generate an average of 16 percent more revenue from a sustainable building than from a building with fewer green credentials.

Whether carrying out energy-efficient renovations or building an environmentally friendly new building, companies that emphasize sustainability in their buildings are not only more profitable in the medium to long-term but they also improve their image with customers, tenants and consumers who are increasingly placing a value on sustainability.

Bright atmosphere

The Rheinpark Shopping Center was built in the 1970s in St. Margrethen, Switzerland. Three decades later, this shopping mall was in need of an overhaul to meet the high demands of its pampered customers.

During renovation from 2005 to 2009, the main focus (in addition to improved energy efficiency) was therefore on a better light concept and clarity of design within the facility. Designers were able to increase the amount of sunlight within the building and improve customer orientation with a cross-floor, elliptical opening in the center of the building. Long, flat escalators connect all the levels.

In terms of energy efficiency, the Rheinpark is one of the most modern shopping malls in Switzerland. All construction materials, from insulation to cable isolation, were checked for their environmental sustainability. Heating requirements and the energy required for warm water are below all specified limits. Thus, Rheinpark has freed itself, to a large extent, from dependence on fossil fuels.

The Rheinpark project was conducted by the Zurich-based architectural firm Ramseier & Associates using Allplan software.

An economical model

The head office of Pannon GSM, a subsidiary of the Norwegian mobile phone service provider Telenor, enjoys a unique status. Constructed in Törökbálint, in Budapest's greenbelt, it is currently considered one of Hungary's most sustainable office buildings.

The complex consists of a total of nine wings that all connect to a large atrium. Each wing provides space for 50 to 60 employees. The different heights of the floors are linked to one another via bridges.

Not only is the building's design special, it is also environmentally friendly. The energy and climate concept of the Pannon GSM head office is based entirely on the use of renewable energy. 180 geothermal pumps drilled about 100 meters into the ground provide the building with sufficient warm and cold water to allow it to be heated or cooled as required. Compared with conventionally designed office buildings of the same size, it reduces CO_2 emissions equivalent to the amount emitted by 500 households.

The head office was designed by the architectural firm Zoboki, Demeter & Associates in Budapest using Graphisoft software Archicad.

Private Construction

Standards, regulations, formalities – anyone owning or building their own home in Europe will soon have to take many more environmental considerations into account than they currently do. From 2020 onwards, new residential buildings across Europe will be allowed to emit virtually no greenhouse gases. The EU countries agreed on these strict energy targets in 2009 in order to drastically reduce the huge energy consumption of privately owned buildings. The EU also requires that the owners of older residential buildings improve the energy balance of their property when carrying out larger-scale renovation work. These changes also have their advantages. According to calculations by the EU-Commission, private construction clients who carry out this renovation work save an average of 300 euros in overhead every year.

For some time now, owners of buildings with the Energy Performance Certificate have had to document all data related to the energy balance of their building starting with the arrival of a new tenant or owner. The certificate should also provide information on the share of renewable energy in the overall energy consumption of the building and propose improvements to the energy balance. This is a mandatory requirement that also gives financial benefits to environmentally aware owners of real estate. Anyone offering a building with an attractive energy balance has convincing reasons for charging higher rents or asking a better sale price.

Tradition restored

The former glory of Munich's 1972 Olympic village had long faded by the time renovation work started in 2007. Assessments had shown that a full renovation preserving the original architecture of all 800 maisonette apartments would not have been economically viable. As a consequence, the buildings were torn down and near-identical ones were built in their place. To retain the ensemble at least partially, the owner had twelve units fully restored. These apartments will be used again for student accommodation.

The site's protected status represented a particular challenge. The buildings had to be restored in strict compliance with official guidelines. No more insulation than the building had previously was allowed to be laid. This is why it was only applied in selected areas like the bathroom. Additionally, obvious measures were taken: for example, the replacement of the previous heaters with newer, more energy-efficient versions.

The new buildings and the restoration of the original ensemble were designed and planned by the architectural firm bogevischs using Vectorworks.

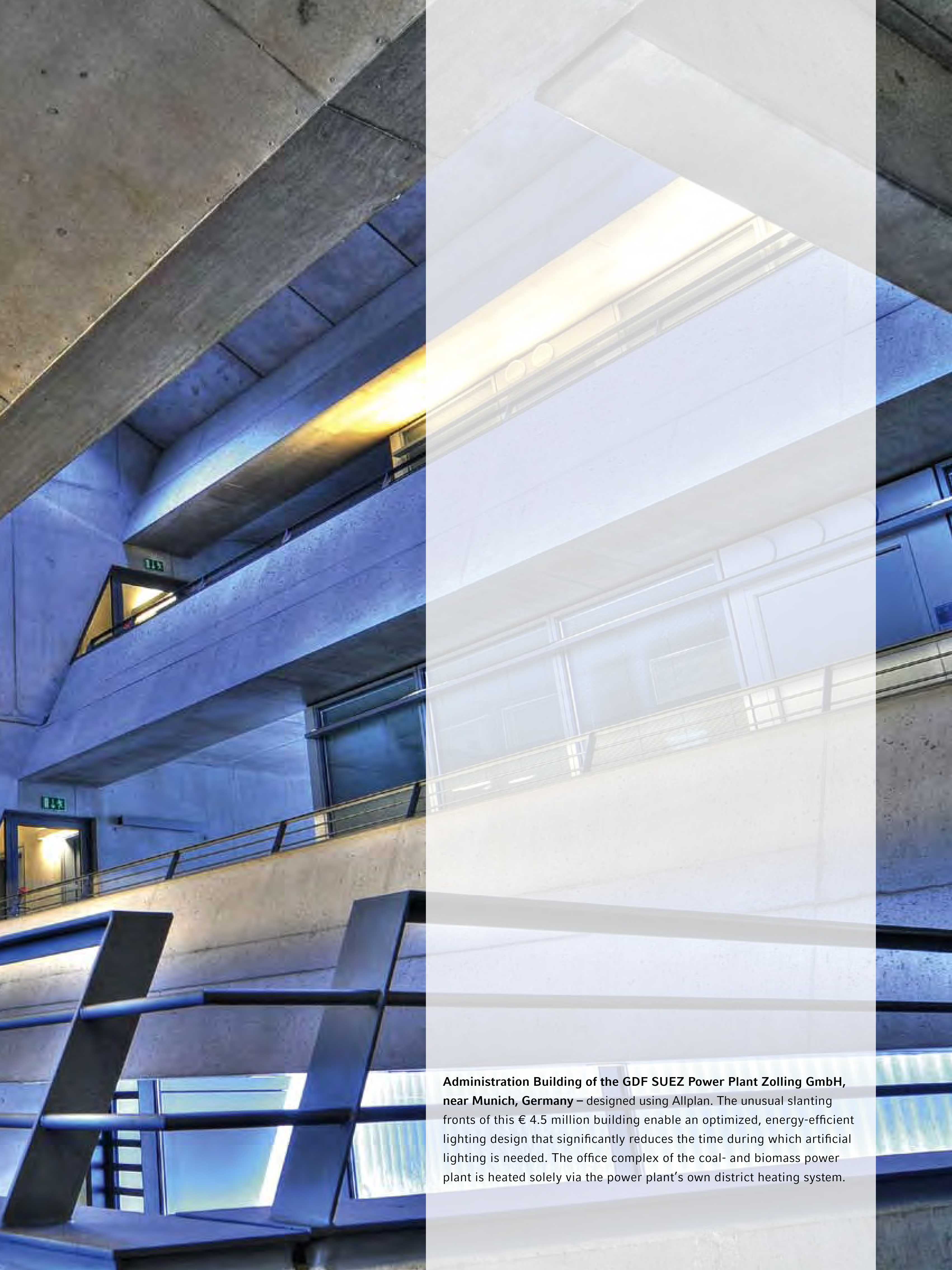
Award-winning project

This three-floor building in Madison, USA, won a special prize in 2009. It was the first house in the state of Wisconsin to win the highest LEED platinum award. LEED (Leadership in Energy and Environmental Design) is an internationally recognized rating system that assesses and rewards sustainable construction in various categories.

As well as high standards of design, the building's planners focused on two other important aspects: the sustainability of the building and its harmonious integration with its surroundings.

The building is characterized by environmentally-relevant elements, such as continuous-flow heaters and the use of regionally-available materials. The building's energy efficiency is enhanced by taking into account the hours of available sun. The house is also well-integrated with its surroundings. Using comparable dimensions and established materials, it blends harmoniously with the other buildings in the area, constructed in the 1960's and the post-war period.

This residential building was designed by the Richard Wittschiebe Hand architectural firm using Graphisoft software Archicad.



Administration Building of the GDF SUEZ Power Plant Zolling GmbH, near Munich, Germany – designed using Allplan. The unusual slanting fronts of this € 4.5 million building enable an optimized, energy-efficient lighting design that significantly reduces the time during which artificial lighting is needed. The office complex of the coal- and biomass power plant is heated solely via the power plant's own district heating system.

Nemetschek on the Capital Market

Share price on the rise

After some initial weakness, worldwide stock markets recovered from the effects of the economic crisis and saw steady growth from March 2009 onwards. The DAX (German stock index) grew, as did other indices: the TecDAX, for example, was around 55 percent higher at the end of 2009 than at the beginning of the year.

Nemetschek stocks (ISIN DE0006452907) suffered from the negative mood on the capital markets at the beginning of the year but then grew significantly over the course of the year. All in all, the stock grew by 57.5 percent in 2009.

Upwards trend since spring 2009

After the stock finished trading at € 10.38 at the end of 2008, it experienced significant losses in the first three months of 2009. Despite positive provisional figures, it reached an all-time low on March 10, with a value of € 5.10. The subsequent recovery of the capital markets, however, together with active investor relations measures gave the stock the impetus it needed. By the end of April, it was back at € 8.90. Xetra trading volume increased to 260,000 shares in April. In comparison, only slightly over 25,000 units were traded in February.

The first quarterly results published in May also resulted in a positive reaction on the market. Analysts at Goldman Sachs more than quadrupled the price target from € 4 to € 17. The stock price continued to grow and performed better than individual indices like the TecDAX. In July, over 189,200 Nemetschek shares were traded on Xetra.

The half-year figures published at the beginning of August gave the stock another boost, and the general upwards trend also continued in October and November. In the wake of the confirmed forecast for 2009, it reached an annual high of € 18.14 on November 24. After publication of the figures for the third quarter, WestLB increased the price target for Nemetschek shares from € 18 to € 24.

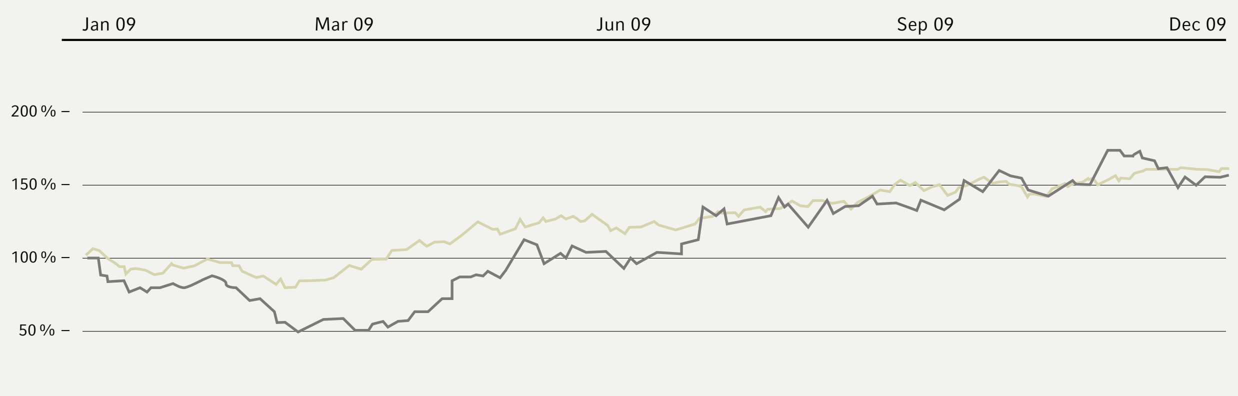
In the remaining weeks of the year, however, capital markets went through another period of uncertainty, which also depressed the price of Nemetschek shares. At the end of December, the price was € 16.14. In the 2009 fiscal year, an average of 6,600 shares were traded every day via the Xetra trading system.

Positive analyses

The Nemetschek family and the Nemetschek Foundation hold over 53 percent of the total 9,625 million Nemetschek stocks. The remaining 46.5 percent are free floating. Around 50 percent of the freely tradable stocks are held by institutional investors. Of these, no single investor holds more than five percent of the capital stock of Nemetschek AG. The remaining stocks are held by private investors. Two designated sponsors provided sufficient liquidity for the Prime Standard-listed stock in the last fiscal year: Equinet and WestLB.

WestLB, Goldman Sachs and, initially, Sal. Oppenheim issued current research reports of the stock in 2009. After publication of the figures for the 3rd quarter, and confirmation of the forecast for 2009, WestLB and Goldman Sachs confirmed their “buy” rating for Nemetschek stocks and put price targets at between 24 and 25 euros. They expected Nemetschek to achieve revenues of around 135 million euros in 2009, and an EBITDA of 26 or 27 million euros.

Price development of the Nemetschek share from January 1, 2009 to December 31, 2009



Price development of the Nemetschek share in comparison to the TecDAX (indexed)

Planned dividend

71.73 percent of the voting stock was represented at the AGM of Nemetschek AG on May 25, 2009. All items on the agenda requiring approval were voted through, with the over 99 percent approval of stockholders. Unlike the previous year, the AGM on May 26, 2010, will propose a dividend payment again. The dividend payment per stock will be 50 cents.

Continuous dialog with the financial market

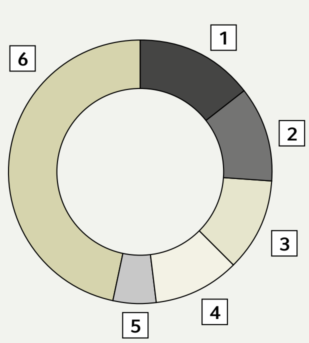
Especially in times of crisis, management stands by its belief in continuous dialog with the financial market. The CEO and the IR representative made themselves available to investors and analysts at several roadshows and conferences, as well as during countless individual discussions at company head offices. Nemetschek also informed its analysts and investors, in telephone conferences and individual phone conversations, after the publication of important news.

To ensure that timely and consistent information is provided to all actors on the financial market, the company makes all the relevant information available online at www.nemetschek.com, including the latest analyst presentations and audio recordings from telephone conferences. The 2008 annual report received another award. This time it was the LACP (League of American Communications Professionals) Silver Award.

Key Figures

	2009	2008	2007	2006	2005
Earnings per share in €	1.27	1.08	1.52	1.41	1.21
Cash flow for the period per share in €	2.98	3.11	3.20	2.21	1.80
Equity per share in € (conglomerate stocks)	8.12	6.93	6.39	5.58	5.00
Dividend per share	0.50	-	0.65	0.56	0.65
High in €	18.14	22.19	29.90	23.95	19.49
Low in €	5.10	6.38	19.25	13.46	9.00
Share price on December 31 in €	16.14	10.38	21.55	22.10	14.10
Price/earnings ratio	12.71	9.64	14.22	15.65	11.65
Market capitalization on December 31 in million €	155.35	99.91	207.42	212.70	135.70
Average number of shares traded per day (via Xetra)	6,676	7,036	8,949	11,655	11,075
Average number of outstanding shares in millions	9.625	9.625	9.625	9.625	9.625

Shareholder Structure



1 **14.66 %** Prof. Georg Nemetschek
2 **11.51 %** Dr. Ralf Nemetschek
3 **11.51 %** Alexander Nemetschek
4 **10.39 %** Nemetschek Foundation
5 **5.44 %** Ingrid Nemetschek
6 **46.49 %** free float

Shares owned by the board members as of December 31, 2009

	Stock portfolio
Managing Board	
Ernst Homolka	225
Supervisory Board	
Kurt Dobitsch	0
Prof. Georg Nemetschek	1,411,322
Rüdiger Herzog	0

Corporate Governance

The German Corporate Governance Code in the current version, dated June 18, 2009, contains important legislative regulations and recommendations on the management and oversight of Germany's publicly traded corporations as well as nationally and internationally recognized standards for good corporate management. For Nemetschek AG's managing board and supervisory board, responsible and value-based corporate management and supervision are a matter of course and a basic prerequisite for economic activity over the long term. This includes efficient cooperation between the managing board and supervisory board, respect for the interests of shareholders and employees, transparent corporate communication and responsible risk handling. The managing board and supervisory board largely follow the recommendations in the current version of the Corporate Governance Code. The few exceptions concern individual regulations in the Code, which, from their point of view, do not suit the requirements of medium-sized enterprises.

Every year, as part of the statutory regulations, the managing board and supervisory board of Nemetschek AG issue a statement that the company adhered to, and adheres to, recommendations of the government commission's German Corporate Governance Code. If certain recommendations have not been followed, then this is stated, too. The current Nemetschek AG declaration of conformity in accordance with § 161 of the Stock Corporation Act, which can be viewed on the company's website at www.nemetschek.com, was made on March 17, 2010.

Declaration of conformity in accordance with § 161 of the Stock Corporation Act, dated March 17, 2010

In accordance with § 161 of the Stock Corporation Act, the managing board and supervisory board of Nemetschek AG declare that the recommendations of the "Government Commission of the German Corporate Governance Code", version dated June 18, 2009, published in the official part of the electronic Federal Gazette on August 5, 2009, (hereinafter "Code"), have been and are being met, though with the following exceptions:

- The D & O insurance does not include excess insurance for board members (Code Item 3.2 Clause 2). Nemetschek AG does not believe that excess insurance would increase the motivation and sense of responsibility of the members of the managing board and supervisory board. To meet the statutory provisions set forth in the VorstAG (German Act on the Appropriateness of Managing Board Remuneration), the D & O insurance for the managing board has, however, been changed and provides for adequate excess insurance for the managing board as of July 1, 2010. As for D & O insurance for the supervisory board, no excess insurance has been agreed on for the members of the supervisory board for the reasons listed above.
- The managing board of Nemetschek AG consists of only one person (Code Item 4.2.1). The managing board and supervisory board believe that neither the organizational structure of the Nemetschek Group nor the focus of Nemetschek AG on holding tasks and group control necessarily requires a managing board with several people. Moreover, an Executive Council has been established within the Nemetschek Group to provide support for the managing board. The Council is made up of the managing board and the managing directors of the most important product organizations. Its task is to define and implement the strategic orientation of the group.
- According to Code Item 4.2.3 Clause 2 the remuneration structure for the managing board should be based on the overall corporate development over the long term. The variable portions of the remuneration package should take into account both positive and negative developments. These and the other provisions set forth in the VorstAG, insofar as these provisions had not already been taken into account in the existing contracts with the managing board, were implemented as a long-term incentive plan, which was passed in October 2009.
- The employment contract of the managing board does not include a severance payment cap (Code Item 4.2.3 Clause 4). The new managing board contract, which came into effect at the beginning of 2010, is valid for three years. The supervisory board is of the view that the short contract period of three years in itself offers adequate protection against unreasonable severance payments, which is why a separate severance payment cap was not agreed on.
- An age limit for members of the managing board and the supervisory board has not been defined explicitly and is not currently planned (Code 5.1.2 Clause 2 and 5.4.1). Such age limit would generally restrict the company in its selection of suitable members for the managing board and the supervisory board. Members are selected solely on the basis of technical competence and necessary experience, taking into account the company's international activities and diversity.
- The code recommendation on the formation of qualified committees is not followed (Code Item 5.3), as the supervisory board only has three members. The tasks for which the Code recommends the formation of such committees are all performed by the supervisory board of Nemetschek Aktiengesellschaft.
- Deviating from Code Item 5.4.3, the managing board of Nemetschek Aktiengesellschaft applied for the official appointment of a member of the supervisory board in February 2008 and requests that an unlimited official appointment be filled by the next AGM. The reason for this was that the supervisory board member concerned had already been elected by the AGM 2007 for a full term and merely left the supervisory board temporarily due to illness.

Munich, March 17, 2010
Nemetschek Aktiengesellschaft

Additional Information

Cooperation between managing board and supervisory board
The managing board and supervisory board again worked closely and trustfully together in 2009. The managing board has sole responsibility for the management of Nemetschek AG and is committed to the interests of the company and to increasing the shareholder value over the long term. It reports to the supervisory board regularly, quickly and comprehensively, in written and verbal form, about all relevant issues relating to business development and company planning, including the risk situation, risk management and compliance.

More information on this can be found in the supervisory board's report on pages 20–21 of this annual report, as well as in the management report.

Compliance and risk management
Compliance, i.e., the act of adhering to valid provisions, is a basic prerequisite for successful economic activity over the long term. The managing board ensures that legal requirements and internal company guidelines within the Nemetschek Group are adhered to. They are supported in this by the internal Compliance Officer and a Compliance Team. The Compliance Team's tasks include providing support for the management bodies and departments in the group's companies to ensure that all business processes conform to the law and meet the internal guidelines.

To ensure compliance over the long term throughout the company, Compliance Managers were installed in key parts of the group in 2009. Long-serving and particularly experienced employees were entrusted with this task. Furthermore, a compliance training program for all of the Nemetschek Group's employees was launched in the third quarter of 2009.

Detailed information on Nemetschek AG's risk management system can be found on pages 35–38 of the management report.

Remuneration of managing board and supervisory board
In accordance with the recommendations of the German Corporate Governance Code, we have been reporting the individual remuneration of all members of the managing board and supervisory board for a long time. A breakdown of the remuneration of the individual members by component can be found on page 30 in the management report.

The compensation for members of the managing board consists of a base salary (50 percent) and variable compensation. The variable compensation component is largely dependent on the attainment of corporate objectives with respect to sales and earnings. A smaller portion of the variable compensation is paid out upon achieving individual targets. In accordance with the recommendations of the German Corporate Governance Code, the members of the supervisory board also receive performance-related and fixed remuneration. This is based on the consolidated earnings per share.

With a view to corporate management over the long term, the supervisory board also discussed and approved the underlying conditions for a long-term incentive plan for the managing board and executive officers in the group in its meeting in October 2009. This came into effect at the beginning of 2010 and covers a time frame of four years. The incentive plan ensures that the interest of the managing board and the interest of shareholders in the long-term increase of the shareholder value are closely linked.

Directors' dealings and stock option scheme
No transactions subject to report were announced in the calendar year 2009.

The stock option scheme of Nemetschek AG from 2003 matured on July 28, 2008 and was not replaced by a new stock option scheme. Nemetschek AG has currently not issued any option rights.

Transparency
Nemetschek lays great importance on transparency and ensures strictly that the principle of equal treatment for shareholders is adhered to. The entire corporate communication is geared to informing all investors comprehensively and in a timely manner. As part of its investor relations activities, Nemetschek regularly organizes meetings with analysts and institutional investors. Furthermore, the publication of the quarterly statements is followed by telephone conferences. The presentations made in this connection are made freely available simultaneously on the Internet at www.Nemetschek.com and are supplemented by audio recordings.

As soon as Nemetschek becomes aware that a shareholder is subject to report because they have exceeded or fallen below the proportion of voting rights stated in the Transparenzrichtlinien-Umsetzungsgesetz (TUG) (Transparency Directive Implementation Act), then this fact is announced by the company without delay. Information on the shares held by the managing board and supervisory board can be found in the section "Nemetschek on the capital market" on page 17.

A financial calendar contains all the publication dates for the relevant financial reports. In this respect, Nemetschek has set itself the goal of exceeding the provisions of the German Corporate Governance Code and publishes its quarterly results within 30 days of the end of the relevant reporting period.

Supervisory Board Report on Nemetschek AG's 2009 Fiscal Year

Ladies and gentlemen,
Dear shareholders,

The past fiscal year saw the full impact of the global economic slump. In the largest economic crisis in decades, Nemetschek AG performed well. The fall in sales was largely balanced out by strict cost management, and the operating result was kept at almost the previous year's level. In connection with this, it must be stressed that this did not occur at the expense of safeguarding the future – expenditure for research and development even increased. As a result, Nemetschek AG must have further strengthened its market position as Europe's leading vendor of software for building design, construction and management.

Supervisory board and managing board in ongoing dialog
During the year under report, Nemetschek AG's supervisory board fulfilled the tasks and duties it is legally mandated to perform. It advised the managing board on directing the company and monitored the managing board's activities. The supervisory board was directly involved in all decisions of fundamental importance for the company. In a total of four meetings during the course of the year the supervisory board provided advice both on the company's strategic orientation and the development underway at the time.

Nemetschek AG's managing board presented the supervisory board with comprehensive quarterly reports about the business situation, including sales, revenue and liquidity developments, as well as the company's overall situation. In this context, there were also regular reports on the consequences of the economic crisis and preventive measures. These reports were supplemented by monthly reporting on sales development and contribution margins for the group as a whole and for the individual subsidiaries. In addition, the managing board kept the supervisory board informed about important business processes and current business plans.

The managing board also informed the supervisory board about all issues relating to risk and risk management as well as the work of the compliance team. The respective reports were presented to all supervisory board members and were debated in joint sessions of the managing board and the supervisory board. On the basis of Nemetschek AG's reports, the supervisory board supported the managing board's work and endorsed actions requiring approval. It did not form any committees. The full supervisory board and managing board attended all supervisory board meetings. In addition, the chairman of the supervisory board was in regular contact with the managing board outside the supervisory board meetings, and was continuously informed about the company's developments and the effects of the economic crisis.

Broad range of topics in the supervisory board meetings
Meeting in March 2009: During this meeting, the supervisory board reviewed in detail the annual financial statement presented by the managing board, Nemetschek AG's annual report, consolidated financial statements and group management report, as well as the auditor's reports and audit results. The appointed auditor also took part in this meeting. The supervisory board established the audited financial statements of Nemetschek AG for 2008, approved the consolidated statement for 2008, which had also been audited, and a decision was made on the appropriation of profits.

In addition, the proposed agenda for the Annual General Meeting, the supervisory board report and the Declaration of Conformity in accordance with the German Corporate Governance Code (see page 18) were advised on, approved and conclusively decided on. The supervisory board also concerned itself with the business progress in the first quarter and the forecast for 2009 as a whole.

Meeting in July 2009: This supervisory board meeting dealt with the managing board's report on business developments during the second quarter and additional business prospects. The effects of the economic crisis on business development and the associated plan of measures were deliberated intensively. Besides the supervisory board renewed the contract of CEO Ernst Homolka for another three years. A further topic of concern was the results and lessons learned from the market launch of the new software version of Allplan. The managing board also reported on planned cooperations and on activities in the area of financial communication.

Meeting in October 2009: This supervisory board meeting dealt with the business results for the third quarter and the outlook for the end of the year. The managing board also reported in detail on the development of sales and the implementation of cost savings in the most important subsidiaries. The managing board and supervisory board also reported in detail on the subject of compliance and the risk management report. This report is submitted to the supervisory board every six months and is shared with the internal auditor and director of controlling. With a view to corporate management over the long term, the supervisory board also deliberated on and approved the underlying conditions for a long-term incentive plan for the managing board and executive officers in the group in its meeting in October 2009.

Meeting in December 2009: This supervisory board meeting focused on the managing board's report on the result of the first 11 months of 2009 and planning for fiscal 2010. The managing board provided the supervisory board with a detailed overview of strategy and planning for the individual business units, including the business plan for the Build business unit. The managing board also presented initial thoughts about the new business and sales models in the context of the increasing importance of the internet.

Financial statement audit explained in detail

The annual financial statement prepared by the managing board according to the German Commercial Code, taking into consideration the accounting principles and annual report of Nemetschek AG for the 2009 fiscal year, the consolidated financial statement prepared according to the International Financial Reporting Standards (IFRS), as applicable in the EU, and also according to § 315a Paragraph 1 of the German Civil Code, and the consolidated annual report for the 2009 fiscal year have been audited and approved without qualification by the auditing firm KPMG AG Berlin, Munich branch. The supervisory board has satisfied itself as to the independence of the auditors.

The final documents and managing board's proposal on the appropriation of profits as well as the auditor's audit reports were made available to the supervisory board in good time. The meeting of the supervisory board held on March 17, 2010 to discuss, on the basis of the auditor's reports, Nemetschek AG's annual financial statements and management report as well as the consolidated financial statements and consolidated management report was attended by the auditor, who answered all questions thoroughly.

Taking the auditor's reports into consideration, the supervisory board has examined the annual financial statements, the management report, the consolidated financial statements and the group's management report and is convinced of the correctness and completeness of the actual information. The supervisory board approved the result of the auditor's examinations based on its own examinations. The supervisory board raised no objections. The supervisory board explicitly endorsed the financial statement and consolidated statement of Nemetschek AG for 2009 in the balance sheet meeting on March 17, 2010. The annual financial statements of Nemetschek AG for fiscal year 2009 are thus final.

The supervisory board and managing board debated the dividend policy and agreed to the managing board's proposal on the appropriation of profits in view of the company's financial situation and the expectations of shareholders and the capital market. In accordance with legal rulings and the company articles, it was decided to propose the following appropriation of profits to the Annual General Meeting in May 2010:

Of the balance sheet profit amounting to 13,941,209.13 euros, 4,812,500.00 euros will be paid out to the shareholders. This represents a dividend per share of 0.50 euros (previous year: 0 euros). Of the remaining balance sheet profit of 9,128,709.13 euros, 3,000,000.00 will be transferred to revenue reserves and 6,128,709.13 will be carried to a new account.

Managing board and supervisory board unchanged

There were no changes to the managing board of Nemetschek AG. The number of members and composition of the supervisory board also remained unchanged in 2009.

The supervisory board would like to thank the managing board and all Nemetschek Group employees for the good performance they achieved in 2009 under very difficult conditions.

Munich, March 17, 2010

The Supervisory Board

Kurt Dobitsch
Chairman

Consolidated Financial Statements and Financial Statements of Nemetschek AG 2009

Consolidated Financial Statements of Nemetschek AG (IFRS)

Financial Statements of Nemetschek AG (German GAAP)

Interior view of the Melbourne Convention and Exhibition Centre, Melbourne, Australia – see page 5 for details

Group Management Report for the 2009 Financial Year

The Company

Nemetschek in brief

The Nemetschek Group is Europe's leading vendor of software for architecture and construction. The companies under the umbrella of Nemetschek Aktiengesellschaft provide end-to-end solutions for architects, structural designers and engineers as well as specialist engineers – including construction software for cost and schedule planning, tenders, awarding of contracts, invoicing and execution of building work. There are also solutions for technical facility management and commercial real estate management as well as visualization software for architecture, film and advertising.

From CAD (computer-aided-design) to ERP (enterprise resource planning), the graphical, analytical and commercial solutions offered by the group cover a large part of the value chain in the construction industry – from the planning and visualization of a building to the construction process to building management. With its 10 product brands, the group offers a broad range of software solutions for a heterogeneous market. The software solutions, some of which are tightly interlinked, facilitate interdisciplinary collaboration among all those involved in the building process and thus make the process itself more efficient.

The company was founded in 1963 and employs 1,064 people worldwide. In 2009, Nemetschek achieved revenues of 135.6 million euros and an operating result (EBITDA) of 30.4 million euros.

Business segments

Under the Nemetschek Group umbrella, the 10 product companies operate largely independently. Each company is assigned to one of the four business segments: Design, Build, Manage and Multimedia.

The Design business segment

The companies in this unit, the largest in the group, have a global presence and offer software solutions for architects, civil engineers, structural designers, specialist designers and landscape designers. They therefore primarily offer programs for CAD and CAE (computer aided engineering) – for planning in 2D or for 3D (3-dimensional) object-oriented design. The focus for users is on practical relevance, ease of use and modification in line with regional building requirements. Simple data exchange with other disciplines is also becoming increasingly important. Users require interlinked solutions, of which there are many good examples in the design business segment, for example the seamless interaction between CAD programs and structural calculations.

Design - focus on architecture

The companies in the Design business unit include Nemetschek Allplan; the Hungarian company Graphisoft, with its core product Archicad; and Nemetschek North America, with the Vectorworks product. Nemetschek Allplan, which has had a strong presence primarily in Europe, forms the group's platform product: Allplan offers comprehensive solutions for architects, civil engineers and facility managers, and thus provides an instrument for largely integrated planning, from design to execution to subsequent building management. The integration of specialist design solutions and their seamless connection to the software of the Engineering Group make the product attractive, not least of all for general contractors and for projects in the area of public-private partnerships.

In the past year, Allplan took its first steps on the Asian market and won new sales partners in Japan and Korea. With Allplan 2009, the company has launched a new software version, which focuses on the subjects of energy efficiency and renovation. Allplan makes full use of partnerships here: for example, the cooperation with a provider of timber construction software makes it possible to offer an end-to-end solution that covers practically all tasks in the design and construction of timber structures. Together with a renowned provider of building services, Allplan is also working on an integrated solution for architecture, engineering and building services.

Archicad, the CAD solution from the Hungarian firm Graphisoft, is designed primarily for architects and covers the entire value chain in a design office, from the initial draft to the final details of the working drawings. In 2009, Graphisoft expanded its presence in the Middle East (along with other areas) primarily in Egypt, the United Arab Emirates and Saudi Arabia.

In 2009, Graphisoft also focused on the subject of green building: EcoDesigner, on the market since the spring, provides architects in the design phase with reliable information on the probable energy requirements and CO_2 emissions of their buildings. In September, the new version Archicad 13 was launched with a new Teamwork function that enables users to work jointly on projects in a network, regardless of their actual location. The BIM Server – a model-based server solution, which can also be accessed via the Internet – allows constant access to a central building model which is maintained and updated online. This is the only one of its kind to date, and it enables greater efficiency, transparency and data security when working in a project team.

Vectorworks, the core product of Nemetschek North America (NNA), is a CAD solution for design and execution planning which offers a broad spectrum of specific industry solutions for architects, interior designers, landscape designers as well as stage and lighting designers. NNA also has an international presence; Vectorworks is the most widely-used CAD program on Apple Macintosh in the world and is also available for Windows.

At the end of 2009, NNA launched the new version, Vectorworks 2010. This has turned the capabilities offered by the new Parasolid kernel from Siemens PLM Software into new functionality – the focus being on optimizing work processes in the context of the 3D building model. For example, it is now possible to work across floors, and the integration of an extra software program from Siemens PLM Software permits the intelligent linking of objects and geometries so that changes automatically trigger adjustments to the context.

Design - focus on engineering

The companies that focus on engineering include Nemetschek Allplan (with the product line for engineering), Nemetschek Scia, Nemetschek Engineering, Friedrich & Lochner and Glaser. The group offers solutions for all areas of engineering including CAD, structural analysis, logistics and project management – from easily learnable basic products to high-end solutions. For two years, the five providers in the Nemetschek Engineering Group have been working together to address relevant topics and coordinate their marketing activities. For example, the group holds an international user competition every two years. Together, the companies that focus on engineering have around 20,000 customers and are therefore the leaders in engineering software in Europe.

Nemetschek Scia, after Allplan the largest company in the group, offers solutions for high-end engineering which are used by engineers in stress planning to analyze and measure general two- and three-dimensional steel as well as reinforced concrete structures containing other materials. Scia incorporates its specific engineering expertise into the design process by employing CAD products from Nemetschek that operate on the basis of a digital building model. The core product, Scia Engineer, permits the modeling of large and complex structures, such as bridges, towers, energy plants and tower blocks. In 2009, the Belgian Nemetschek subsidiary was able to further expand its presence in Europe, the Middle East and Brazil. Scia also took its first step on the American market: Together with Nemetschek North America, the company opened a new sales branch in the US state of Maryland, which will also provide product support.

Nemetschek Frilo offers a comprehensive range of structural engineering programs that primarily support engineers' day-to-day work. The Frilo software is particularly characterized by ease of use and rapid results. The implementation of European building standards and their individual, national provisions were one focus of development in 2009. In addition, an earthquake check and a complete collection for masonry checks were added to the Frilo building model.

The Build business segment

The Build business segment comprises all products and solutions that deal with commercial and technical cost, work invoicing, cost and deadline planning, calls for tender, as well as assignment and invoicing (TAI) of construction work. They cover the actual construction process – from project cost planning and technical building site management to commercial construction invoicing. The Build business segment, which has, to date, concentrated on German-speaking markets, includes Nemetschek Bausoftware, the Austrian company Auer – Die Bausoftware and the Allplan BCM product line of Nemetschek Allplan. They operate primarily in Germany, Austria and Switzerland.

All together, with more than 8,000 customers from the areas of design (architects and engineers) and construction management – including construction companies – they support more than 50,000 user licenses. Auer is the undisputed market leader in Austria. Nemetschek Bausoftware, with its primarily commercial solutions, has a strong position in Germany and is market leader in Switzerland.

In 2009, the Nemetschek Construction Group, led by a new business unit manager, was formed to integrate its products more closely and to jointly develop a new technical software generation, which will be launched on the German-speaking market in 2012 and will also be available outside the German-speaking market over the medium term.

The Manage business segment

The Manage business segment consists of Nemetschek Crem Solutions. Its product portfolio is designed for the management and settlement of real estate and property within the commercial and residential real estate industries. The main product, iX-Haus 2008, is an integrated solution for the management of large assets with complex business requirements. The business segment also offers management software for residential and commercial real estate companies and large property managers. For the implementation of its solutions, the company follows an integrated approach, from process analysis to adaptation for customer requirements to user training. To address new target groups, the focus of development in 2009 was on the enhancement of functionality in software for the management of residential property owner associations and special property management.

The Multimedia business segment

The Multimedia business segment comprises the Maxon headquarters in Germany and its subsidiaries in the USA and United Kingdom, as well as representatives in France and Japan. As a vendor of professional 3D software for visualization and animation, Maxon focuses on maintaining closeness to the customer and ease of product use. The software, which is available in 10 languages, is marketed in more than 80 countries. Thanks to the numerous areas of application for the Cinema 4D software and the heterogeneous customer structure – from architecture offices to film studios – Maxon is comparatively independent from individual industries.

In 2009, Maxon once again received numerous awards in the press, e. g., its eigth award for best 3D software from the British Macintosh Press. The product highlight in 2009 was the new Cinema 4D Broadcast Edition, which allows creative professionals in TV and advertising to create spectacular motion graphics effects in the shortest space of time. The key to success is its seamless connection to established 2D systems in the industry and its flexibility in working with various image formats, such as HD or 3D Stereo.

Strategy and market position

Since the acquisition of its largest European competitor, Graphisoft, in 2007, Nemetschek has been Europe's leading vendor of software for architects, engineers and the construction industry and seeks to continue generating profitable growth. Worldwide, the group is number two behind US vendor Autodesk. The industry has undergone a process of consolidation in which Nemetschek was actively involved. Today, there are now just a few international players. In contrast, there are numerous small, local providers, which make up a good half of the market volume. This reflects the heterogeneity of the market, which is characterized by the numerous disciplines involved in the building process, different philosophies and different regional rules and standards

Close to customers' requirements

Unlike its competitors, Nemetschek concentrates on the AEC market (architecture, engineering, and construction). This is where the company has its roots, and is where it sees its future as an industry specialist. The group's solutions cover a large part of the construction value chain, from planning and visualization to the actual construction process to management, another area in which Nemetschek stands out. To meet the wide range of customer demands, the group offers a broad range of "best-in-class" solutions that are tailored to particular working methods and local requirements. No other vendor is closer to the needs of its clientele – this is part of the company's mission and philosophy.

To continue generating profitable growth and meet the wide variety of customer requirements, Nemetschek is increasingly counting on collaborations with partners from the industry who offer "best-in-class" solutions in special areas. The most recent partnerships – such as the cooperation with Finnish company Tekla – bear this out. And in connection with this, the group is actively involved in establishing industry-wide standards for manufacturer-independent data exchange.

Building Information Modeling as a central topic

Smooth data exchange is a basic prerequisite for Building Information Modeling (BIM), the central topic throughout the construction industry. According to this, the construction process is not simply the sum of individual work, but rather the integrated overall performance of all the disciplines involved, on the basis of a central building model. This model – created using object-oriented, 3-dimensional CAD software – integrates both geometric and descriptive information and is enhanced with other details by all those involved in the process. The focus is not merely on the actual process of design and construction; rather, the entire life cycle of buildings is also taken into account. In other words, at an early stage the architect is able to analyze the effects of his planning decisions on the subsequent management of the building.

This integrated approach is a prerequisite for efficient, sustainable building. 80 percent of all decisions relating to a building's energy requirements are made early on in the design phase. Around the world, requirements concerning the sustainability of buildings are increasing, which poses significant challenges for designers and construction companies.

The Nemetschek Group sees it as its central task to make it easier for its customers to overcome these challenges and provide them with the tools they need. The companies in the group already offer a broad range of solutions for green building, and this topic will continue to be at the very top of the agenda for the research departments in the future.

Corporate responsibility

For Nemetschek, corporate responsibility means providing its customers with the best possible support, finding future-oriented solutions, developing its employees within the company and, in general, meeting high ethical standards. In doing so, the company adds value for customers, employees, shareholders and society. Management is convinced that Nemetschek's business is based on sustainability. Three aspects are at the forefront of this philosophy: the environment, employees and society.

Sustainable and efficient building

With its software solutions, Nemetschek plays an important role in helping to make the building process more efficient and sustainable. The solutions help architects and engineers to design energy-efficient buildings and minimize material consumption. Environmental protection is also taken seriously within the company: measures include the use of modern office fittings and the increased use of video conferences to keep business trips to a minimum.

Even beyond its own products, the group is committed to the matter of sustainable building. Nemetschek is an active member of the German Sustainable Building Council (DGNB), which developed the German Sustainable Building Certificate and awards it together with the German Federal Ministry of Traffic, Building and Urban Affairs (BMVBS). The group also supports new generation initiatives, such as the Solar Decathlon Europe 2010. In this European competition, around 20 selected university teams will compete to design and build a house run by solar energy alone by June 2010.

For years, Nemetschek has been involved in the area of education and innovation. The company also has its roots in the university environment, and for many years has had a presence there with its software and the corresponding support. Since 2009, all the large product companies have been providing free software licenses and online training materials to students as part of their campus programs.

The companies in the group make every effort to provide their employees with the best possible working conditions and the opportunity to achieve a good work/life balance. The focus here is on offering flexible working times and a comprehensive educational program; the specific offers vary from country to country. As a matter of principle, the Nemetschek Group places great importance on the correct conduct of its employees and on a good working relationship. The principles for this are laid down in the internal code of conduct and are made accessible to employees in, among other opportunities, special training courses.

Report on enterprise controlling and declaration on corporate management

As a holding company with registered offices in Munich, Nemetschek Aktiengesellschaft holds majority interests in companies that develop and globally market software solutions for the complete life cycle of buildings. The group, with its nationally and internationally operational product brands, is split into four business segments: Design, Build, Manage and Multimedia.

The company management of the group is based on the group strategy jointly approved by the managing board and supervisory board. This covers the strategic positioning of the group and its portfolio, as well as the concrete, medium-term sales and revenue projections. The group specifications and annual targets for the product brands and their companies are derived from the strategic aims. These company goals are coordinated with and agreed upon by the group companies in the annual planning process at profit center level, are substantiated by them and are then assigned individual quantitative and qualitative targets for marketing and development. The annual plan, its individual targets and medium-term plan are approved by the supervisory board in a special session.

During the year, the group targets are monitored on the basis of a group-wide management information system with detailed reporting of the key performance indicators for the sales, cost and revenue situation. Central controlling values for Nemetschek Aktiengesellschaft are sales by regions, the sales structure, and the contribution margins of the organizations.

Strategic and operative corporate management is carried out in close consultation with the executive council of the Nemetschek Group. This comprises the top managers in the largest organizations. The function of the Nemetschek Group executive council is to develop, control and monitor the strategic orientation of the Nemetschek Group.

Declaration in accordance with § 161 of the Stock Corporation Act

The declaration in accordance with § 161 of the Stock Corporation Act is published within a separate section of the annual report of Nemetschek Aktiengesellschaft.

Working practices of the supervisory board

For information on the working practices of the supervisory board, we refer to the supervisory board report.

Disclosures pursuant to § 315 (4) of the German Commercial Code and explanatory report

(1) Composition of the issued capital

Nemetschek Aktiengesellschaft's share capital as of December 31, 2009 stands at 9,625,000.00 euros (unchanged on the previous year) and is divided into 9,625,000 no-par value bearer shares.

(2) Restrictions relating to the voting rights or transferability of shares

There are no restrictions relating to the voting rights or transferability of shares.

(3) Investments in capital that exceed 10 percent of the total voting right

Direct and indirect investments in the issued capital (list of shareholdings) are listed below:

Prof. Georg Nemetschek	14.66 %	(previous year: 14.66 %)
Dr. Ralf Nemetschek	11.51 %	(previous year: 11.51 %)
Alexander Nemetschek	11.51 %	(previous year: 11.51 %)
Nemetschek Foundation	10.39 %	(previous year: 10.39 %)
Free float (below 10 %)	51.93 %	(previous year: 51.93 %)

All shareholders with holdings in excess of 10 percent of the voting rights are resident in Munich.

(4) Shares with special rights granting control:
There are no shares with special rights granting control.

(5) Type of voting right controls when employees hold interests in capital and do not exercise their control rights directly:
There are no voting right controls on employees with shareholdings.

(6) Legal provisions and statutes on the appointment and dismissal of members of the managing board and amendments to the articles of incorporation and by laws
The appointment and dismissal of managing board members is governed by §§ 84 and 85 of the German Stock Corporation Act and § 7 of the articles of incorporation and bylaws of Nemetschek Aktiengesellschaft. Accordingly, managing board members are appointed by the supervisory board for a maximum of five years. Reappointment or extension of the term of office is allowed, for a term of up to five years each time.
The amendment to the articles of incorporation and bylaws is subject to § 179 of the Stock Corporation Act and §§ 18 and 13 of the articles of incorporation and bylaws of Nemetschek Aktiengesellschaft. These stipulate that the Annual General Meeting must pass a resolution to amend the articles of incorporation and bylaws by a simple majority of the voting rights represented – provided that the law does not require a greater majority. According to § 13 of the articles of incorporation and bylaws of Nemetschek AG, the supervisory board is authorized to pass resolutions that only affect the wording of the articles of incorporation and bylaws.

(7) Authorization of the managing board to issue or redeem shares
(7a) According to the resolution of the Annual General Meeting on May 21, 2008, the managing board was authorized as follows until November 20, 2009 (it did not make use of this authorization):

- "To purchase up to 962,000 treasury shares of the company, equivalent to just under 10 percent of the current share capital, in full or in part amounts, once or in several installments, subject to the following conditions: at no time may the shares acquired on the basis of this authorization together with other treasury shares already purchased and held by the company, or which are attributable to the company under §§ 71a et seq. of the Stock Corporation Act, constitute more than 10 percent of the capital stock of the company. The authorization may not be used for trading with treasury shares.

  This authorization replaced the authorization adopted by the Annual General Meeting of Nemetschek Aktiengesellschaft on May 23, 2007 as agenda topic six concerning the acquisition of treasury shares, which was thereby cancelled to the extent that no use was made of it.

- The shares can be purchased on the stock exchange or by public offer addressed to all shareholders of the company. If the shares are purchased on the stock exchange, the purchase price of a Nemetschek share (excluding incidental acquisition costs) may not exceed or fall below the average closing price in the last five days of trading prior to the obligation to purchase them on the electronic Xetra exchange (or a comparable successor system) by more than 10 percent

  If a public purchase offer is made, the offer price for a Nemetschek share (excluding incidental acquisition costs) may not exceed or fall short of the average closing price on the Xetra exchange over the five days of trading prior to publication of the purchase offer by more than 20 percent If the total subscription exceeds the volume of the purchase offer, shares are issued on the basis of the relative quotas. Preferential subscription to small numbers of shares may be allowed, up to a maximum of 100 shares offered for sale for each shareholder."

- The managing board is authorized to use the treasury shares purchased pursuant to this authorization for any legally permitted purpose. According to § 71 (1) No. 8 of the Stock Corporation Act, the managing board is authorized to use treasury shares purchased pursuant to this authorization for purposes other than the sale on the stock exchange or via an offer to all shareholders precluding the subscription rights of the shareholders:

  (a) The managing board is authorized to offer treasury shares purchased by exercising the above authorization to third parties as consideration for the acquisition of entities, investments in entities or parts of entities.
  (b) The managing board is authorized to use treasury shares acquired by exercising the above authorization to satisfy share subscription rights under the 2003 stock option scheme. The 2003 stock option scheme is based on resolutions passed by the Annual General Meeting on July 29, 2003 on No. 7 (b) of the agenda (published in the electronic Federal Gazette on June 18, 2003) and on May 20, 2005 on No. 7 (a) of the agenda (published in the electronic Federal Gazette on April 12, 2005). Please see the resolutions of the respective Annual General Meetings and the latest managing board report for more details.
  The supervisory board must decide on any assignments of treasury shares to members of the managing board.

(c) The managing board is authorized to redeem treasury shares acquired by exercising the above authorization, with the approval of the supervisory board, without any further resolution of the Annual General Meeting being required for the redemption to take effect."

(7b) According to the resolution of the Annual General Meeting on May 25, 2009, the managing board was authorized as follows until November 24, 2010 (it did not make use of this authority):

- "To purchase up to 962,000 treasury shares of the company, equivalent to just under 10 percent of the current share capital, in full or in part amounts, once or in several installments, subject to the following conditions: at no time may the shares acquired on the basis of this authorization together with other treasury shares already purchased and held by the company, or which are attributable to the company under §§71a et seq. of the Stock Corporation Act, constitute more than 10 percent of the capital stock of the company. The authorization may not be used for trading with treasury shares.

  This authorization replaced the authorization adopted by the Annual General Meeting of Nemetschek Aktiengesellschaft on May 21, 2008 as agenda topic six concerning the acquisition of treasury shares, which was thereby cancelled to the extent that no use was made of it.

- The shares can be purchased on the stock exchange or by public offer addressed to all shareholders of the company. If the shares are purchased on the stock exchange, the purchase price of a Nemetschek share (excluding incidental acquisition costs) may not exceed or fall below the average closing price in the last five days of trading prior to the obligation to purchase them on the electronic Xetra exchange (or a comparable successor system) by more than 10 percent.

  If a public purchase offer is made, the offer price for a Nemetschek share (excluding incidental acquisition costs) may not exceed or fall short of the average closing price on the Xetra exchange over the five days of trading prior to publication of the purchase offer by more than 20 percent. If the total subscription exceeds the volume of the purchase offer, shares are issued on the basis of the relative quotas. Preferential subscription to small numbers of shares may be allowed, up to a maximum of 100 shares offered for sale for each shareholder.

- The managing board is authorized to use the treasury shares purchased pursuant to this authorization for any legally permitted purpose. According to §71 (1) No. 8 of the Stock Corporation Act, the managing board is authorized to use treasury shares purchased pursuant to this authorization for purposes other than the sale on the stock exchange or via an offer to all shareholders precluding the subscription rights of the shareholders:

  (a) The managing board is authorized to offer treasury shares purchased by exercising the above authorization to third parties as consideration for the acquisition of entities, investments in entities or parts of entities.
  (b) The managing board is authorized to redeem treasury shares acquired by exercising the above authorization, with the approval of the supervisory board, without any further resolution of the Annual General Meeting being required for the redemption to take effect."

(8) Significant agreements that are subject to a change in control as a result of a takeover bid

The company has not entered into any significant agreements that are subject to a change in control as a result of a takeover bid.

(9) Compensation agreements with the members of the managing board or employees in the event of a takeover bid

The company has not entered into any compensation agreements with the members of the managing board or employees in the event of a takeover bid.

Remuneration report

Supervisory board

In addition to a fixed component, the remuneration paid to members of the supervisory board contains a profit-based component. The variable compensation component is based on the consolidated earnings per share. It is the view of the managing board and the supervisory board that this important ratio constitutes a reliable benchmark for increasing the intrinsic value of the shares and, thus, the company's performance.

Remuneration of the supervisory board breaks down as follows:

Thousands of €	Fixed salary	Profit-based remuneration	2009
Kurt Dobitsch	30.0	18.5	48.5
Prof. Georg Nemetschek	22.5	18.5	41.0
Rüdiger Herzog	15.0	18.5	33.5
Total Supervisory Board Remuneration	**67.5**	**55.5**	**123.0**

Thousands of €	Fixes salary	Profit-based remuneration	2008
Kurt Dobitsch	2500	7.5	32.5
Prof. Georg Nemetschek	22.5	9.0	31.5
Rüdiger Herzog	17.5	9.0	26.5
Alexander Nemetschek	2.5	1.5	4.0
Total Supervisory Board Remuneration	**67.5**	**27.0**	**94.5**

Managing board

The remuneration for members of the managing board consists of a base salary and variable remuneration. The variable remuneration component is largely dependent on the attainment of corporate objectives with respect to sales and earnings. A smaller portion of the variable remuneration is paid out upon achieving individual targets. With the coming into effect of the German Act on the Appropriateness of Managing Board Remuneration (VorstAG) on August 5, 2009, the legislators demanded a remuneration component with a long-term incentive effect. To meet these requirements, the managing board remuneration system is currently being revised.

Remuneration of the managing board breaks down as follows:

Thousands of €	Fixed salary	Profit-based remuneration	2009
Ernst Homolka	219	195	414
Total Management Board Remuneration	**219**	**195**	**414**

Thousands of €	Fixed salary	Profit-based remuneration	2008
Ernst Homolka	218	170	388
Michael Westfahl	75	0	75
Total Management Board Remuneration	**293**	**170**	**463**

The fixed component contains the basic salary and other taxable salary components, such as health and nursing insurance as well as provisions for company cars. Mr. Homolka waived his right to share-based remuneration in October 2008. In fiscal 2008, termination benefits paid to Mr. Westfahl came to four hundred ninety-nine thousand euros. Mr. Westfahl left the company in May 2008.

Employees

As of December 31, 2009, the Nemetschek Group employed 1,064 people worldwide (previous year: 1,114). In the last fiscal year, a few companies outside Germany that were particularly affected by the economic crisis cut jobs – particularly in the area of sales and marketing. In the fiscal and previous year, the statistical calculation and assignment of the headcount figures were adjusted for employees on parental leave, freelancers, temporary workers and people on long-term sick leave and updated in accordance with the existing cost center structure. The Nemetschek Group employed an annual average of 1,085 people (previous year: 1,083).

The Nemetschek Group employed 60 percent (previous year: 61 percent) of its workforce outside Germany. On average, 480 people (previous year: 445) were employed in the area of research and development in the Nemetschek Group. An average of 463 employees (previous year: 491) worked in sales, marketing and hotline. 142 employees (previous year: 147) worked in administration – including 19 trainees, who were primarily employed in commercial departments as well as in IT and development. As a rule, they have a good chance of being employed by the company once their training has been completed.

Flexible working hours and ongoing training

Nemetschek relies on highly motivated employees and offers them attractive working conditions. Rulings on flexible working hours are a matter of course for many employees in the group, but the details vary considerably from company to company and also depend on country-specific rulings. The same applies for part-time work in the context of either parental leave or semi-retirement.

Over 30 percent of the workforce are architects and engineers, which demonstrates the company's strong roots in the industry. Employees in the Nemetschek Group have numerous opportunities for development in the form of internal and external training courses. The topics covered by training events range from subject-specific training, foreign-language and IT courses to management training and seminars on the subject of teamwork and self-management.

Performance-related pay also contributes to the high level of employee motivation. This is the norm in most of the companies. The sales and earnings development of the company and the achievement of personal targets are usually the criteria for measuring this. In some cases, managers and sales employees are primarily measured based on the overall success of the company, while the variable portion for the other employees depends on the achievement of individual or team targets.

Research and development

The development and enhancement of products and solutions is the basis for Nemetschek's success. The company will only be able to generate profitable growth in the future with continuous product and process innovations. In 2009, the group invested 33.6 million euros (previous year: 33.1 million euros) in research and development, equivalent to 24.8 percent (previous year: 22.0 percent) of sales. On average, the group employed 480 people (previous year: 445) in this area, which is 44.3 percent (previous year: 41.1 percent) of the total headcount of the Nemetschek Group.

Nemetschek is one of the pioneers of Building Information Modeling. BIM is the integrated process of planning, building and management, supported by a consistent, digital building model. This model – created using object-oriented, 3-dimensional CAD software – integrates both geometric and descriptive information and is enhanced with other details by all those involved in the process. Data is no longer lost, and does not have to be entered anew for each process step.

Nemetschek counts on BIM and supports open data exchange via IFC

For smooth data exchange industrial standards on which every involved party can rely are required. The industry association buildingSmart, which wants to promote BIM on an international level, has therefore developed the "Industry Foundation Classes" (IFC). IFC is a manufacturer-independent and freely available data exchange format that has proved particularly powerful for the exchange of 3D object-oriented planning and design data in the construction industry – regardless of which software the cooperation partners use.

Nemetschek has supported the IFC format from the outset. All the group's architecture programs and the Scia Engineer structural analysis software are IFC-certified. This means that the Nemetschek development departments can implement IFC with a high level of quality. At the same time, the group is active in a number of committees of the buildingSmart alliance, and Nemetschek is also involved in the practical implementation of the IFC format. In the cooperation with the Finnish company Tekla, for example, which was agreed at the end of 2009, the primary aim is to jointly optimize data exchange between various software solutions on the basis of IFC. In 2009, Vectorworks also focused its development on the BIM workflow and the systematic support of data exchange via IFC.

Focus on sustainable building

One central focal point of the company's R&D efforts in 2009 in the area of design was environmentally friendly building. All CAD vendors under the roof of Nemetschek have developed solutions for this and are driving these forward. With Allplan 2009, for example, architects and engineers can offer their clients a comprehensive range of consulting services thanks to numerous functionalities. These include applications for the initial analysis of the future energy requirement as well as modules for the creation of energy certificates in line with the standards of selected countries. There are also simulation programs for equipping a building with solar and photovoltaic systems and online access to funding databases.

In 2010, green building will continue to play an important role for Allplan, with the focus on optimized collaboration between architects and building service providers (design professionals for heating, ventilation and sanitation) – an important topic, particularly for complex buildings. The cooperation between Allplan and Plancal, a Swiss provider of building services software, is therefore concerned with the optimization of data exchange on both sides so that an integrated solution for architecture, engineering and building services can be offered in the future on the basis of an integrated 3D building model.

"Environmental product of the Year"

With EcoDesigner from Graphisoft, architects are also able to determine the likely energy requirements of their buildings in the early design phase and compare different designs with each other. The analysis of the building model is carried out automatically and the results are displayed in the architect's familiar working environment. At the end of 2009, EcoDesigner was crowned "Environmental Product of the Year" by Construction Computing Magazine, a renowned UK journal for IT in the construction industry. The readers of the magazine voted on the prizewinners.

In 2010, Graphisoft will continue to optimize EcoDesigner and also integrate new modules. For example, in the future, architects should be able to calculate the effects that devices specifically designed for shielding sunlight have on the demands placed on the air conditioning system. They should also be able to calculate the annual energy costs for their customers arising from their connection to the district heating supply.

Vectorworks users also receive targeted support when designing energy-efficient buildings. Architects can use a special spreadsheet to determine relevant building data such as requirements for light intensity or ventilation. In addition, they can simulate different positions of the sun to estimate the impact of the geometry of the planned building. There are also special local solutions, such as the Vectorworks-based ThermoRender from the Japanese sales partner, which can be used to accurately determine the complete carbon footprint balance of a building – from the energy requirement to the CO_2 emissions.

The Underlying Conditions

Underlying economic conditions

As predicted, the leading economies and emerging economies suffered from the effects of the global financial crisis in 2009. Worldwide, economic output fell by 1.1 percent, following growth of 3.0 percent in the year before.

North America, the eurozone, Russia and Eastern Europe were the regions primarily affected. The raw materials and stock markets experienced a considerable decline into the 2nd quarter of 2009.

The central banks in Europe and North America implemented counteractive measures by dropping interest rates to a historically low level at the start of the financial crisis and by considerably simplifying the options for refinancing in the banking sector. In addition, many governments set up comprehensive, debt-financed economic recovery programs, the success of which was in some cases already felt during 2009.

In the second half of the year, the global economic climate improved as a result of more optimistic outlooks for the first six months of 2010. Thus, the Ifo World Economic Climate Index rose from 78.7 in July to 90.4 in October. With the announcement of the European economic data for the 3rd quarter, growth of 0.2 percent for the gross national product was reported for the first time following five quarters with negative growth in the European Economic Area. However, a further, rapid economic recovery is not expected. Forecasts for growth in the eurozone in 2010 stand at around 0.7 percent, and economic research institutes have not set the figure significantly higher for subsequent years.

Although unemployment in the EU increased by 4.3 million people in 2009, the highest values here are not expected until 2010.

Developments in the industry

In 2009 the building industry was directly affected by the financial crisis in multiple ways. Economic output in the construction industry was subject to high turbulence as a result of the drop in real estate prices, the fall in demand from private and institutional investors, financing shortages and a higher aversion to risk on the part of banks. The USA was particularly affected, as were countries in Europe, such as the UK, Ireland, Spain, Eastern Europe and the Scandinavian countries.

The indicators for the mood in the construction industry published by the EU were also considerably lower in Spain, Italy, France and Eastern Europe in 2009, while in Germany, confidence in the development of the construction industry remained at a level similar to previous years. Up to the end of the year, the mood in the EU construction industry did not improve significantly.

In Germany, investments in residential building in 2009 were 0.8 lower than in the previous year, while public building benefited from the federal government's funding measures. As a result, the economic climate in the industry brightened somewhat in the 4th quarter. A positive impact was also achieved through the historically low mortgage rates. The expectation of freelance architects and civil engineers in Germany continued to improve at the start of the 4th quarter, according to the Ifo Institute.

Report on the Earnings, Financial, and Net Asset Situation

Earnings situation

Group revenue at 135.6 million euros

In fiscal 2009, the Nemetschek Group achieved revenues of 135.6 million euros (previous year: 150.4 million euros). The fall in revenue of 9.8 % is due to a reduction in license revenues, which amounted to 64.3 million euros compared to 80.8 million euros in the previous year. Revenues from software service contracts, on the other hand, rose from 58.8 to 62.0 million euros. At 58.3 million euros, revenues in Germany were slightly higher than in the previous year (57.4 million euros), while abroad, a fall in revenues to 77.3 million euros was reported (previous year: 93.0 million euros).

Group EBITDA at 30.4 million euros

Despite the fall in revenue, the group's earnings before tax, interest depreciation and amortization (EBITDA) was 30.4 million euros, only slightly below the previous year's level (previous year: 31.4 million euros). As a result, the operating EBITDA margin rose from 20.9 % in the previous year to 22.4 %.

This good result is due to systematic cost management in all group companies. Overall, the group reduced operating costs by 10.4 % from 132.1 million to 118.3 million euros.

The company significantly reduced other operating costs: they fell from 50.9 million to 40.1 million euros. The focus here was on expenditure for advertising and marketing, as well as legal and consulting costs. External personnel costs also fell considerably, because important activities that were previously outsourced were performed by Nemetschek employees. Personnel measures were also carried out by the companies particularly affected by the crisis: in total, the group laid off 50 employees. As a result, personnel expenses fell to 60.4 million euros (previous year: 61.3 million euros). For fiscal 2010, the group expects steady personnel costs.

Amortization from purchase price allocation was reduced by 3.8 % to 7.1 million euros (previous year: 7.4 million euros).

Consolidated net income up by 14.2 percent

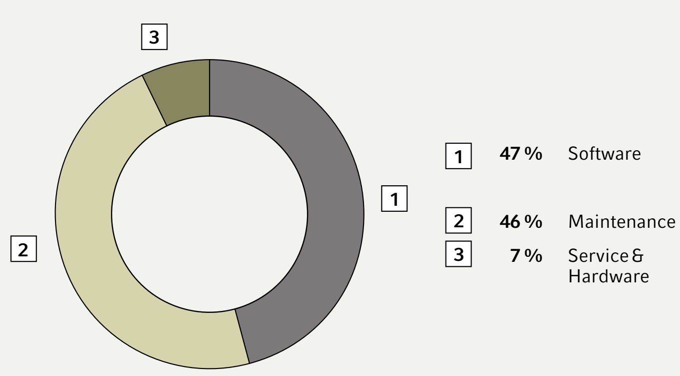
At 20.9 million euros, the group earnings before interest and taxes (EBIT) was at the previous year's level (21.0 million euros). As a result of prompt repayment of debts, the interest expense fell from 6.8 million to 3.7 million euros. This includes accrued, non-cash interest expense from a revaluation of the interest rate swap of 1.2 million euros (previous year: 2.5 million euros). In fiscal 2009, the group's effective tax rate was 27.1 %, as in the previous year.

Against this backdrop, the annual profit (consolidated shares) rose from 10.4 million to 12.2 million euros. The minority interests in the net income were 0.7 million euros (previous year: 1.0 million euros). The earnings per share were 1.27 euros (previous year: 1.08 euros).

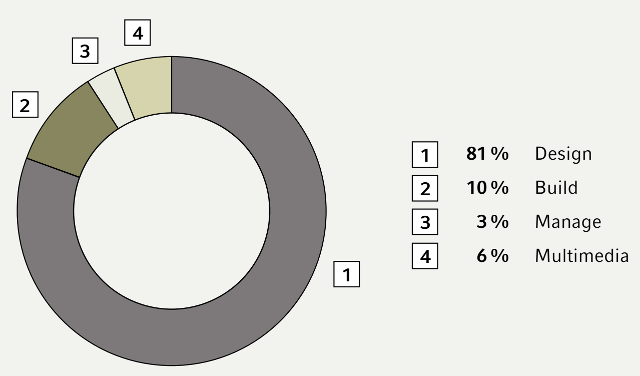
Profitable business segments

In fiscal 2009, the Design business segment achieved revenues of 109.5 million euros (previous year: 124.3 million euros). The EBITDA amounted to 22.0 million euros (previous year: 24.3 million euros), the EBITDA margin of 20.1 % was slightly higher than in the previous year (19.5 %).

Revenues by Elements in %



Revenues by Segments in %



Thanks to strong project business, revenues in the Build business unit rose by 8.6 % to 14.0 million euros (previous year: 12.9 million euros). With an EBITDA of 5.4 million euros (previous year: 3.5 million euros), the operating EBITDA margin in this segment rose from 27.3 % to 38.2 %.

In fiscal 2009, the Manage business segment contributed to the group's results with an EBITDA of 0.7 million euros (previous year: 0.5 million euros), and its operating margin was 17.3 %, compared to 11.6 % in the previous year. This business segment achieved revenues of 4.0 million euros (previous year: 4.2 million euros).

The Multimedia segment achieved revenues of 8.1 million euros (previous year: 9.0 million euros). With an EBITDA of 2.4 million euros (previous year: 3.1 million euros) and a margin of 29.3 % (previous year: 34.4 %), this business segment also made a relevant contribution to the success of the Nemetschek Group.

Financial situation

Cash flow for the period 28.6 million euros

In fiscal 2009, the cash flow for the period was 28.6 million euros (previous year: 29.9 million euros). Interest expense from the interest rate swap of 1.2 million euros (previous year: 2.5 million euros) is included in the non-cash transactions. Cash flow from operating activities dropped to 23.4 million euros (previous year: 30.4 million euros). The main reason for this is the reduction of trade payables, provisions and accruals, as well as an increase in accounts receivable as a result of strong project business at the end of the year.

The cash flow from investment activities amounted to −3.69 million euros (previous year: −4.7 million euros). Besides investments in the replacement of fixed assets, this includes final payments for the variable purchase price debts already reported in the balance sheet for the acquisition of the Scia Group as well as Nemetschek Bausoftware GmbH.

Net debt reduced to 9.3 million euros

The cash flow from financing activities primarily contained the loan repayments from the financing of the Graphisoft acquisition of 17.1 million euros (previous year: 20.2 million euros) as well as the interest payments of 2.5 million euros (previous year: 4.2 million euros). Within three years, Nemetschek has repaid a total of 67.8 million euros of the bank loan of 100 million euros taken out to finance the Graphisoft acquisition.

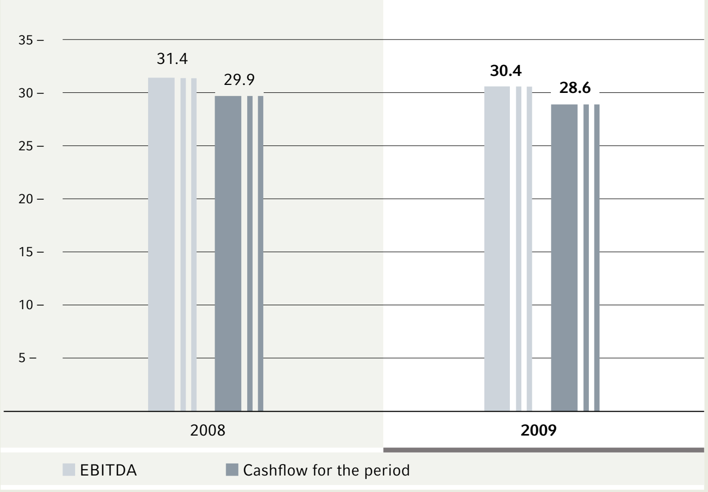
At balance sheet date, cash and cash equivalents were 22.9 million euros (previous year: 23.2 million euros) with a remaining loan liability of 32.2 million euros (previous year: 49.3 million euros). The group expects to be free of net debt within fiscal 2010.

Net asset situation

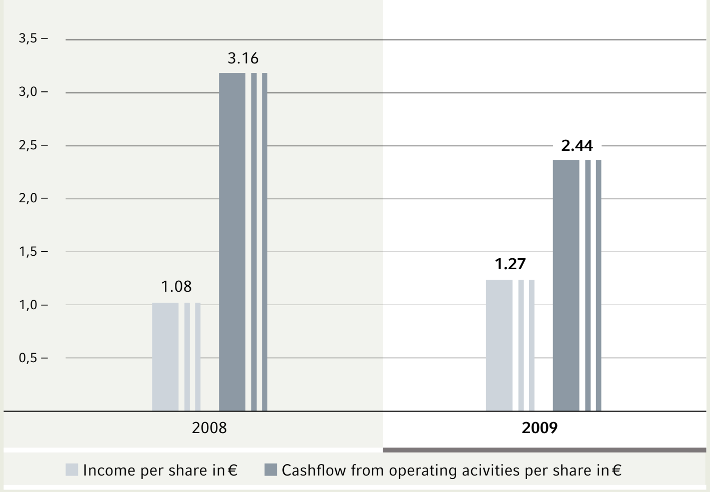
Equity ratio at 50 percent

On the assets side of the balance sheet, current assets increased from 52.0 million euros to 52.8 million euros as a result of the slightly higher receivables generated by strong trading at the end of the year. Non-current assets decreased by 8.9 million euros to 106.5 million euros, primarily due to the systematic depreciation and amortization of assets from the purchase price allocation. The sum of intangible assets, including goodwill, thus decreased from 106.7 million euros to 99.5 million euros.

EBITDA and Cashflow for the period in million €



Net income and Cashflow from operating activities in €



Of the current liabilities, 8.7 million euros (previous year: 8.0 million euros) are attributable to the current portion of bank loans from the acquisition of Graphisoft. The non-current liabilities contain further loan liabilities of 23.5 million euros. Financing from the acquisition of Graphisoft was long-term, so no credit changes are currently expected. The other long-term financial commitments relate to the interest rate swap accounted for at market value.

The equity capital totals 79.6 million euros on the balance sheet date (previous year: 67.9 million euros). On December 31, 2009, the balance sheet total was 159.4 million euros (previous year: 167.4 million euros). The equity ratio rose accordingly from 40.6 % to 49.9 %.

Investment analysis

The group regularly makes investments to replace fixed assets. A new ERP system is currently being introduced to efficiently map the core commercial processes within the group. The group anticipates an initial investment of 2.2 million euros in this regard. Investment in this project to date has totaled 1.5 million euros. The project is scheduled for completion in all material respects within the next two years.

Principles and aims of financial management

The main objective of the group's financial management is to secure the group's financial stability and flexibility by ensuring an equilibrium between equity and debt capital. The Nemetschek Group's capital structure breaks down as follows: equity 49.9 % (previous year: 40.6 %), current liabilities 28.5 % (previous year: 27.7 %), and non-current liabilities 21.6 % (previous year: 31.7 %). The current liabilities mainly comprise trade payables and the current portion of loans as well as other liabilities that fall due in less than one year, and are covered by current operating cash flow. The main sources of finance are current assets, including trade receivables, which stem directly from the group's operating business.

The remaining cash flows are used for the repayment of non-current portions of loan liabilities to the syndicate of banks. Future cash flows from operating activities cover the repayment of the non-current portion of loans. The group plans to repay the debt capital borrowed for the acquisition of the Graphisoft Group over the next three years. The group has not implemented any other financing measures in the fiscal year.

To ensure efficient cash and liquidity management, Nemetschek Aktiengesellschaft as the group's ultimate parent carries out group-wide cash pooling with subsidiaries. Other liquid assets flow to the ultimate parent of the group through the annual profit distributions of subsidiaries.

Management of liquidity risks

Interest rate swaps have been concluded to hedge interest expenses in excess of 93 % of the debt capital borrowed.

Liquidity risks arise from the possibility that customers may not be able to settle obligations to the Nemetschek Group under normal trading conditions. To manage this risk, the company periodically assesses the credit rating of its customers.

The credit rating of the group allows sufficient cash to be procured. Undrawn lines of credit totaling 21.5 million euros are also available. The group monitors its risk of a shortage of funds using monthly liquidity planning. This considers the maturity of both its financial assets (e. g., accounts receivable, fixed-term deposits) and projected cash flows from operating activities. The group's objective is to maintain a balance between continuity of funding and flexibility.

Risk Report

Risk management

Nemetschek Aktiengesellschaft's business activities involve both opportunities and risks. We operate a risk management and control system to detect, assess and manage business risks.

The aim is to analyze the risk profile of potential factors, detect changes in risk conditions and counteract negative developments in advance. An additional objective is to recognize and benefit from possible opportunities.

Responsibility for detecting risks at an early stage, and dealing with them generally, rests with the managing board. In performing its duties in this area, it is assisted by the executive members of management, the executive council, the defined risk owners, and the risk manager. The risk manager is responsible for planning, providing information, monitoring and controlling risks. The risk owners are responsible for continuously identifying, assessing and managing risks in their respective operational areas. The internal audit department is also a key element of the risk management system. In the course of its activities, it continually monitors the functional efficiency and effectiveness of the processes.

To improve comparability, risks are valued across the whole group based on quantitative and qualitative criteria. A risk inventory is performed every six months by surveying and recording the group's current risk position. Regular reporting can be supplemented during the year using ad hoc information, for example when identifying risks to the continued existence of the company as a going concern. In fiscal 2008, Nemetschek introduced a code of conduct that is applicable throughout the group.

Accounting-related risk management and internal controlling system

The risk management system and internal controlling system generally also cover the accounting processes as well as all risks and checks with regard to accounting. This relates to all parts of the risk management system and internal controlling system that could have a significant impact on the consolidated financial statement of Nemetschek Aktiengesellschaft.

The aim of risk management with regard to the accounting processes is to identify and assess risks that could prevent the consolidated financial statement from complying with the applicable regulations. The impact of identified risks on the consolidated financial statement must be assessed and evaluated. The aim of the internal controlling system is to establish sufficient security through the setup of controls so that the consolidated financial statement complies with the relevant regulations, despite identified risks.

Both the risk management system and the internal controlling system cover Nemetschek Aktiengesellschaft and all subsidiaries relevant to the consolidated financial statement with all processes relevant to the preparation of the financial statement. The controls relevant to accounting primarily concern the risk of a significant misstatement in the consolidated financial statement of Nemetschek Aktiengesellschaft. An evaluation of the significance of misstatements is based on the probability of occurrence and the effects on revenue, EBITDA and the balance sheet total.

Significant elements of risk controlling and management in accounting are the assignment of responsibilities and controls during the preparation of the financial statement, group-wide requirements in the form of guidelines on accounting and the preparation of the financial statement, and appropriate rules for accessing the IT systems. The principles of dual control and functional separation are also important control principles in the accounting process.

An evaluation of the effectiveness of internal controls with regard to accounting is an integral part of the checks carried out in 2009 by the internal audit department. In addition to the internal audit department, the auditor carries out an evaluation with regard to accounting relevant processes as part of his auditing activities.

Twice a year, the supervisory board is informed about the significant identified risks in the group and the efficiency of the risk management system and accounting-related internal controlling system. As part of his audit, the auditor is also obliged to report to the supervisory board about accounting-relevant risks or control weaknesses, as well as other significant weaknesses of the risk management system and accounting-relevant internal controlling system identified during his audit work.

Risks and opportunities

The Nemetschek Group is faced with strategic risks of a medium-to long-term nature and which relate to changes in the environmental factors and management processes, such as development, marketing, organizational and management processes. There are also operating risks that tend to be of a more short-term nature, and that can arise from changes in the market environment, inadequate and erroneous internal processes, systems or external factors as well as human error. This could result in indirect and direct losses in performance and the recoverable value of assets.

The Nemetschek Group's factors for success are based on its decades of experience in the development and marketing of software in the AEC environment, its well-qualified, innovative and highly motivated employees at all levels as well as stringent and efficient business processes. Opportunities to further develop the business base and expand the portfolio are systematically identified and managed.

Market

The main opportunities and risks, which could lead to a significant change in the Nemetschek Group's economic situation, lie in the market and industry environment.

The Nemetschek Group mainly generates revenues from the sale of software licenses and from income from maintenance contracts. In the software industry, it is possible to react comparatively quickly to an increase in demand, and the results of additional revenue have an immediate, positive effect. Conversely, a fall in demand can impact the revenue situation at short notice due to a delay in adjusting costs. Revenue from products of the Nemetschek Group is distributed across several countries. Moreover, no individual customers account for a major share of revenues. Consequently, the risks described above have not yet had any significant impact on the group's earnings situation.

As a leading company in the AEC industry, and thanks to its size and expertise, Nemetschek has a good chance of emerging from the current phase of consolidation as an industry winner.

The success of the Nemetschek Group mainly hinges on the economic development in the construction and real estate industry. The order situation and financial strength of the construction industry and its players influence the industry's investments in software, and, in turn, the development of the group's business. The fundamental willingness of private and institutional building clients to invest will also play an important role in future developments.

Even after this latest recession has passed, there is the risk that the global economic conditions will take another turn for the worse. Apart from the general weakness of the credit markets of relevance to the construction and real estate industry and their conditions (liquidity, interest rates and risk premiums), the general conditions of the markets in which Nemetschek is active can permanently impair the purchasing power of our target groups. In addition, negative expectations about the possibilities for the economic growth could lead to a significant reduction in investment activity in the short and medium term. The Nemetschek Group tracks such changes by analyzing the early key indicators. From a medium term perspective, there is the possibility that the construction industry will continue to recover, particularly as the construction of new residential buildings in Germany and parts of Europe is at a low level.

Risks are diversified at Nemetschek through its involvement in multiple markets in various countries, which are generally also characterized by different economic and competition risks. In addition, risk is spread by maintaining a broad client base and a wide product portfolio, while the large portion of revenue from maintenance work also serves to mitigate risk. Risk of default, namely the risk of contractual parties defaulting, is managed by means of credit approvals, limits, monitoring procedures and regular debt reminder cycles.

Competitive conditions also have a substantial impact on the risk profile. Apart from Nemetschek, there are not many large vendors active on the global AEC market. Risks might arise in this context as a result of the pace of technological change, competitors' innovations or the entry of larger software companies into the market.

As a provider of specialist skills that cover its customers' particular requirements and that extend across the entire life cycle of buildings, Nemetschek is exposed to a lower degree of risk than other market players.

Products

There is a basic risk that the Nemetschek Group's innovative edge might be eroded by the competition through copying or by introducing their own innovations, or by the company's failing to adjust in time to changing client requirements and technological innovation. Nemetschek counters this risk by generally maintaining annual release cycles for its software products. There is the opportunity of winning additional shares of the market here thanks to the extensive project offering tailored to local customer requirements.

There are potential internal risks attached to the process of developing software products in that they might fail to sufficiently address customers' needs and to comply with internal quality standards. Because of its innovative edge, Nemetschek is in a good position to generate profitable growth in the future. Particularly the increasing international orientation towards Eastern European markets and the Middle and Far East offers growth potential.

Processes

The core processes of software development, marketing and organization in the Nemetschek Group are subject to continuous checks and improvements by management. The performance and goal orientation of these processes is assessed and optimized during strategic and operational planning. Nevertheless, the fundamental risk exists that, due to available resources or new underlying conditions, the required and planned process results might not meet customer requirements in terms of timing and content, and therefore might lead to loss of capital.

Employees

Recruiting and retaining highly qualified employees is a key factor for success for the Nemetschek Group. If managers or other qualified employees leave the Nemetschek Group and suitable replacements are not found, this may adversely affect business development. This issue is particularly sensitive if it also means losing expertise and specific company data. To ward off this risk, the Nemetschek Group offers attractive labor conditions and is continually improving knowledge management processes.

Finances

Due to the amount of financial liabilities attributable to the acquisition of the Graphisoft Group, the group is exposed to a basic liquidity risk should the group's results of operations deteriorate. At present, however, the Nemetschek Group generates a significant, positive cash flow, which is used to reduce liabilities and opens up opportunities for additional acquisitions. The availability of decentralized funds is ensured by Nemetschek Aktiengesellschaft using a centralized cash pooling system. The objective of the group with regard to financial risk management is to mitigate the risks presented below using the methods described. The group generally pursues a conservative strategy with a cautious approach to risks.

Currency risk and risk management

In the course of ordinary operations, the Nemetschek Group is particularly exposed to exchange rate fluctuations. It is company policy to exclude or limit these risks by entering into hedge transactions. The currency risks of the group are due to the fact that the group operates and has production and sales centers in different countries worldwide. All hedging activities are coordinated or performed centrally by group treasury. Exchange rate fluctuation only has a limited effect at the top group level because the operating subsidiaries outside the euro-zone record revenue as well as cost of materials, personnel expenses and other expenses in their local currency. As required, the group enters into various types of foreign exchange contracts to manage the foreign exchange risk that results from cash flow from (anticipated) business activities and financing arrangements denominated in foreign currencies. On the balance sheet date, there are no forward exchange contracts in the group.

Risk of default and risk management

Risk of default, namely the risk of contractual parties defaulting, is managed by means of credit approvals, limits, monitoring procedures and regular debt reminder cycles. Where appropriate, the company obtains additional collateral in the form of rights to securities or arranges master netting agreements.

The company does not expect that any of its business partners with high credit ratings will fail to meet their obligations. The Nemetschek Group has no significant concentration of credit risk with any single customer or customer group. From today's perspective, the maximum credit risk can be calculated from the amounts shown in the balance sheet.

The group trades only with recognized, creditworthy third parties. All customers that wish to trade on credit terms with the group are subject to credit verification procedures if materiality criteria are exceeded. In addition, receivable balances are monitored on an ongoing basis with the result that the group's exposure to bad debts is not significant. If risks of default are identified, appropriate accounting precautions will be taken.

For transactions that do not occur in the country of the relevant operating unit, the group does not offer credit terms without the approval of the head of credit control. From today's perspective, there is no significant concentration of risk of default within the group. With respect to the other financial assets of the group, such as cash and cash equivalents, the group's maximum exposure to the risk of default arising from default of the counterparty is equal to the carrying amounts of these instruments.

Credit risk and risk management

For bank loans, there are contractual agreements with defined key figures ("covenants") as a result of the credit facility arranged for the Graphisoft acquisition. The following covenants have been agreed: gearing ratio, interest coverage ratio and equity ratio. A breaching of these covenants could cause the remaining loan liabilities to become due directly. Consequently, the group monitors compliance with these covenants.

Interest risk and risk management

The group's exposure to the risk of changes in market interest rates relates primarily to the group's long-term debt obligations with floating interest rates. On the one hand, the group manages the interest rate risk using the interest coverage ratio. The interest coverage ratio is EBITDA divided by net interest expense. On the other hand, the group's interest expenses are managed by hedging interest expenses on borrowed capital. 93 percent of the interest expenses on borrowed capital had been hedged as of December 31, 2009. A revaluation of the interest rate swap on the key date resulted in an interest expense of 1.2 million euros (previous year: 2.5 million euros), which did not however have any impact on cash flow.

Summary assessment of the group's opportunity and risk situation

To summarize, we are convinced that none of the main risks identified above, either individually or as a whole, threaten the existence of the company, and that the Nemetschek Group will continue to successfully master the challenges in the future. We believe our opportunities for positive business development and expansion of our market position as the leading vendor of integrated software solutions for the complete life cycle of buildings lie in greater internationalization, strategic partnerships and possible acquisitions. We also want to fully exploit our market potential in existing markets with our innovative software solutions.

Supplementary Report

There were no significant events after the end of the fiscal year. With regard to the underlying conditions described, there were no further changes worthy of note after the end of the fiscal year.

Note on forecasts

This management report contains statements and information about transactions and processes that will take place in the future. These forward-looking statements are identified by formulations such as "expect," "intend," "plan," and similar terms. These forward-looking statements are based on our expectations today and certain assumptions. They therefore involve a number of risks and uncertainties. Numerous factors, many of which are outside the Nemetschek Group's sphere of influence, affect the Nemetschek Group's business activities, success, business strategy, and results. These factors may mean that the actual results, success, and performance of the Nemetschek Group may significantly deviate from the information on results, success, or performance explicitly or implicitly mentioned in these forward-looking statements.

Outlook for 2010/2011

Improved global economic climate

As of the second half of 2009, the economic climate improved worldwide. Key indicators on the development of the consumer and business climate in the USA and Europe rose significantly. The USA reported clear economic growth of 6 percent for the 4th quarter of 2009. In view of this, in January the International Monetary Fund (IMF) raised its most recent forecast for the global economy in 2010 by almost one percentage point to plus 4 percent. Growth at this level is also expected for 2011.

Regionally, however, there are very different development estimates. Growth will be primarily generated by a consumer-driven upturn in the emerging economies in Asia, South America and the Middle East. In contrast, the growth outlook for the established industrial nations is far lower. Economic growth of 2.7 percent is forecast for the USA, 1.7 percent for Japan. The IMF forecasts below-average growth rates of between 1.0 percent and 1.5 percent in 2010 for the major European economies of Germany, UK, France and Italy. Spain is expected to remain in recession.

There is still the risk of a further downturn of the global economic situation in 2010, as the US real estate market could experience a further price drop. In addition, the refinancing options of large financial market institutes and individual public debtors could deteriorate once again, which would impact the global financial system. The consequences of the financial crisis for the job market are also only now being revealed. The unemployment figures will probably peak during 2010.

Cautious prospects for the construction industry in Europe

Because the commercial and residential construction sectors will be lacking significant investment stimuli in 2010, the research association Euroconstruct expects a slight fall in construction output of –2.2 percent in its annual forecast for the EU–19 countries (fall in 2009: –8.4 percent). While the funds from economic recovery programs are also being invested in public-sector building measures, these can only partially compensate for the drop in demand for construction elsewhere. According to Euroconstruct, the reduction in construction of new residential and commercial buildings will be in the mid single-digit range in 2010, while infrastructure will see weak growth. In the European construction industry overall, slight growth of 1.6 percent cannot be expected again until 2011. Similarly, in the traditionally high-revenue EU markets for the Nemetschek Group, such as France and Italy, slight growth cannot be expected until 2011.

In Germany, economic research institutes expect a slight increase in construction sector output of 0.6 percent in 2010, according to their expert report published in the fall. Industry associations also attribute the comparatively positive development in Germany to the federal government's economic programs. However, association representatives fear that the construction industry could feel the effects when these programs expire in 2011.

Different expectations in the business segments

From today's perspective, the market environment for the Design business unit is relatively inhomogeneous. Thanks to the effects of the economic programs, the economic expectations of freelance architects and civil engineers in Germany have improved since the start of the 4th quarter, according to the Ifo Institute, even if they are still clearly below the values from 2006 – 2008. The companies in the Design business unit see opportunities for growth in the individual Eastern European countries, such as Poland, and in the emerging economies of Asia and South America. In contrast, market growth is initially not expected in the group's most important European markets.

The companies in the Build and Manage business segments, which primarily operate in German-speaking countries, expect the 2010 results to stabilize at the 2009 level. Cyclical project business is comparatively dependent on individual large orders. For the Multimedia business segment, on the other hand, growth is expected in 2010, because the economic recovery should have a positive impact on the media and advertising industry.

Substantial investments in research and development

In 2010 and 2011, investments in research and development will remain at the high level of previous years. All the group's software solutions will be systematically enhanced in order to find innovative solutions for the current topics such as Building Information Modeling and sustainability. The company will also continue to drive forward medium- and long-term development projects; the focus here will be on ease of software use, customers' specific work processes and greater integration of the Internet. In the Build business segment, development will begin on the new generation of technical construction software, which will be driven forward jointly by the development teams in the member companies.

Gradual international expansion and new partnerships

The Nemetschek Group's relatively moderate fall in revenue in the past year, compared to the industry as a whole, is due not least of all to its strong position in German-speaking countries. In contrast, the situation in some EU countries, and particularly outside Europe, was extremely difficult. As the economic situation eases, the group companies will once again focus on the international markets in the coming fiscal year. They will approach this gradually and in a highly targeted manner. Where the opportunity arises, they will also exploit synergies in the group, for example the new Scia sales branch, which shares offices with Nemetschek North America.

Nemetschek will also continue to expand its network of partnerships. This applies both to local partners who will support international expansions, and to the integration of special software solutions that will satisfy wide-ranging customer requirements.

Stable earnings situation expected

Overall, Nemetschek expects the revenue level of 2009 to at least remain stable for 2010. In view of the slowly improving economic situation, the companies in the group are on average planning growth in the low single-digit percentage range. Revenues from license sales are expected to increase, but income from maintenance contracts should grow too.

Despite the fall in revenue, Nemetschek was highly profitable in crisis year 2009, and the high operating margin should be maintained in 2010. The managing board and group controlling will consistently monitor the efficiency of the individual organizations and if necessary react flexibly to business development in the subsidiaries. However, in order to meet the objectives of long-term corporate management, Nemetschek will not only keep investments in research and development at a high level, but will also invest again in the expansion of its market presence.

In the future, the managing board will continue to ensure that the operating result is reflected in a corresponding cash flow. Thanks to the high cash flows, the company was able to reduce its bank liabilities from the Graphisoft acquisition within a very short period. As a result, the interest expense in 2010 and 2011 will be considerably lower, which will also be reflected in the net income.

Munich, March 5, 2010

Ernst Homolka
CEO

Consolidated Statement of Comprehensive Income

for the period from January 1 to December 31, 2009 and 2008

Thousands of €	2009	2008	[Notes]
Revenues	**135,618**	**150,371**	[1]
Own work capitalized	481	232	[2]
Other operating income	3,104	2,481	[3]
Operating Income	**139,203**	**153,084**	
Cost of materials/cost of purchased services	−8,366	−9,476	[4]
Personnel expenses	−60,364	−61,325	[5]
Depreciation of property, plant and equipment and amortization of intangible assets	−9,535	−10,362	[6]
thereof amortization of intangible assets due to purchase price allocation	−7,105	−7,383	[6]
Other operating expenses	−40,080	−50,912	[7]
Operating expenses	**−118,345**	**−132,075**	
Operating results (EBIT)	**20,858**	**21,009**	
Interest income	331	985	[9]
Interest expenses	−3,661	−6,819	[9]
Income from associates	235	373	[8]
Earnings before taxes	**17,763**	**15,548**	
Income taxes	−4,818	−4,212	[10]
Net income for the year	**12,945**	**11,336**	
Other comprehensive income:			
Difference from currency translation	−762	1,127	
Total comprehensive income for the year	**12,183**	**12,463**	
Net income for the year attributable to:			
Equity holders of the parent	12,230	10,368	
Minority interests	715	968	
Net income for the year	**12,945**	**11,336**	
Total comprehensive income for the year attributable to:			
Equity holders of the parent	11,468	11,495	
Minority interests	715	968	
Total comprehensive income for the year	**12,183**	**12,463**	
Earnings per share (undiluted) in euros	1.27	1.08	[11]
Earnings per share (diluted) in euros	1.27	1.08	
Average number of shares outstanding (undiluted)	9,625,000	9,625,000	
Average number of shares outstanding (diluted)	9,625,000	9,625,000	

The accompanying notes to this statement of comprehensive income form an integral part of these consolidated financial statements.

Consolidated Statement of Financial Position

as of December 31, 2009 and as of December 31, 2008

Assets (Thousands of €)	December 31, 2009	December 31, 2008	[Notes]
Current assets			
Cash and cash equivalents	22,861	23,227	[23]
Trade receivables, net	21,141	20,314	[13]
Inventories	827	651	[14]
Tax refunded claims for income taxes	2,286	2,840	[14]
Current financial assets	537	139	[14]
Other current assets	5,181	4,815	[14]
Current assets, total	**52,833**	**51,986**	
Non-current assets			
Property, plant and equipment	3,632	4,327	[12]
Intangible assets	47,529	54,599	[12]
Goodwill	51,958	52,079	[12]
Associates/investments	660	659	[12]
Deferred tax assets	1,344	2,043	[10]
Non-current financial assets	763	1,010	[14]
Other non-current assets	640	706	[14]
Non-current assets, total	**106,526**	**115,423**	
Total assets	**159,359**	**167,409**	

The accompanying notes to this statement of financial position form an integral part of these consolidated financial statements.

Equity and Liabilities Thousands of €	December 31, 2009	December 31, 2008	[Notes]
Current liabilities			
Short-term loans and current portion of long-term loans	8,731	8,077	[19]
Trade payables	5,007	6,640	[19]
Payments on account	164	151	[19]
Provisions and accrued liabilities	9,371	11,547	[18]
Deferred revenue	14,774	12,133	[20]
Income tax liabilities	2,431	1,524	[19]
Other current liabilities	4,868	6,225	[19]
Current liabilities, total	**45,346**	**46,297**	
Non-current liabilities			
Long-term loans without current portion	23,556	41,324	[19]
Deferred tax liabilities	6,564	8,432	[10]
Pension provisions	200	513	[18]
Non-current financial obligations	3,490	2,326	[21]
Other non-current liabilities	618	613	[19]
Non-current liabilities, total	**34,428**	**53,208**	
Equity			
Subscribed capital	9,625	9,625	[16]
Capital reserve	41,611	41,611	[17]
Revenue reserve	52	52	[17]
Currency translation	−3,804	−3,042	[17]
Retained earnings	30,643	18,413	
Equity (Group shares)	**78,127**	**66,659**	
Minority interests	1,458	1,245	
Equity, total	**79,585**	**67,904**	
Total equity and liabilities	**159,359**	**167,409**	

The accompanying notes to this statement of financial position form an integral part of these consolidated financial statements.

Consolidated Cash Flow Statement

for the period from January 1 to December 31, 2009 and 2008

Thousands of €	2009	2008	[Notes]
Profit (before tax)	17,763	15,548	
Depreciation and amortization of fixed assets	9,535	10,362	
Change in pension provision	−313	−126	
Other non-cash transactions	1,409	3,984	
Income from associates	−235	−373	
Losses from disposals of fixed assets	480	504	
Cash flow for the period	**28,639**	**29,899**	[23]
Interest income	−331	−985	
Interest expenses	3,661	6,819	
Change in other provisions and accrued liabilities	−2,176	−1,824	
Change in trade receivables	−1,072	2,852	
Change in other assets	3,088	3,752	
Change in trade payables	−1,633	42	
Change in other liabilities	−3,565	−6,699	
Cash received from distributions of associates	235	284	
Interest received	326	975	
Income taxes received	1,008	719	
Income taxes paid	−4,752	−5,417	
Cash flow from operating activities	**23,428**	**30,417**	[23]
Capital expenditure	−2,364	−5,501	
Changes in liabilities from acquisitions	−1,299	273	
Cash received from the disposal of fixed assets	88	564	
Cash flow from investing activities	**−3,575**	**−4,664**	[23]
Dividend payments	0	−6,256	
Minority interests paid	−502	−1,154	
Repayments of borrowings	−17,114	−20,292	
Interest paid	−2,457	−4,205	
Cash flow from financing activities	**−20,073**	**−31,907**	[23]
Changes in cash and cash equivalents	**−220**	**−6,154**	
Effect of exchange rate differences on cash and cash equivalents	**−146**	**260**	
Cash and cash equivalents at the beginning of the period	**23,227**	**29,121**	
Cash and cash equivalents at the end of the period	**22,861**	**23,227**	[23]

The accompanying notes to this cash flow statement form an integral part of these consolidated financial statements.

Consolidated Statement of Changes in Equity

for the period from January 1, 2008 to December 31, 2009

	Equity attributable to the parent company's shareholders							
Thousands of €	Subscribed capital	Capital reserve	Revenue reserve	Currency translation	Retained earnings	Total	Minority interests	Total equity
As of January 1, 2008	**9,625**	**41,646**	**52**	**−4,169**	**14,395**	**61,549**	**1,337**	**62,886**
Difference from currency translation				1,127		1,127		1,127
Net income of the year					10,368	10,368	968	11,336
Total comprehensive income for the year	**0**	**0**	**0**	**1,127**	**10,368**	**11,495**	**968**	**12,463**
Share-based payments		−35				−35		−35
Dividend payments minorities					−94	−94	−1,060	−1,154
Dividend payment					−6,256	−6,256		−6,256
As of December 31, 2008	**9,625**	**41,611**	**52**	**−3,042**	**18,413**	**66,659**	**1,245**	**67,904**
As of January 1, 2009	**9,625**	**41,611**	**52**	**−3,042**	**18,413**	**66,659**	**1,245**	**67,904**
Difference from currency translation				−762		−762		−762
Net income of the year					12,230	12,230	715	12,945
Total comprehensive income for the year	**0**	**0**	**0**	**−762**	**12,230**	**11,468**	**715**	**12,183**
Dividend payments minorities						0	−502	−502
As of December 31, 2009	**9,625**	**41,611**	**52**	**−3,804**	**30,643**	**78,127**	**1,458**	**79,585**

The accompanying notes to this statement of changes in equity form an integral part of these consolidated financial statements.

Notes to the Consolidated Financial Statements for the Fiscal Year 2009

The Company

The Nemetschek Group is one of the leading solution providers of information technology and consulting services for the design, construction and management of buildings and real estate in the world. Its standard software solutions, available in 16 languages, are used by more than 300,000 companies in 142 countries. These IT solutions create synergies and optimize the overall building creation and management process in terms of quality, cost and time.

The full solution offered by the Nemetschek Group spans the entire planning, construction and management process combining the application advantages of the world of information technology with the specialist world of building clients, architects, engineers, construction companies, as well as of facility and real estate managers. The Group is also active in the fields of multimedia visualization and animation software.

Nemetschek Aktiengesellschaft was founded on September 10, 1997 by conversion of Nemetschek GmbH and has been listed on the German Stock Exchange in Frankfurt since March 10, 1999, and in the Prime Standard segment since January 1, 2003. The registered office of Nemetschek Aktiengesellschaft is at 81829 Munich, Germany, Konrad-Zuse-Platz 1. The annual report 2009 can be obtained there, or can be downloaded from the internet at www.nemetschek.com.

Information on the German Corporate Governance Code

The declaration of conformity was submitted in March 2009 and can be accessed by the shareholders on the homepage of Nemetschek Aktiengesellschaft (www.nemetschek.com).

General Information

The currency used in the consolidated financial statements is EUR. Information is shown in the consolidated financial statements in thousands of euro (€ k) unless otherwise specified.

The consolidated financial statements of Nemetschek Aktiengesellschaft, including prior year comparatives, have been prepared in accordance with the International Financial Reporting Standards (IFRS), as required to be applied in the European Union and the interpretations of the International Financial Reporting Interpretation Committee (IFRIC) as well as of the Standing Interpretations Committee (SIC). All compulsory standards and interpretations have been observed. Furthermore, in addition to disclosure requirements in accordance with IFRS, all information and explanations applicable under § 315a (1) HGB, which are required additionally under German Commercial Law where consolidated financial statements are prepared under IFRS, are also disclosed.

The statement of financial position and statement of comprehensive income for the Group have been prepared in accordance with IAS 1 (revised 2007) “Presentation of Financial Statements”. The statement of comprehensive income has been prepared using the nature-of-expense method as well as according to the definition of the “one statement approach”. The statement of financial position has been classified applying the current / non-current distinction.

Accounting Policies Adopted

Accounting policies adopted in the fiscal year 2009 are consistent with those policies adopted in the previous year. Compared to the consolidated financial statements for the year ending December 31, 2008 the following standards and interpretations have changed or were applied for the first time as a result of being adopted by EU law or became mandatory for the first time.

IFRS 8 "Segment Reporting"

IFRS 8 was issued in November 2006, adopted by EU law on November 16, 2007 and is applicable for the first time to fiscal years beginning on or after January 1, 2009. IFRS 8 replaces IAS 14"Segment Reporting", and is almost identical with SFAS 131. The primary and secondary reporting format, which distinguished until now between business and geographical segments, has been replaced by a single reporting format which presents segments based on information according to which management manages the company. Furthermore, a reconciliation of each reporting segment is required with regard to segment-related sales, overall profit/loss as well as all relevant assets and liabilities with the corresponding amounts in the annual financial statements of the company. Additionally, disclosures on geographical areas, products and on significant customers shall be made. Furthermore, vertically integrated supply processes, under which a component of a company which predominantly or exclusively supplies other operative segments of the company, are also integrated in the definition of an operative segment where the company is managed on this basis. The rules of IFRS 8 were applied to these financial statements in accordance with the standard. There were no material effects from the application of IFRS 8.

Amendments IAS 23 "Borrowing Costs"

The amendments to IFRS 23 were issued in March 2007, adopted by EU law on December 10, 2008 and are applicable for the first time to fiscal years beginning on or after January 1, 2009. The amendments eliminate the option of recognizing borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset directly as an expense. Instead of this, such borrowing costs should form part of the cost of the acquisition, construction or production of the qualifying asset. The first-time application of this standard had no material effects on the net assets, financial position or results of the Group.

Amendments to IAS 39 "Financial Instruments: Recognition and Measurement"

The amendments to IFRS 39 were issued in July 2008, adopted by EU law on September 15, 2009 and are applicable for the first time to fiscal years beginning on or after July 1, 2009. The basic philosophy behind the amendments is to provide additional application guidance for the designation of hedging instruments (since in practice, inconsistencies exist in particular in the treatment of a one-sided risk) as well as of inflation within a hedging instrument. The first-time application of this standard had no material effects on the net assets, financial position and results of the Group.

Amendments to IAS 1 "Revised Presentation of Consolidated Financial Statements"

The amendments to IAS 1 were issued in September 2007, adopted by EU law on December 17, 2008 and are applicable to fiscal years beginning on or after January 1, 2009. The standard expects separate presentation of changes to equity which result from transactions with owners in their capacity as equity providers and other changes in equity. The statement of changes in equity covers all details of business transactions with owners, whereby all other changes in equity are presented within a single line. Furthermore, the standard introduces the presentation of comprehensive income in which all components of income are either presented in one statement or in two connected statements. The amendments to IAS 1 were accounted for in the attached financial statements for the first time. The statement of comprehensive income is presented in accordance with the „One Statement Approach".

Revised IFRS 3 "Business Combinations" and amendment to IAS 27 "Consolidated and Separate Financial Statements according to IFRS"

The revision of IFRS 3 and amendment of IAS 27 were made as part of the second phase of the business combinations project. The revision to IFRS 3 and the amendments to IAS 27 were issued in January 2008, adopted by EU law on June 3, 2009 and are applicable for the first time to fiscal years beginning on or after July 1, 2009. According to these changes the scope of application is extended to include business combinations of mutual entities and to those without consideration. Mergers of entities under common control are excluded. In future, acquisition-related costs for the issue of debt or equity securities shall be recognized in accordance with IAS 39 or IAS 32. All other acquisition-related costs are accounted for as expenses. Furthermore, the option of the "Full-Goodwill-Method" shall be introduced, whereby a company may account for 100 % of the goodwill of the entity acquired and not only the share of the acquirer, with a correspondingly higher presentation of non-controlling interests in the purchased, remeasured net assets. In a step acquisition, the determination of goodwill and revaluation of net assets is not carried out until the date at which control is obtained. All subsequent transactions between the parent company and non-controlling interests are treated as pure equity transactions. The rules of IFRS 3 and IAS 27 are relevant for the Nemetschek Group. The Nemetschek Group does not expect the application of standards issued at the balance sheet date but not yet effective to have a material effect in future periods on the net assets, financial position and results of the Group.

Amendments to IFRS "Share-based Payment"

The amendments to IFRS 2 were issued in January 2008, adopted by EU law on December 16, 2008 and are applicable for the first time to fiscal years beginning on or after January 1, 2009. The objective of the revision was to define more closely the definitions of vesting conditions and cancellations. Accordingly, vesting conditions are only either service conditions or performance conditions. Other aspects of share-based payment do not represent vesting conditions and shall be included in the fair value of the share-based payment at the time of approval. All cancellations, whether they are made by the entity or other parties, shall be accounted for in the same way. The changes to IFRS 2 are not relevant to the Nemetschek Group.

Amendments to IAS 32 and IAS 1 "Puttable Financial Instruments and Obligations Arising on Liquidation"

The amendments to IFRS 32 were issued in February 1, adopted by EU law on January 21, 2009 and are applicable for the first time to fiscal years beginning on or after January 1, 2009. As a consequence of these changes, some financial instruments, which until now fulfilled the definition of a financial liability, are required to be classified as equity in the future because they represent the claim to net assets of the entity with the lowest priority. However, the detailed requirements should be met. The amendments to IFRS 32 and IAS 1 are not relevant to the Nemetschek Group.

Amendments to IAS 39 "Reclassification of Financial Assets: Effective Date and Transition"

In November 2008 the IASB issued a revised version of the amendments issued on October 13, 2008 "Amendments to IAS 39 and IFRS 7: Reclassification of Financial Instruments". The amendments issued on October 13, 2008 related to the reclassification of some financial instruments. The background of the new revision is to clarify the effective date of the amendments issued on October 13, 2008. According to this, reclassifications which are made on or after November 1, 2008 are effective from the date of reclassification and may not be reversed. If the reclassification rules were applied before November 1, 2008, these can then be reversed up to July 1, 2008 or a later date. However, reclassification rules may not be applied before July 1, 2008. Adoption in EU law was on September 10, 2009. The Nemetschek Group does not expect the application of the standard issued at the balance sheet date but not yet effective to have a material effect in future periods on the net assets, financial position and results of the Group.

IFRIC 12 "Service Concession Arrangement"
IFRIC 12 was issued in November 2006, adopted by EU law on March 25, 2009 and is applicable for the first time to fiscal years beginning on or after January 1, 2008. The focus of the Interpretation is on accounting for service agreements by companies, contracted by district corporations, who supply public services such as roads, airports, prisons or energy supply infrastructure. The control of assets remains in public hands, but the company is responsible under contract for construction activities as well as for operating and maintaining the public sector arrangement. IFRIC 12 deals with the question of how companies should account for the rights and obligations arising from such contractual arrangements. The rules of IFRS 12 are not relevant to the Nemetschek Group.

Amendments to IAS27 "Consolidated and Separate Financial Statements"
The amendments to IFRS 27 were issued in January 2008, adopted by EU law on June 3, 2009 and are applicable for the first time to fiscal years beginning on or after July 1, 2009. Through the amendments to IAS 27, it is clarified under which circumstances an entity has to prepare consolidated financial statements, how parents account for changes in their shares in subsidiaries and how losses of subsidiaries are allocated to controlling and non-controlling interests. The amendments to IAS 27 are relevant to the Nemetschek Group. The Nemetschek Group does not expect the application of standards issued at the balance sheet date but not yet effective to have a material effect in future periods on the net assets, financial position and results of the Group.

Amendments to IFRS 1 and IAS 27 "Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate"
The amendments to IFRS 1 and IAS 27 were issued in May 2008, adopted by EU law on January 23, 2009 and are applicable for the first time to fiscal years beginning on or after January 1, 2009. The reason for the amendments was the disproportionately high costs of retrospective determination of the acquisition costs and the application of the acquisition cost method under IAS 27 and on first-time application of IFRS. Therefore, first-time IFRS users may use a deemed cost to determine the acquisition costs of an investment in subsidiaries, jointly controlled entities and associates. Furthermore, the definition of acquisition costs was removed from IAS 27 and replaced by the requirement to present dividends as income in the separate financial statements of the investor, whereby there is no distinction between dividends before or after acquisition. Similarly, a rule for the exception of group reorganizations is added, according to which a new parent determines as acquisition cost the carrying values of the original entity, to the extent that there are no changes in ownership and in equity and in assets and liabilities. The amendments to IFRS 1 and IAS 27 are not relevant to the Nemetschek Group.

IFRIC 16 "Hedges of a Net Investment in a Foreign Operation"
IFRIC 16 was issued in July 2008, adopted by EU law on June 6, 2009 and is applicable for the first time to fiscal years beginning on or after July 1, 2009. The Interpretation refers to IAS 21 "The effects of changes in foreign exchange rates" and IAS 39 "Financial Instruments: Recognition and Measurement", and deals with the topic of hedging net investments in a foreign operation. The focus here is on three issues. Firstly, it outlines that a foreign currency difference may only be designated as a hedged risk if the functional currency of the foreign operation differs from the functional currency of the parent. No risk position arises, on the other hand, through the presentation currency in the consolidated financial statements of the parent entity. Furthermore, a hedging instrument for hedging a net investment in a foreign operation may be held by any entity within the group. On disposal of the investment for the hedging instrument the amounts should be reclassified from equity to profit or loss in accordance with IAS 39, but for the underlying transaction IAS 21 is applicable. The rules of IFRS 16 are not relevant to the Nemetschek Group.

Amendments to IFRS 4 "Insurance Contracts" and IFRS 7 "Financial Instruments: Disclosures"
The amendments to IFRS 4 and IFRS 7 were issued in March 2009, adopted by EU law on November 27, 2009 and are applicable for the first time to fiscal years beginning on or after January 1, 2009. The amendments and supplements mainly relate to fair value disclosures and information on liquidity risk. The changes are not relevant to the Nemetschek Group.

IFRIC 9/IAS 39 "Reassessment of Embedded Derivatives"
IFRIC 9 was issued in March 2009, adopted by EU law on November 30, 2009 and is applicable to fiscal years beginning on or after January 1, 2009. The Interpretation refers to IAS 39 and deals with the assessment of whether an embedded derivative is required to be separated from the host contract and accounted for as a derivative when the entity first becomes party to the contract. Subsequent reassessment is prohibited unless there is a change in the terms of the contract that significantly modifies the cash flows that otherwise would be required under the contract. In this case reassessment is required. A first-time adopter shall assess whether an embedded derivative is required to be separated from the host contract and accounted for as a derivative on the basis of the conditions that existed at the date it first became a party to the contract, unless there were retrospective changes in the terms of the contract that significantly modified the cash flows. The changes are not relevant to the Nemetschek Group.

Future Changes in Accounting Policies

Prospective IFRS changes 2009/2010
The following IFRS were issued at the balance sheet date by the IASB or IFRIC but are not mandatorily applicable until later reporting periods or have not yet been adopted by EU law. The Nemetschek Group has decided not to exercise the possible option of early application of standards and interpretations which are not mandatorily applicable until later reporting periods.

Revised IFRS 1 "First-time Adoption of IFRS"
In November 2008 the revised Version of IFRS 1 - First Time Adoption of IFRS was issued by the IASB and on November 25, 2009 adopted in EU law. The revised IFRS 1 replaces the current IFRS 1 and is applicable to entities preparing IFRS financial statements for the first time from January 1, 2010. The amendments relate exclusively to the formal structure of IFRS 1and the content remains unchanged. The general and specific rules of the standard are separated from one another since numerous amendments of other standards or the issue of new standards have made the existing IFRS 1 (revised 2003) increasingly complex and less transparent. Thus, the general rules such as, for example, scope of application, general presentation and disclosure provisions are summarized in the main part, the specific rules exemptions and exceptions of rules from other IFRS are, on the other hand, in various appendices at the end of IFRS 1. The objective is to improve the clarity and usefulness of the standard with a new structure. It may be applied earlier.

IFRIC 15 "Agreements for the Construction of Real Estate"
IFRIC 15 was issued in July 2008, adopted by EU law on July 22, 2009 and is thus applicable to fiscal years beginning on or after January 1, 2010. IFRIC 15 standardizes accounting practice in all legal circles with regard to the recognition of income from the sale of units (e. g. apartments or houses) by the construction company before construction has been completed. It provides guidelines to guarantee the clear classification of the relevant agreement for the construction of real estate to within the scope of IAS 11 "Construction Contracts", or, rather to IAS 18 "Revenue". Depending on the classification, income from construction is recognized at different times. The rules of IFRS 15 are not relevant to the Nemetschek Group.

IFRIC 17 "Distributions of Non-Cash Assets to Owners"

IFRIC 17 was issued in November 2008, adopted by EU law on November 26, 2009 and is applicable to fiscal years beginning on or after November 1, 2009. IFRIC 17 deals with topics such as how an entity measures non-cash assets which it distributes to owners. According to this interpretation a dividend payable has to be recognized if the dividend has been authorized by the bodies responsible and is no longer at the discretion of the entity. This dividend payable shall be measured at the fair value of the net assets to be distributed, the difference between the dividend payable and the carrying amount of the assets distributed shall be recognized in profit or loss. Additionally, supplementary information is necessary if the assets to be distributed comply with the definition of a discontinued operation (IFRS 5). The rules of IFRS 17 are not relevant to the Nemetschek Group.

IFRIC 18 "Transfers of Assets from Customers"

IFRIC 18 was issued in January 2009, adopted by EU law on November 27, 2009 and is applicable to fiscal years beginning on or after November 1, 2009. The Interpretation deals with IFRS requirements for agreements in which an entity receives from a customer an item of property, plant or equipment that the entity must then use, either to connect the customer to a network or to provide the customer with ongoing access to a supply of goods or services (such as a supply of electricity, gas or water). In some cases, the entity receives cash from a customer that must be used only to acquire or construct the item of property, plant or equipment in order to connect the customer to a network or provide the customer with ongoing access to a supply of goods or services (or to do both). The rules of IFRS 18 are not relevant to the Nemetschek Group.

Amendment to IAS 32: Accounting for Rights Issues

The amendments to IFRS 32 were issued in October 2009, adopted by EU law on December 23, 2009 and are applicable for the first time to fiscal years beginning on or after February 1, 2010. This amendment addresses the accounting for certain rights issues that are denominated in a currency other than the functional currency of the issuer. If such instruments are offered to the current owners proportionally at a fixed amount, then these should also be classified as equity instruments if their rights price is denominated in a currency other than the functional currency. The changes are not relevant to the Nemetschek Group.

Improvements to IFRS 2006 – 2009

In April 2009 the IASB issued amendments to several existing IFRS as part of its second annual improvement project. The amendments include both adjustments of formulations in individual IFRS to clarify existing rules (terminological or editing corrections), as well as amendments to various IFRS with impact on the measurement and presentation of business transactions. Most of the amendments are effective for fiscal years beginning on or after January 1, 2010, unless otherwise specified in the relevant standard. Earlier application is permitted. Potential impact through implementation is currently being examined by the Nemetschek Group.

Amendments to IFRS 2 "Scope of IFRS 2 and IFRS 3"

This amendment is applicable to fiscal years beginning on or after July 1, 2009; earlier application is permitted. It is clarified that IFRS 2 continues not to apply to the establishment of a joint venture and not to transactions under common control. The amendment is based on the fact that joint ventures and transactions under common control under IFRS 3 (revised 2008) no longer fulfill the definition of a business combination.

Amendments of IFRS 5 "Disclosures for Non-current Assets (or Disposal Groups) Held for Sale and for Discontinued Operations"

This amendment is applicable to fiscal years beginning on or after January 1, 2010; earlier application is permitted. The amendment points out again that IFRS 5 sets out certain disclosures for non-current assets (or disposal groups) held for sale and for discontinued operations. Thus, disclosure requirements which were appropriate before classification as "held for sale", were no longer relevant.

Amendments to IFRS 8 "Information on Segment Assets"

This amendment is applicable to fiscal years beginning on or after January 1, 2010; earlier application is permitted. The amendment states that as part of segment reporting the disclosure of measurement of all assets for each reportable segment is not a minimal disclosure. Moreover, measurement should only be disclosed if this information is part of regular reporting to the chief operating decision-maker of the entity.

Amendments to IAS 7 "Classification of Expenditures on Unrecognized Assets"

This amendment is applicable to fiscal years beginning on or after January 1, 2010; earlier application is permitted. The amendment clarifies that only an expenditure that results in a recognized asset shall be classified as a cash flow from investing activities. If this expenditure does not result in a recognized asset, then it shall be classified as a cash flow from operating activities.

Amendments to IAS 18 "Determining whether an entity is acting as a principal or an agent"

This amendment is applicable to fiscal years beginning on or after January 1, 2010; earlier application is permitted. The amendment supplements IAS 18 by an appendix which gives guidance on determining whether an entity is acting as a principal or as an agent. The guidelines are seen as necessary since the classification determines which income is disclosed as revenue.

Changes to IAS 36 "Unit of accounting for goodwill impairment testing"

This amendment is applicable to fiscal years beginning on or after January 1, 2010; earlier application is permitted. The amendment clarifies that the cash generating units to which goodwill is allocated for impairment testing may not be larger than an operating segment under IFRS 8.5 before aggregation of similar business segments under IFRS 8.12.

Amendments of IAS 38 "Additional consequential amendments arising from IFRS 3"

This amendment is applicable to fiscal years beginning on or after July 1, 2009; earlier application is permitted. The amendment clarifies that an intangible asset purchased as a part of a business combination, which can only be separated together with a related contract or identifiable assets or liabilities, shall be accounted for separately from goodwill.

Amendments to IAS 38 "Measuring the fair value of an intangible asset acquired in a business combination"

This amendment is applicable to fiscal years beginning on or after January 1, 2010; earlier application is permitted. Apart from other issues the amendment relates to the valuation techniques permitted when measuring the fair value of an intangible asset. Methods permitted include indirect methods such as the method of estimating hypothetical cost savings compared to a license acquisition for the intangible asset (license price analogy method) or compared to replacing the asset (cost-oriented method).

Amendments to IAS 39 "Exceptions to agreements on business combinations from the scope"

This amendment is applicable to fiscal years beginning on or after January 1, 2010; earlier application is permitted. The amendment clarifies that the exception to application of IAS 39 under IAS 39.2 (g) for forward contracts which are based on the purchase or sale of shares with the objective of a business combination may only be used on the basis of agreements to a business combination that mutually oblige both parties.

Amendments to IAS 39 "Application of the fair value option"

This amendment is applicable to fiscal years beginning on or after January 1, 2010; earlier application is permitted. The amendment clarifies that the fair value option for embedded derivatives under IAS 39.11A may only be applied to financial instruments with embedded derivatives. Thus, the fair value option is not valid for non-financial instruments with embedded derivatives.

Amendments to IAS 39 "Accounting for hedging cash flows"

This amendment is applicable to fiscal years beginning on or after January 1, 2010; earlier application is permitted. The amendment deals with the fact that profits and losses from the hedging of an expected transaction which later results in the recognition of a financial asset or financial liability directly recorded in equity shall be reclassified to the result of the reporting period which is impacted by the expected hedged cash flows. The time at which the asset purchased or liability adopted impact income is, on the other hand, insignificant.

Amendment to IAS 39 "Separation of embedded foreign currency derivatives"

This amendment is applicable to fiscal years beginning on or after January 1, 2010; earlier application is permitted. The amendment clarifies that a foreign currency derivative that is embedded in a contract which is not a financial instrument or insurance contract, is an integral part of the contract agreement if the foreign currency shows one or several characteristics of a functional currency in accordance with IAS 21.9 of one of the material parties to the contract. In this case, the embedded foreign currency derivative should not be separated.

Companies Consolidated and Basis of Consolidation

The consolidated financial statements comprise Nemetschek Aktiengesellschaft, Munich, and all of the domestic and foreign subsidiaries. Associates are accounted for using the equity method. Subsidiaries are consolidated in full from the date of acquisition, i.e., the date on which control is transferred to the Group. They are deconsolidated when the parent ceases to have control.

Control exists if the Group is able to govern the financial and operating policies of an entity so as to gain benefits for the Group from its activities. Control is assumed if the Group owns, either directly or indirectly, more than half of the voting rights of an entity.

Minority interests represent the portion of net income/loss and net assets not attributable to the Group. Minority interests are disclosed separately in the consolidated statement of comprehensive income and in the consolidated statement of financial position. In the consolidated statement of financial position, minority interests are disclosed in equity, separately from the equity attributable to owners of the parent company. Acquisitions of minority interests are accounted for using the parent entity extension method, whereby the difference between the consideration and the carrying amount of the share of the net assets acquired is recognized as goodwill. IFRS 3 "Business Combinations" is applied to future mergers.

The purchase method of accounting is used for the consolidation of capital of newly acquired entities. The cost of the business combination is allocated to the identifiable assets acquired and the identifiable liabilities and contingent liabilities assumed in accordance with their fair values at the acquisition date. Any excess of the cost of the business combination over the interest of the Group in the fair value of the identifiable assets, liabilities and contingent liabilities acquired is reported as goodwill. Entities acquired or disposed of during the year are included in the consolidated financial statements from the date of the acquisition or until control is lost.

The financial statements of subsidiaries are prepared for the same reporting period as the parent company using consistent accounting policies.

All intercompany balances, income, expenses and unrealized gains and losses from intercompany transactions are eliminated in full.

Associates accounted for using the Equity-Method:

Name, registered office of the entity Thousands of €	Shareholding in %	Equity Dec. 31, 2009	**Net income/loss for the year 2009**
DocuWare Aktiengesellschaft, Germering	30.00	4,751	785

Additional disclosures on DocuWare AG *)	**Dec. 31, 2009**	Dec. 31, 2008
Current assets	7,045	7,154
Non-current assets	2,843	2,747
Current liabilities	5,033	5,357
Non-current liabilities	104	107
Total assets	9,888	9,901
Revenue	9,136	8,954
Net income for the year	785	1,242

*) Full presentation 100 %

Financial assets

Name, registered office of the entity Thousands of €	Shareholding in %	Equity Dec. 31, 2009	**Net income/loss for the year 2009**
Sidoun International GmbH, Freiburg i. Breisgau*)	16.27	88	84
NEMETSCHEK EOOD, Sofia, Bulgaria	20.00	912	94
rivera GmbH, Karlsruhe via Nemetschek Bausoftware GmbH	20.00	−30	−31

*) Fiscal year ends as of June 30, 2009

The assumption that significant influence is exercised on the financial assets in which voting rights of 20% or more are held does not hold true for either NEMTSCHEK EOOD, Sofia, Bulgaria; or rivera GmbH, Karlsruhe, as influence is neither exercised on management nor in the form of a governing body. Also, there are no material business relationships and no influence is exercised beyond the mere capital investment. The financial assets constitute mere capital investments.

Affiliated entities included in the consolidated financial statements are

(the companies listed are fully consolidated in the Group financial statements of Nemetschek Aktiengesellschaft):

Name, registered office of the entity	Shareholding in %
Nemetschek Aktiengesellschaft, Munich	
Direct equity investments	
Design segment	
Nemetschek Deutschland GmbH, Munich *)	100.00
NEMETSCHEK Allplan GmbH, Munich *)	100.00
NEMETSCHEK NORTH AMERICA Inc., Columbia, Maryland, USA	100.00
NEMETSCHEK FRANCE SARL, Asnières, France	100.00
Nemetschek Fides & Partner AG, Wallisellen, Switzerland	85.67
NEMETSCHEK ITALIA SRL, Trient, Italy	100.00
NEMETSCHEK ESPANA S.A., Madrid, Spain	100.00
NEMETSCHEK (UK) Ltd., London, UK	100.00
NEMETSCHEK s.r.o., Prag, Czech Republic	100.00
NEMETSCHEK OOO, Moskau, Russia	100.00
Friedrich + Lochner GmbH, Stuttgart *)	100.00
SCIA International NV, Herk-de-Stad, Belgium	100.00
Glaser isb cad Programmsysteme GmbH, Wennigsen	70.00
Graphisoft SE European Company Limited by Shares, Budapest, Hungary	100.00
DACODA GmbH, Rottenburg	51.00
Build segment	
Nemetschek Bausoftware GmbH, Achim	98.50
AUER – Die Bausoftware GmbH, Mondsee, Austria	49.90
Manage segment	
Nemetschek CREM Solutions GmbH & Co. KG, Ratingen	100.00
Nemetschek CREM Verwaltungs GmbH, Munich	100.00
Multimedia segment	
MAXON Computer GmbH, Friedrichsdorf	70.00
Other	
Nemetschek Austria Beteiligungen GmbH, Mondsee, Austria	100.00
Nemetschek Verwaltungs GmbH, Munich	100.00

Continuation:

Name, registered office of the entity	Shareholding in %
Indirect equity investments	
Design segment	
NEMETSCHEK Ges.m.b.H., Wals, Austria, via Nemetschek Austria Beteiligungen GmbH	100.00
Nemetschek Engineering GmbH, Wals, Austria, via Nemetschek Austria Beteiligungen GmbH	100.00
NEMETSCHEK Slovensko s.r.o., Bratislava, Slovakia, via NEMETSCHEK Allplan GmbH	100.00
Via SCIA International NV, Herk-de-Stad, Belgium:	
SCIA Group NV, Herk-de-Stad, Belgium	100.00
SCIA W+B Software BV, Arnhem, Netherlands	100.00
SCIA Sarl, Roubaix, France	100.00
SCIA Cz s.r.o., Brno, Czech Republic	100.00
SCIA Sk s.r.o., Zilina, Slovakia	100.00
SCIA MAPS SA, Gurmels, Switzerland	100.00
Online Projects nvba, Herk-de-Stad, Belgium	70.00
Via Graphisoft SE European Company Limited by Shares, Budapest, Hungary:	
Graphisoft R&D Számitástechnikai, Fejlesztö zrt., Budapest, Hungary	85.80
Graphisoft CAD Studio Kft., Budapest, Hungary	92.00
Graphisoft Deutschland GmbH, Munich	100.00
Graphisoft USA Inc., Massachusetts, Newton, USA	100.00
Graphisoft Japan KK, Tokyo, Japan	100.00
Graphisoft Spain SL, Madrid, Spain	100.00
Graphisoft UK Ltd., Surrey, UK	100.00
Build segment	
AUER – Die Bausoftware GmbH, Mondsee, Austria, via Nemetschek Austria Beteiligungen GmbH	50.10
Multimedia segment	
MAXON COMPUTER Inc., Thousand Oaks, California, USA, via Maxon Computer GmbH	63.00
MAXON Computer Ltd., Bedford, UK via Maxon Computer GmbH	63.00

*) In fiscal year 2009, the entities exercised the exemptions of Sec. 264 (3) HGB as follows:
- Option not to prepare notes to the financial statements so that the annual financial statements comprise a balance sheet and income statement
- Option not to prepare a management report
- Option not to publish the annual financial statements

Changes in Consolidated Companies in Fiscal Year 2009

Nemetschek Bausoftware GmbH, Achim

After drawing a put option on the payment of a variable purchase price liability, Nemetschek Aktiengesellschaft purchased a further 3.5 % of the shares in Nemetschek Bausoftware GmbH, Achim; under the notarized contract dated December 22, 2008. The shares were transferred with economic and material effect as of January 2, 2009. The payment of EUR 0.5 million was made on January 22, 2009. This had no effect on the Group since, at the time it was acquired, Nemetschek Bausoftware GmbH had already been accounted for at 100 % in the first-time consolidation and the put option had been included as a liability.

Changes in Consolidated Companies in Fiscal Year 2008

SCIA International NV, Herk-de-Stad, Belgium

As of September 30, 2008, two inactive companies were liquidated, Campus Technology Fund, Heverlee, Belgium; and Software Adventure Cv, Herk-de-Stad, Belgium. This had no impact on either cash and cash equivalents or the earnings of the Group.

Goodwill

Goodwill developed as follows:

Thousands of €	**2009**	2008
Amount carried forward as of January 1	52,079	51,602
Additions	0	273
Disposals	0	0
Currency differences	−121	204
Amount carried forward as of December 31	**51,958**	**52,079**

In accordance with IFRS 3, the impairment only approach is applied. There was no impairment of goodwill in the fiscal year.

The goodwill acquired from business combinations was allocated to the cash-generating unit for impairment testing. The cash-generating unit is the Group entity in each case.

Carrying amounts of the goodwill were allocated to the respective cash-generating units as follows:

Thousands of €	2009	2008
Graphisoft SE European Company Limited by Shares, Budapest, Hungary	25,500	25,500
AUER – Die Bausoftware GmbH, Mondsee, Austria	6,486	6,486
Nemetschek Bausoftware GmbH, Achim	5,541	5,541
NEMETSCHEK NORTH AMERICA Inc., Columbia, Maryland, USA	4,004	4,125
MAXON Computer GmbH, Friedrichsdorf	3,008	3,008
SCIA Group NV, Herk-de-Stad, Belgium	2,785	2,785
Nemetschek CREM Solutions GmbH & Co. KG, Ratingen	2,028	2,028
Friedrich + Lochner GmbH, Stuttgart	1,293	1,293
Glaser isb cad Programmsysteme GmbH, Wennigsen	697	697
DACODA GmbH, Rottenburg	404	404
Other	212	212
Total Goodwill	**51,958**	**52,079**

The carrying amounts of the goodwill allocable to Graphisoft SE European Company Limited by Shares, Budapest, Hungary; AUER – Bausoftware, GmbH, Mondsee, Austria; Nemetschek Bausoftware GmbH, Achim; and NEMETSCHEK NORTH AMERICA Inc., Columbia, Maryland, USA, are material compared to the total carrying amount of goodwill. The recoverable amount of the cash-generating unit of the respective group entity is based on a calculation of its value in use derived from the cash flow projections for the next four years based on the financial planning approved by management. The discount rate underlying the cash flow forecasts ranges between 11.25 % and 14.93% after tax (prior year: between 11.07 % and 15.37 %). Cash flows after the period of four years are stated as a perpetuity. When calculating the values for the perpetuity, growth deductions of 2 % to 5 % were assumed for the purpose of calculating the value in use to test the goodwill for impairment. This procedure was used for all carrying amounts.

Fundamental Assumptions for Significant Cash-Generating Units

The fundamental assumptions for the significant cash-generating units are explained below, on the basis of which management has prepared its cash flow projections to test the goodwill for impairment.

Planned Revenue / Gross Profit Margin

For the purpose of this valuation, management bases its projections on those customary for the industry. The developments in the prior fiscal year are taken into account. The markets are expected to develop in a similar manner to the prior year.

Discount Rates

The discount rates reflect the estimates of management concerning the specific risks attributable to each cash-generating unit. These are the benchmark used by management to assess the operating performance and evaluate future investment projects.

Assumptions Pertaining to Market Share

These assumptions are important to the extent that they serve management – as with the definition of assumptions for growth rates – to assess how the position of the cash-generating unit might change compared to its competitors during the budget period. Management expects the market share held by the Group to increase during the budget period.

Increase in Personnel Expenses

The cost of employee remuneration reflects industry developments.

Capital Expenditures

Capital expenditure is planned in the form of replacement investments at the amount of annual depreciation and amortization.

Sensitivity of Assumptions Made

Management believes that at present none of the reasonably possible changes of the key assumptions made to determine value in use of the cash-generating units could increase the carrying amount of cash-generating units materially beyond their recoverable amount.

Significant Discretionary Decisions, Estimates and Assumptions when Preparing the Consolidated Financial Statements

In the process of preparing the consolidated financial statements, management has made discretionary decisions, estimates and assumptions that have an effect on the income, expenses, assets and liabilities recognized at the balance sheet date as well as on the disclosure of contingent liabilities. The uncertainty relating to these assumptions and estimates could lead to results that may require material adjustments to the carrying amounts of the relevant assets and liabilities in the future. The most important assumptions concerning the future and other key sources of estimation uncertainty, on the basis of which there is a significant risk of material adjustment of the carrying amounts of the assets and liabilities within the next fiscal year, are discussed below:

Impairment of Non-Financial Assets

The Group assesses at each reporting date whether there are any indications that a non-financial asset may be impaired. Goodwill and other intangible assets with indefinite useful lives are tested for impairment at least once a year or whenever there is evidence that they might be impaired. Other non-financial assets are tested for impairment when there is evidence that their carrying amount might exceed their recoverable amount. Estimating a value in use requires management to make an estimate of the expected future cash flows from the assets or cash-generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows.

Deferred Tax Assets

Deferred tax assets are recognized for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilized. Significant judgment is required of management to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and level of future taxable profits together with future tax planning strategies. As of December 31, 2009 the carrying amount of deferred tax assets was EUR 1,344 k (prior year: EUR 2,043).
(See note 10)

Pensions

The cost of defined benefit plans is determined using actuarial valuations. The actuarial calculation is based on assumptions concerning discount rates, mortality and future pension increases. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty. The assumptions are reviewed each balance sheet date. The pension provision is determined by offsetting the pension obligation with the value of the reinsurance. This offsetting with plan assets was performed for the first time as of December 31, 2009. As of December 31, 2009 the carrying amount of the pension provision was EUR 200 k. Since the offsetting of prior year figures in the consolidated financial statements is assessed as immaterial, the prior year figures have not been aligned. Had the prior year amounts been offset, a comparable pension provision of EUR 206 k would have resulted as of December 31, 2008. (See note 18)

Share-Based Payments

Within the Group, the costs arising from the issue of equity instruments to employees are measured at the fair value of the equity instruments on the date they are issued. An appropriate measurement method must be determined to estimate fair value on the issue of equity instruments; this method depends on the conditions of issue. It is also necessary to determine appropriate input data used in this measurement method, including in particular the expected option life, the volatility and the dividend yield as well as related assumptions. As of December 31, 2009 no share-based payments were issued. (See note 28)

Development Costs

Development costs are capitalized in accordance with the accounting policies presented in these notes. Initial recognition is based on the assumption by management that the technical and economic feasibility is demonstrated; this is generally the case when a product development project has reached a certain milestone with an existing project management model. In addition, management makes assumptions regarding the expected future cash generation of the assets, discount rates to be applied and the expected period of future cash flows from the assets in order to assess the future economic benefits. Capitalized development costs as of December 31, 2009 amounted to EUR 615 k (prior year: EUR 364).

Currency Translation

The Group's consolidated financial statements are presented in euros, which is the Group's presentation currency. Each entity in the Group determines its own functional currency. That is the currency of the primarily economic atmosphere in which the company operates. Items included in the financial statements of each entity are measured using the functional currency. Transactions in foreign currencies are initially recorded at the functional currency at the rate ruling at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency spot rate of exchange ruling at the balance sheet date. Foreign exchange differences are taken to the income.

With the exception of currency translation, differences on foreign currency borrowings are accounted for as a hedge of a net investment in a foreign operation. These are taken directly to equity until the disposal of the net investment, at which time they are recognized in the income statement. Deferred taxes attributable to exchange differences on those borrowings are also dealt with in equity. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction.

Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined.

Assets and liabilities of foreign operations are translated to the euro at the closing rate (incl. goodwill). Income and expenses are translated at the average exchange rate. Any resulting exchange differences are recognized separately in equity.

Exchange rate differences arising on the settlement of monetary items at rates different from those at which they were initially recorded during the period are recognized as other operating income or other operating expenses in the period in which they arise.

The following exchange rates are used for translation of currencies in countries outside the European Currency Union:

Currency	**Average exchange rate in 2009**	**Exchange rate as of December 31, 2009**	Average exchange rate in 2008	Exchange rate as of December 31, 2008
EUR/USD	1.40	1.44	1.47	1.40
EUR/CHF	1.51	1.48	1.58	1.49
EUR/SKK	0	0	31.13	30.13
EUR/CZK	26.52	26.48	25.03	26.63
EUR/RUB	44.31	43.65	36.86	42.59
EUR/JPY	130.66	133.06	151.52	126.45
EUR/HUF	281.12	270.15	250.83	264.60
EUR/GBP	0.89	0.89	0.80	0.96

Accounting Policies

Tangible Assets

Property, plant and equipment are stated at cost, less accumulated depreciation and accumulated impairment losses. The costs for replacing a part of an item of property, plant and equipment are included in its carrying amount at the time the costs are incurred, provided they meet the recognition criteria. Costs of ongoing repairs and maintenance are expensed immediately.

Depreciation is calculated on a straight-line basis over the following estimated useful lives of the assets:

	Useful life in years
IT Equipment	3
Motor vehicles	5
Factory equipment	3 – 10
Leasehold improvements	5 – 10

Property, plant and equipment are derecognized upon disposal, or when no further economic benefits are expected from their continued use or sale. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net recoverable value and the carrying amount of the asset) is included in the income statement in the period the asset is derecognized. The historic cost and accumulated depreciation of the asset are eliminated from the balance sheet.

The residual values of the assets, useful lives and depreciation methods are reviewed at the end of each fiscal year, at the latest and adjusted if necessary.

Borrowing Costs

Borrowing costs are recognized as an expense when incurred.

Business Combinations and Goodwill

Business combinations are accounted for using the purchase method. Goodwill is initially measured at cost, which is the excess of the cost of the business combination over the Group's interest in the net fair value of the acquired identifiable assets, liabilities and contingent liabilities.

Where put options are agreed on purchase of minorities, the Group applies the so-called "anticipated acquisition method". Any resulting measurement changes in the purchase price liability are offset against goodwill and do not impact income.

After initial recognition, goodwill is measured at cost, less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to the cash-generating units of the Group which are expected to benefit from the synergy effects from the business combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Goodwill is tested for impairment at least once a year or whenever facts or changes in circumstances indicate that the carrying value may be impaired.

Each unit or group of units to which the goodwill has been allocated represents the lowest level in the Group at which goodwill can be monitored for internal management purposes.

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognized.

Impairment losses relating to goodwill cannot be reversed in future periods.

Where goodwill forms part of a cash-generating unit, and part of the operation within that 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 under those circumstances is measured based on the relative values of the operation disposed of and the remaining part of the cash-generating unit.

Intangible Assets

The useful lives of intangible assets are assessed to be either finite or indefinite.

Intangible assets with finite lives are amortized over the useful life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed, at least, at each fiscal year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortization period or method, as appropriate, and treated as changes in accounting estimates.

Intangible assets with an indefinite useful life are tested for impairment at least once a year, either individually or at the cash-generating unit level. Such intangible assets are not amortized systematically. The useful life of an intangible asset with an indefinite life is reviewed annually to determine whether indefinite life assessment continues to be supportable.

Intangible assets not acquired in a business combination are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost, less any accumulated amortization and any accumulated impairment losses. Internally generated intangible assets, excluding capitalized development costs, are not capitalized, and expenditure is reflected in the income statement in the year in which the expenditure is incurred.

Intangible assets are amortized using the straight-line method over their normal useful lives of between three and five years.

Intangible assets are amortized as follows based on the purchase price allocation:

	Useful life in years
Brand name	15
Trademarks	10
Software	3 – 7
Customer Relationship	10 – 12

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net realizable value and the carrying amount of the asset and are recognized in the income statement when the asset is derecognized.

Research and Development Expenses

Research costs are expensed in the period in which they are incurred. Development expenditure on an individual project is recognized as an intangible asset when the Group can demonstrate all of the following:

– the technical feasibility of completing the intangible asset so that it will be available for use or sale
– its intention to complete, use or sell the asset
– its ability to complete, use or sell the asset
– how the asset will generate future economic benefits
– the availability of resources to complete the asset
– its ability to reliably measure the expenditure attributable to the intangible asset during its development

Following the initial recognition of the development expenditure, the cost model is applied. This requires that the asset be carried at cost, less any accumulated amortization and accumulated impairment losses. Amortization is charged upon completion of the development phase as soon as the asset can be used. It is amortized over the period in which future benefits are expected. The assets are tested for impairment once a year.

Development Subsidies

Publicly funded development subsidies for basic research from the EU are recorded on the basis of the hours worked. These are recognized as other operating income in the consolidated financial statements. Government grants are recognized at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. Special-purpose development subsidies are treated as deductions from acquisition costs.

Shares in Associated Companies

Investments in associates are generally accounted for using the equity method. Nemetschek Aktiengesellschaft defines associates (generally investments of between 20 % and 50 % of capital) as entities subject to significant influence that are neither subsidiaries nor joint ventures.

Under the equity method, the investment in the associate is carried in the balance sheet at cost plus post-acquisition changes in the Group's share of net assets of the associate. Goodwill relating to an associate is included in the carrying amount of the investment and is not amortized. The income statement reflects the Group's share of the results of operations of the associate.

Unless stated otherwise, the financial statements of the associates are prepared as of the same balance sheet date as the parent. Where necessary, adjustments are made to comply with the Group's uniform accounting policies.

Inventories

Inventories solely comprise merchandise which is carried at the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs necessary to make the sale. Estimated costs of completion are considered where necessary. Inventory risks relating to reduced salability are accounted for using appropriate mark-downs.

Prepaid Expenses

Prepaid expenses are expenses paid before the balance sheet date that relate to a certain period after that date.

Treasury Shares

Own equity instruments which are repurchased (treasury shares) are deducted from equity. No gain or loss is recognized in profit or loss on the purchase, sale, issue or cancellation of the Company's treasury shares.

Cash and Cash Equivalents

Cash and short-term deposits in the balance sheet comprise cash on hand, bank balances and short-term deposits with a maturity of three months or less. Insignificant fluctuations in value can occur.

Composition of Cash and Cash Equivalents in the Consolidated Cash Flow Statement

Cash and cash equivalents in the consolidated cash flow statement also include cash equivalents with original maturities of three months or less.

Impairment of Non-Financial Assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use. The recoverable amount is determined for each individual asset, unless the asset does not generate cash flows that are largely independent of those from other assets or groups of assets. If the carrying amount of an asset exceeds its recoverable amount, the asset is impaired and written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by valuation multiples or other available fair value indicators.

For assets, excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Group makes an estimate of the recoverable amount.

A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. The reversal of an impairment loss is recognized in profit or loss.

The following criteria are also applied in assessing impairment of specific assets:

Goodwill
The Group determines at each balance sheet date whether there is any indication that goodwill is impaired. Goodwill is tested for impairment at least once a year. Impairment tests are also conducted if events or circumstances indicate that the carrying amount may be impaired.

The impairment loss is determined by calculating the recoverable amount of the cash-generating unit to which goodwill has been allocated. If the recoverable amount of the cash-generating unit is lower than its carrying amount, an impairment loss is recorded. Any impairment loss recognized on goodwill is not reversed in a subsequent period. The Group performs its impairment test of goodwill at least once a year, at the latest as of December 31.

Intangible Assets
Intangible assets with indefinite useful lives are tested for impairment at least once a year, at the latest as of December 31, either individually or at the cash-generating unit level, as appropriate and when circumstances indicate that carrying value may be impaired. Testing is also carried out if circumstances indicate that a value may be impaired.

Associates
After application of the equity method, the Group determines whether it is necessary to recognize an additional impairment loss of the Group's investment in its associates. The Group determines at each balance sheet date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the amount of impairment is calculated as the difference between the fair value of the investment in the associate and the cost of the investment.

Financial Investments and Other Financial Assets

Initial Recognition

Financial assets as defined in IAS 39 are classified as financial assets, measured at fair value, impacting profit or loss, loans and receivables, held-to-maturity investments, 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 recognized initially at fair value.

In the case of financial investments, which are not classified at fair value through profit or loss, the directly attributable transaction costs which are attributable to the purchase of the asset are additionally accounted for.

Purchases or sales of financial assets that intend the delivery of assets within a timeframe, established by regulation or convention in the marketplace (regular way purchases), are recognized at the trade date, i.e., the date that the Group commits to purchase or sell the asset.

The Group's financial assets include cash and short-term deposits, trade receivables, loans and other receivables, quoted and unquoted financial instruments, and derivative financial instruments.

Subsequent Measurement

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

Financial Assets at Fair Value Through Profit or Loss

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition as at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of selling in the near future. This category includes derivative financial instruments entered into by the Group that do not meet the hedge accounting criteria as defined by IAS 39. Derivatives, including separately recognized embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets at fair value through profit or loss are carried in the balance sheet at fair value with gains or losses recognized in income. The Group has not designated any financial assets as at fair value through profit or loss.

Derivatives embedded in host contracts are accounted for as separate derivatives when their risks and characteristics are not closely related to those of the host contracts or the host contracts are not carried at fair value. These embedded derivatives are measured at fair value with gains or losses arising from changes in fair value recognized in income. Reassessment only occurs if there is a change in the terms of the contract that significantly modifies the cash flows that would otherwise have resulted from the contract.

Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such financial assets are carried at amortized cost using the effective interest rate method. Gains and losses are recognized in the consolidated income statement when the loans and receivables are derecognized or impaired, as well as through the amortization process. In addition to cash and cash equivalents, the Group currently carries financial assets consisting almost exclusively of loans and receivables.

Held-To-Maturity Investments

Non-derivative financial assets with fixed or determinable payments and fixed maturity are classified as held-to-maturity investments when the Group intends and is able to hold these to maturity. Upon initial recognition, held-to-maturity investments are measured at amortized cost using the effective interest method. This method uses an effective interest rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset. Gains and losses are recognized in the consolidated income statement when the investments are derecognized or impaired, as well as through the amortization process. The Group did not have any held-to-maturity investments in the years ending December 31, 2009 and 2008.

Available-for-sale Financial Assets

Available-for-sale financial assets are non-derivative financial assets that are designated as available-for-sale or are not classified in any of the three preceding categories. After initial measurement, available-for-sale financial assets are measured at fair value. Unrealized gains or losses are recognized directly in equity. If such an investment is derecognized, the cumulative gain or loss recorded in equity is recognized in income. If such an investment is impaired, the cumulative loss previously recorded in equity is recognized in income.

Fair Value

The fair value of investments that are actively traded in organized financial markets is determined by reference to quoted market bid prices at the close of business on the balance sheet date. For investments where there is no active market, fair value is determined using valuation techniques. Such techniques include using recent arm's length market transactions, reference to the current market value of another substantially similar instrument, discounted cash flow analysis, and other valuation models.

Amortized Cost

Held-to-maturity investments and loans and receivables are measured at amortized cost. This is calculated using the effective interest method net of any impairment losses taking into account any discount or premium on acquisition and includes transaction costs and fees that are an integral part of the effective interest rate.

Impairment of Financial Assets

The Group assesses at each balance sheet date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (a 'loss event'), and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization, or where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Due from Loans and Advances to Customers

For amounts due from loans and advances to customers carried at amortized cost, the Group first assesses individually whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognized are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future-expected credit losses that have not yet been incurred). The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognized in the income statement. Interest income continues to be accrued on the reduced carrying amount based on the original effective interest rate of the asset. Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realized or has been transferred to the Group. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognized, the previously recognized impairment loss is increased or reduced by adjusting the allowance account. If a future write-off is later recovered, the recovery is recognized in the income statement.

The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate.

Assets Carried at Amortized Cost

If there is objective evidence that an impairment loss on assets carried at amortized cost has been incurred, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (with the exception of future credit defaults) discounted at the financial asset's original effective interest rate (i. e., the effective interest rate determined upon initial recognition). The carrying amount of the asset is reduced through an allowance account. The impairment loss is recognized in profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed. The new carrying amount of the asset may not exceed the amortized cost at the time the impairment loss is reversed. The impairment loss is reversed through profit or loss.

Available-for-Sale Financial Assets
If an available-for-sale asset is impaired, an amount is transferred from equity to profit or loss for the difference between its cost (net of any principal repayment and amortization) and current fair value (less any impairment loss on that asset previously recognized in profit or loss). Reversals in respect of equity instruments classified as available for sale are not recognized in profit or loss. Reversals of impairment losses on debt instruments classified as available-for-sale are reversed through the income statement if the increase in fair value of the instrument can be objectively related to an event occurring after the impairment loss was recognized in the income statement.

Derecognition of Financial Assets
A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognized when one of the following three conditions is met:
- The contractual rights to receive cash flows from the asset have expired
- The Group retains the right to receive cash flows from the financial asset, but has assumed a contractual obligation to pay them in full without material delay to a third party under a pass-through arrangement that meets the criteria of IAS 39.19
- The Group has transferred its contractual rights to receive cash flows from the financial asset and either
  (a) has substantially transferred all the risks and rewards of the asset, or
  (b) has neither substantially transferred nor retained all the risks and rewards of the asset, but has transferred control of the asset

Where the Group has transferred its rights to receive cash flows from an asset and has neither substantially transferred nor retained all the risks and rewards of the asset nor transferred control of the asset, the asset is recognized to the extent of the Group's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Where continuing involvement takes the form of a written and/or purchased option on the transferred asset (including a cash-settled option or similar provision), the extent of the Group's continuing involvement is the amount of the transferred asset that the Group may repurchase except that, in the case of a written put option (including a cash-settled option or similar provision) on an asset measured at fair value, the extent of the Group's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

Financial Liabilities

Initial recognition

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

Financial liabilities are recognized initially at fair value, and in the case of loans, less directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, bank overdraft facilities, loans and derivative financial instruments.

Subsequent Measurement

The measurement of financial liabilities depends on their classification as follows:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and other financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are acquired for the purpose of selling in the near future. This category includes derivative financial instruments entered into by the Group that do not meet the hedge accounting criteria as defined by IAS 39. Gains or losses on financial liabilities held for trading are recognized in profit or loss. The Group has not designated any financial liabilities as at fair value through profit or loss.

Loans

After initial recognition, interest-bearing loans are subsequently measured at amortized cost using the effective interest method. Gains and losses are recognized when the liabilities are derecognized as well as through the amortization process.

Derecognition of Financial Liabilities

A financial liability is derecognized 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 the recognition of a new liability and the difference in the respective carrying amounts is recognized in the income statement.

Derivative Financial Instruments

The Group uses derivative financial instruments such as forward exchange contracts and interest rate swaps to hedge the risks associated with interest rate and foreign currency fluctuations. Such derivative financial instruments are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivative financial instruments are carried as assets when the fair value is positive, and as liabilities, when the fair value is negative.

Where the Group holds a derivative as an economic hedge for a period beyond 12 months after the balance sheet date, the derivative is classified as non-current, or separated into current and non-current portions, consistent with the classification of the underlying item.

Any gains or losses arising during the year from changes in fair value on derivatives that do not qualify for hedge accounting are taken directly to income.

The fair value of forward exchange contracts is determined by referring to the current foreign exchange rates for forward contracts with similar maturity structures. The fair value of interest rate swap contracts is determined by reference to market values for similar instruments.

Derivatives not Designated as Hedging Instruments

The Group uses foreign currency denominated borrowings and forward currency contracts to manage some of its transaction exposures. These currency forward contracts are not designated as cash flow. Fair value or net investment hedges and are entered into for periods consistent with currency transaction exposures, generally one to 24 months. Such derivatives do not qualify for hedge accounting.

Offsetting of Financial Instruments

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

Liabilities

Trade payables and other liabilities are recognized at amortized cost.

Deferred Revenue

Deferred revenue is income received before the balance sheet date that relates to a certain period after that date.

Provisions and Accrued Expenses

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Where the Group expects some or all of a provision to be reimbursed (for example, under an insurance contract) the reimbursement is recognized as a separate asset, provided the reimbursement is virtually certain. The expense relating to any provision is presented in the income statement net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

Contingent Liabilities

Contingent liabilities are not recognized in the consolidated financial statements until their utilization is more than 50 % likely. Contingent liabilities are disclosed in the notes to the consolidated financial statements when the probability of their utilization is between 5 % and 50 %.

Pensions and Other Post-employment Benefits

The company provides a company pension plan for selected members of management. The provisions are measured every year by reputable independent appraisers. Provisions for pensions and similar obligations are determined using the projected unit credit method (IAS 19). The projected unit credit method considers each period of service as giving rise to an additional unit of benefit entitlement and measures each unit separately to build up the final obligation. The pension obligation less plan assets is recorded as a provision in the balance sheet. Actuarial gains and losses are recognized immediately in income.

Share-based Payments

Pursuant to IFRS 2, share-based payments are recognized as an expense for stock options of executives in personnel expenses and in equity (capital reserve). Certain employees (including executives) at Nemetschek Aktiengesellschaft receive share-based payments as remuneration in the form of equity instruments.

The expenses incurred due to equity-settled, share-based transactions are measured at the fair value of the equity instruments granted on the date granted. The fair value is calculated using a binominal model (Black-Scholes). Expenses incurred due to equity-settled, share-based transactions are recorded over the period in which the service and/or service conditions are fulfilled, with a corresponding increase in equity at the same time. This period ends on the date on which the entitlement of the employee in question becomes vested ("vesting date").

When an award is cancelled and compensated by an equity-based settlement, it is treated as if it had been vested on the cancellation date. Any expense not yet recognized is recognized immediately. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the grant date, the cancelled and new awards are treated as if they were a modification of the original award. Any payment made to the employee on the cancellation or settlement of the grant is accounted for as the repurchase of an equity interest, i. e., as a deduction from equity.

The dilutive effect of outstanding stock options is reflected as an additional share dilution in the computation of earnings per share (see note 11).

Reserves

Reserves are set up in accordance with statutory requirements and the articles of incorporation and bylaws (see note 17).

Minority Interests

The share of fair values of the identifiable assets and liabilities attributable to minority interests is allocated at the time the subsidiary is acquired. The losses allocable to minority interests in a consolidated subsidiary may exceed the minority interest in the equity of the subsidiary. The excess, and any further losses allocable to the minority interest, are charged against the majority interest in the Group's equity, except to the extent that the minority interest has a binding obligation to, and is able to, make good the losses. If the subsidiary subsequently reports profits, all such profits are allocated to the majority interest until the minority's share of losses previously absorbed by the majority has been recovered.

Leasing

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception date and requires an assessment of whether the fulfillment of the arrangement is dependent on the use of a specific asset or assets and whether the arrangement conveys a right to use the asset.

For arrangements entered into prior to January 1, 2005, the date of inception is deemed to be January 1, 2005 in accordance with the transitional requirements of IFRIC 4.

The Group as a Lessee

Finance leases, which transfer to the Group substantially all the risks and rewards incidental to ownership of the leased asset, are capitalized at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to produce a constant rate of interest on the remaining balance of the liability over the term of the lease. Finance charges are taken to profit or loss immediately. Leased assets are depreciated over the useful life of the asset. Capitalized leased assets are depreciated over the shorter of the estimated useful life of the asset or the lease term if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term.

Operating lease payments are recognized as an expense in the income statement on a straight-line basis over the lease term.

The Group as a Lessor

Leases where the Group does not transfer substantially all the risks and rewards incidental to ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating and concluding an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on the same basis as the lease income. Contingent rents are recognized as revenue in the period in which they are earned.

Taxes

Current Income Tax

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The calculation is based on the tax rates and tax laws applicable as of the balance sheet date.

Current tax relating to items recognized directly in equity is recognized in equity and not in the income statement.

Deferred Taxes

Deferred tax is recognized using the liability method on all temporary differences, as of the balance sheet date, between the carrying amounts of assets and liabilities in the balance sheet and their tax bases.

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

(a) where the deferred tax liability arises from initial recognition of goodwill or 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, it may not be recognized.

(b) the deferred tax liability in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures may not be recognized if the entity controls the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

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

(a) deferred tax assets relating to the deductible temporary difference arising 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, may not be recognized.

(b) deferred tax assets in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures may only be recognized to the extent that it is probable that the temporary differences will reverse in the foreseeable future and sufficient taxable profit will be available, against which the temporary differences can be utilized.

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

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realized, or the liability settled, based on tax rates (and tax laws) that have been enacted at the balance sheet date. Future changes in tax rates have been taken into account at the balance sheet date, to the extent that their material effectiveness conditions are fulfilled in the course of the legislative process.

Deferred tax relating to items recognized directly in equity is recognized in equity and not in the income statement.

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

Value Added Tax

Revenue, expenses and assets are generally recognized net of VAT, except for the following cases:

(a) where the VAT incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the VAT is recognized as part of the cost of the asset or as part of the expense item as applicable.

(b) trade receivables and trade payables that are stated with the amount of VAT included.

The net amount of VAT recoverable from, or payable to, the taxation authority is included as part of receivables or liabilities in the balance sheet.

Revenue Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company from the transaction and the revenue can be reliably measured. Revenue is recognized net of VAT and discounts when delivery has taken place and transfer of risks and rewards has been completed. Revenue from the provision of services is recognized by reference to the percentage of completion when it can be measured reliably. The percentage of completion is determined based on surveys of work performed and is generally based on the hours worked in proportion to the budgeted total number of hours.

Basic Information on Revenue Recognition

The Nemetschek Group generally distinguishes between the recognition of revenue from the sale of goods and merchandise, and from the provision of services and revenue from royalties.

Revenue from the sale of goods and merchandise must be recognized when all the following conditions have been satisfied (IAS 18.14):

- The significant risks and rewards incidental to ownership of the goods and merchandise sold have been transferred (transfer of title)
- The entity does not retain control over the goods and merchandise sold
- The amount of revenue can be measured reliably
- It is probable that the economic benefits associated with the transaction will flow to the entity (receipt of receivable)
- The costs incurred in respect of the transaction can be measured reliably

Revenue from the provision of services must be recognized when all of the following conditions have been satisfied (IAS 18.20):

- The amount of revenue can be measured reliably
- It is probable that the economic benefits associated with the transaction will flow to the entity (receipt of receivable)
- The stage of completion of the transaction at the balance sheet date can be measured reliably
- The costs incurred for the transaction and the costs to complete the transaction can be measured reliably

Customized construction contracts are concluded as contracts for work or services or fixed price contracts. In such cases, revenue and income is calculated using the percentage of completion method provided that the prerequisites set out in IAS 11.23 are met. This involves recognizing the individual revenue components in accordance with the percentage of completion, measured by reference to the percentage of contract costs incurred to date as a percentage of estimated total contract costs.

This has the following implications for the Nemetschek Group:

1. Software and licenses

1.1 Standard software

The aforementioned criteria for the sale of goods and merchandise are generally applied, i. e., revenue is recognized when the software is sold.

License fees and royalties resulting from the use of company assets (software) are recorded in accordance with the economic substance of the agreement. Revenue is recorded on a straight-line basis over the term of the license agreement unless agreed otherwise.

The transfer of licenses in return for fixed compensation (non-recurring licenses), which give the licensee unrestricted use, is a sales transaction from an economic perspective and can be fully recognized as income.

If the inflow of license fees or royalties depends on the occurrence of a certain event in the future, revenue is recognized only if it is probable that the license fee or royalty will flow to the entity. The time at which this occurs usually coincides with occurrence of the future event.

1.2 Sales transactions via sales representatives/agents
From an economic perspective, revenue is generally recorded when ownership and the incidental risks and rewards are transferred. However, if the seller is acting as an agent/representative, revenue is not recognized until the software/hardware has been sold to the final customer.

2. Hardware

The aforementioned criteria for the sale of goods and merchandise generally apply, i.e., revenue is recognized when the hardware is sold (when the goods are delivered).

3. Consulting

3.1 Contract for Services
The aforementioned criteria for the sale of services generally apply. Revenue is recognized using the percentage of completion method.

3.2 Service Contract
For pure service contracts, revenue is recognized in the period in which the service is rendered (consulting agreements).

4. Maintenance

In general, the aforementioned criteria for the sale of services are applied, i.e., revenue from maintenance contracts or services is recognized in the period in which the service is rendered.

If the sale price of software/hardware contains a measurably significant amount for subsequent services (e.g. maintenance), this amount is accrued and recognized as revenue pro rata temporis over the periods in which the services are rendered. The partial amount is initially recognized as a liability.

5. Training

In general, the aforementioned criteria for the sale of services are applied, i.e., revenue is recognized in the period in which the service is rendered.

Interest Income
Revenue is recognized as interest accrues (using the effective interest method that is the rate that exactly discounts estimated future cash receipts over the expected life of the financial instrument to the net carrying amount of the financial asset).

Dividends
Dividends are recognized when the Group's right to receive the payment is established.

Segment Reporting

The primary segment reporting format is determined to be business segments as the Group's risks and rates of return are affected predominantly by differences in the products and services produced. Secondary information is reported geographically. The operating business units are organized and managed separately according to the nature of the products and services provided. Each segment represents a strategic business unit whose product range and markets differ from those of the other segments.

For the purpose of managing the company, management has split the Group into business units and has four reportable operating segments worldwide: Design, Build, Manage and Multimedia. The business units Design, Build, Manage and Multimedia form the basis for the primary segment reporting.

Transfer prices between operating segments are fixed on an arm's length basis in a manner similar to transactions with third parties.

Post Balance Sheet Events

Events after the balance sheet that provide additional information about the Group's position at the balance sheet date have been taken into account in the financial statements as required. Non-adjusting events after the balance sheet date are stated in the notes to the consolidated financial statements if they are material.

Notes to the Consolidated Statement of Comprehensive Income

Thousands of €	2009	2008
Software and licenses	64,331	80,848
Maintenance (software service agreements)	61,963	58,819
Services (consulting and training)	8,804	9,973
Hardware	520	731
	135,618	**150,371**

Revenues include EUR 3,677 k (prior year: EUR 2,938 k) relating to the application of the percentage of completion method. These revenues are matched by expenses amounting to EUR 2,386 k (prior year: EUR 1,958 k). In the fiscal year, profit from projects based on application of the percentage of completion method amounts to EUR 1,291 k (prior year: EUR 980 k). Contract costs include the costs that are directly and indirectly attributable to the contract as well as costs specifically chargeable to the customer under the terms of the contract. The progress of the project is determined based on the costs incurred to date compared to planned costs. The stage of completion of the project is determined by the current project controlling. Revenue recognition is based on this. A security deposit usual for the market is accounted for.

The breakdown of revenue by segment is shown under segment reporting (note 25).

[2] Own work capitalized

Pursuant to IAS 38, development costs must be capitalized unless they are incurred for basic research or are not related to projects, provided the requirements of IAS 38.57 have been met. See also the accounting policies. The Group was involved in non-project related product development in the fiscal year 2008. The development costs of projects that have not satisfied the criteria of IAS 38.57 are recorded as an expense. If the development activities were related to usable products, the expenses incurred were capitalized. These included direct personnel costs plus directly allocable overheads.

In the fiscal year 2009 the Nemetschek Group capitalized own work amounting to EUR 481 k (prior year: EUR 232 k). Thereof self developed software was included with an amount of EUR 244 k (prior year: EUR 232 k). The useful life of capitalized development costs is assumed to be five years. Amortization starts upon commercial exploitation of the development results in the year the costs were incurred, using the straight-line method. In fiscal year 2009, EUR 33,611 k (prior year: EUR 33,144 k) was spent on research and development.

[3] Other operating income

Thousands of €	2009	2008
Foreign exchange rate gains	790	416
Offsetting other services	657	815
Income from subletting property	516	481
Development subsidies for EU projects	271	167
Other	870	602
	3,104	**2,481**

[4] Cost of materials / Cost of purchased services

Thousands of €	2009	2008
Cost of purchased materials	7,079	8,086
Cost of purchased services	1,287	1,390
	8,366	**9,476**

Cost of materials mainly includes purchased software licenses.

[5] Personnel Expenses

Thousands of €	2009	2008
Wages and salaries	49,976	50,980
Social security, other pension costs and welfare	10,388	10,345
	60,364	**61,325**

The headcount developed as follows:

	2009	2008
Sales/marketing/hotline	463	491
Development	480	445
Administration	142	147
Average headcount for the year	**1,085**	**1,083**
Headcount as of December 31	**1,064**	**1,114**

The statistical calculation and classification of the employee headcount for the current and prior fiscal years was adjusted for employees on parental leave, freelance employees, and those on extended sick leave and updated in compliance with the existing cost centre structure.

[6] Depreciation and Amortization

Thousands of €	2009	2008
Amortization of intangible assets	819	1,144
Depreciation of property, plant and equipment	1,611	1,835
Depreciation/amortization of tangible and intangible assets	**2,430**	**2,979**
Amortization due to purchase price allocated intangible assets	**7,105**	**7,383**
Total depreciation and amortization	**9,535**	**10,362**

[7] Other operating expenses

Thousands of €	2009	2008
Commissions	8,346	8,810
Rents	7,390	7,209
Expenses for third-party services	5,584	7,040
Marketing expenses	4,881	7,787
Travel expenses	2,633	3,549
Legal and consulting costs	2,494	3,476
Vehicle costs	1,974	2,119
Communication	1,129	1,212
Bad debt allowances	245	1,479
Other	5,404	8,231
	40,080	**50,912**

The item ‘other’ consists of various individual items, all of which are less than EUR 1,000 k.

These include exchange rate losses of under EUR 95 k (prior year: EUR 834 k). Contractually fixed rental expenses are offset by income from subletting office space of EUR 516 k (prior year: EUR 481 k) (see note 3 Other operating income).

[8] Income from Associates

The **income from associates** of EUR 235 k (prior year: EUR 373 k) includes income of associates consolidated at equity.

[9] Interest income/ expenses

Thousands of €	2009	2008
Other interest and similar income	331	985
Reassessment of interest rate hedges	−1,164	−2,539
Interest and similar expenses	−2,497	−4,280
	−3,330	**−5,834**

[10] Income taxes

Major components of income tax expense for the fiscal years 2009 and 2008 are as follows:

Thousands of €	2009	2008
Income from deferred tax	2,226	3,777
Expenses from deferred tax	−999	−1,120
Total deferred tax result	**1,227**	**2,657**
Current income from income tax	1,238	1,146
Current expenses from income tax	−7,283	−8,015
Result from current income tax income/expenses	**−6,045**	**−6,869**
Total income tax	**−4,818**	**−4,212**

The income tax rates of the individual entities range from 19.0 % to 42.9 % (prior year: from 20.0 % to 39.5 %). The tax rate is calculated as follows:

in %	2010		2009		2008	
Earnings before taxes	100.0		100.0		100.0	
Trade tax (weighted)	16.8	16.8	16.8	16.8	16.8	16.8
	83.2		**83.2**		**83.2**	
Corporate income tax	15.0	15.0	15.0	15.0	15.0	15.0
Solidarity surcharge	0.8	0.8	0.8	0.8	0.8	0.8
	67.4	**32.6**	**67.4**	**32.6**	**67.4**	**32.6**

Deferred taxes were measured on the basis of the nominal tax rates of Nemetschek Aktiengesellschaft or the tax rate applying to the respective subsidiary.

The tax rate for the fiscal year 2010 applied by Nemetschek Aktiengesellschaft is 32.6% (fiscal year 2009: 32.6 %).

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

Deferred tax at balance sheet date are as follows:

	Consolidated balance sheet		Consolidated income statement	
Thousands of €	2009	2008	2009	2008
Deferred tax assets				
Unused tax losses	3,870	3,298	572	−244
Valuation differences goodwill	105	246	−141	−35
Elimination of intercompany profits spin-off	258	345	−87	−86
Software development costs	504	765	−261	97
Measurement of receivables	113	69	44	50
Deferred revenue	38	45	−7	−53
Potential losses from rent	12	39	−27	−37
Warranty provision	0	133	−133	11
Vacation provision	100	116	−16	14
IFRS pensions	23	20	3	−41
Elimination of intercompany profits on non-current assets	152	194	−42	146
Prepaid rent	9	23	−14	−8
Measurement of liabilities	175	79	96	78
Provision for archiving costs	16	16	0	0
Compensations	0	106	−106	106
Other	10	4	6	0
Offsetting	−4,041	−3,455	−586	0
Total deferred tax assets	**1,344**	**2,043**		
Deferred tax liabilities				
Measurement difference from purchase price allocation				
– Non-current assets of Graphisoft	8,432	9,788	1,356	1,356
– Non-current assets of SCIA	634	741	107	199
Measurement difference for goodwill	599	599	0	0
Warranty provision	17	86	69	87
Measurement of liabilities	765	551	−214	410
Non-current assets	98	84	−14	−15
Recognition of internally developed software	48	0	−48	99
Measurement of receivables	12	13	1	433
Other	0	25	83	90
Offsetting	−4,041	−3,455	586	0
Total deferred tax liabilities	**6,564**	**8,432**		
Deferred tax expenses			**1,227**	**2,657**

A reconciliation between the reported income tax expense and the expected income tax expense (measured using the tax rate for 2009) for the fiscal years ending December 31, 2009 and 2008 is as follows .

Thousands of €	2009	2008
Earnings before taxes	**17,763**	**15,548**
Theoretical tax rate 32.6 %	5,796	5,073
Differences to German and foreign tax rates	−905	−938
Tax effects on:		
At equity consolidation of associates	0	−29
Use of unrecognized deferred taxes on unused losses carried forward	−1,275	0
Reduction of deferred taxes on losses carried forward	1,617	412
Effect of taxes, prior years	−41	−96
Non-deductible expenses	902	1,116
Tax free income	−1,214	−1,360
Tax rate changes	−35	−6
Other	−27	40
Effective tax expense	**4,818**	**4,212**
Effective taxe rate	**27.1 %**	**27.1 %**

The deferred tax assets on unused tax losses are determined as follows:

Thousands of €	2009	2008
Losses according to entities	35,932	36,011
Deferred tax assets, gross	10,427	10,596
Unrecognized deferred tax assets on unused losses carried forward	−6,557	−7,298
Deferred tax assets on unused tax losses, net	**3,870**	**3,298**

The items contain deferred taxes on unused tax losses which are likely to be realized in future. The deferred tax assets on unused tax losses were recognized on the basis of the income and expense budgeting of Nemetschek Aktiengesellschaft (parent) and its subsidiaries for the fiscal year 2010. The companies' detailed budgeting relates to a one-year period. Management has stated that the recognition of deferred tax assets on unused tax losses for a longer period generally cannot be substantiated.

In addition, deferred tax assets of EUR 2,306 k were recognized by the Graphisoft sub-group (prior year: EUR 1,852 k). These are based on the deferred tax liabilities recognized in connection with the purchase price allocation. A decision was made to not recognize deferred tax liabilities of EUR 131 (prior year: EUR 137 k) on profits carried forward amounting to EUR 20,026 k of a subsidiary which will only be subject to taxation of 5% if the profits are distributed and which can be offset against tax losses carried forward.

On the non-tax deductible pending loss from the valuation of an interest hedge, no deferred tax asset has been accounted for on 32.6 % of the market value since an estimation of the future market price development is not realistically possible because of its high uncertainty. The deferred tax assets not accounted for on the market valuation as of the balance sheet date amount to EUR 1,139 k (prior year: EUR 759 k) and these are disclosed as follows:

Thousands of €	**2009 Measurement**	**2009 Deferred taxes**	2008 Measurement	2008 Deferred taxes
Interest hedge	3,490	1,139	2,326	759

There were no income tax consequences attached to the payment of dividends in 2008 by Nemetschek Aktiengesellschaft to its shareholders.

[11] Earnings per share

Earnings per share

Basic undiluted earnings per share do not take into account any options, and are calculated by dividing the net income for the period attributable to shares by the average number of shares during the period.

For the purpose of calculating diluted earnings per share, the net income attributable to holders of ordinary shares and the weighted average number of shares outstanding are adjusted for the effects of all potentially diluting ordinary shares which originate from exercised share options. The number of ordinary shares is the weighted average number of ordinary shares plus the weighted average number of ordinary shares which would be issued on the conversion of all the potentially diluting ordinary shares into ordinary shares. Share options are deemed to have been converted into ordinary shares on the date on which the options were granted. When calculating diluted earnings per share, the weighted average number of ordinary shares which would be issued due to the conversion of all potentially diluting ordinary shares was not considered in any periods in which a net loss for the year was disclosed.

	2009	2008
Net income attributable to the parent (in thousands of EUR)	12,230	10,368
Average number of ordinary shares outstanding as of December 31	9,625,000	9,625,000
Average number of ordinary shares to be included in the calculation of diluted earnings per share as of December 31	9,625,000	9,625,000
Earnings per share in EUR, undiluted	**1.27**	**1.08**
Earnings per share in EUR, diluted	**1.27**	**1.08**

No dilutive effect was accounted for in the fiscal year since there are no options currently in issue.

Notes to the Consolidated Statement of Financial Position

[12] Fixed assets

A statement of changes in non-current assets is presented on the last page of these notes to the consolidated financial statements. Amortization does not include any impairment of internally generated software (prior year: EUR 333 k – Build Segment).

The development in the fair value of intangible assets due to the purchase price allocation of the Scia Group can be summarized as follows:

Thousands of €	Fair value as of acquisition Feb. 28, 2006	Useful life in years	Anual amortisation	**Net book value as of Dec. 31, 2009**	Net book value as of Dec. 31, 2008
Software	1,000	3	333	0	57
Customer relationships	2,700	10	270	1,665	1,935
Intangible assets	**3,700**		**603**	**1,665**	**1,992**

The development in the fair value of intangible assets due to the purchase price allocation of the Graphisoft Group can be summarized as follows:

Thousands of €	Fair value as of acquisition Dec. 31, 2006	Useful life in years	Anual amortisation	**Net book value as of Dec. 31, 2009**	Net book value as of Dec. 31, 2008
Brand name	5,300	15	353	4,241	4,594
Trademarks	2,800	10	280	1,960	2,240
Software	27,100	7	3,871	15,487	19,358
Customer relationships	27,300	12	2,275	20,475	22,750
Intangible assets	**62,500**		**6,779**	**42,163**	**48,942**

[13] Trade receivables

Thousands of €	**2009**	2008
Trade receivables (before bad debt allowances)	25,018	23,935
Specific bad debt allowance	−3,877	−3,621
Trade receivables	**21,141**	**20,314**

Provision was made for the bad debt risk by setting up appropriate specific bad debt allowances. Trade receivables are non-interest bearing and are generally due within 30 to 90 day terms customary for the industry. Pursuant to the Group guidelines, receivables that are past due by more than 360 days are provided for in full. The carrying amount of trade receivables corresponds to their fair values.

Bad debt allowances developed as follows:

Thousands of €	January 1	Utilization	Release	Charges	December 31
Bad debt allowances 2009	–3,621	505	386	–1,147	–3,877
Bad debt allowances 2008	–2,543	401	171	–1,650	–3,621

The ageing structure of trade accounts receivable is as follows:

Thousands of €	Not past due	past due by (<30 days)	past due by (30–60 days)	past due by (60–90 days)	past due by (90–180 days)	past due by (180–360 days)	past due by (>360 days)	December 31
Trade receivables 2009	12,531	5,043	1,296	383	760	1,128	0	21,141
Trade receivables 2008	9,411	6,476	1,231	931	1,166	1,099	0	20,314

[14] Inventories, Tax refund claims, Other assets, Financial assets

Thousands of €	2009	2008
Inventories	**827**	**651**
Tax refunded claims	**2,286**	**2,840**
Current financial assets	**537**	**139**
Other current assets	**5,181**	**4,815**
Non-current financial assets	**763**	**1,010**
Other non-current assets	**640**	**706**
	10,234	**10,161**

Inventories mainly consist of hardware EUR 361 k (prior year: EUR 320 k) and finished goods and work in progress of EUR 363 k (prior year: EUR 217 k).

Tax refund claims for income taxes will lead to cash inflows in the next six months.

Other current assets contain prepaid expenses of EUR 3,967 k (prior year: EUR 3,600 k) which will be reclassified to expenses in the next twelve months, and other assets such as security deposits.

Non-current financial assets mainly consist of the purchase price receivable from acadGraph CAD Studio GmbH of EUR 500 k (prior year: EUR 610 k).

The carrying amount of financial assets corresponds to their fair value.

[15] Equity

The development of issued capital, the capital reserve, the revenue reserve, foreign currency translation reserve, and the retained earnings/accumulated losses of the Group, as well as minority interests, are presented in the statement of changes in group equity.

[16] Subscribed capital

Nemetschek Aktiengesellschaft's share capital as of the balance sheet date stands at EUR 9,625,000.00 (unchanged compared to the prior year), and is divided into 9,625,000 no-par value bearer shares.

According to the resolution of the shareholders' meeting on May 21, 2008, the management board was authorized (this authorization was not exercised), by November 20, 2009, to

- "increase the share capital of the Company, once or several times, up to a maximum of 962,000 treasury shares, which is almost 10 % of the current nominal capital, all at once or in several parts complying with the following conditions: at no time may the shares acquired on the basis of this authorization, together with other shares of the Company that the Company has already purchased and still holds or which are attributable to it in accordance with §§ 71 et al AktG (Stock Corporation Law), constitute more than 10 % of its share capital. The authorization may not be used for trading with treasury shares.

This authorization replaces the authorization adopted by the shareholders' meeting of Nemetschek Aktiengesellschaft on May 23, 2007 as agenda topic 6 concerning the acquisition of treasury shares, which is hereby cancelled to the extent it is not exercised.

- The shares are purchased on the stock exchange or by public offer addressed to all the Company's shareholders. If the shares are purchased on the stock exchange, the purchase price of a Nemetschek share (excluding incidental acquisition costs) may not exceed or fall below the average closing price in the last five days of trading prior to the obligation to purchase them on the electronic Xetra exchange (or a comparable successor system) by more than 10 %.
  If a public purchase offer is made, the offer price for a Nemetschek share (excluding incidental acquisition costs) may not exceed or fall short of the average closing price on the Xetra exchange over the five days of trading prior to publication of the purchase offer by more than 20 %. If the total subscription exceeds the volume of the purchase offer, shares will be subscribed on the basis of the relative quotas. Preferential subscription to small numbers of shares may be allowed up to a maximum of 100 shares offered for sale for each shareholder of the Company.

- The management board is authorized to use the treasury shares purchased pursuant to this authorization for any legally permissible purposes. In accordance with § 71 (1) No. 8 AktG, the management board is authorized to use treasury shares purchased pursuant to this authorization for other purposes than through the sale on the stock exchange or via an offer to all shareholders precluding the subscription rights of the shareholders:

  (a) The management board is authorized to offer treasury shares purchased by exercising the above authorization to third parties as consideration for the acquisition of entities, investments in entities or parts of entities
  (b) The management board is authorized to use treasury shares acquired by exercising the above authorization to satisfy share subscription rights under the 2003 stock option plan. The 2003 stock option plan is based on resolutions passed by the shareholders' meeting on July 29, 2003 on No. 7 (b) of the agenda (published in the Federal Gazette on June 18, 2003) and on May 20, 2005 on 7 (a) of the agenda (published in the Federal Gazette on April 12, 2005). Please see the resolutions of the respective shareholders' meetings and the latest management report for more details.
  The supervisory board must decide on any assignments of treasury shares to members of the management board.

(c) The management board is authorized to redeem treasury shares acquired by exercising the above authorization, with the approval of the supervisory board, without any further resolution of the shareholders' meeting being required for the redemption to take effect."

According to the resolution of the shareholders' meeting on May 25, 2009, the management board was authorized (this authorization was not exercised), by November 24, 2010, to

- "increase the share capital of the Company, once or several times, up to a maximum of 962,000 treasury shares which is almost 10 % of the current nominal capital, all at once or in several parts complying with the following conditions: at no time may the shares acquired on the basis of this authorization, together with other shares of the Company that the Company has already purchased and still holds or which are attributable to it in accordance with §§ 71 et al AktG (Stock Corporation Law), constitute more than 10 % of its share capital. The authorization may not be used for trading with treasury shares.

This authorization replaces the authorization adopted by the shareholders' meeting of Nemetschek Aktiengesellschaft on May 21, 2008 as agenda topic 6 concerning the acquisition of treasury shares, which is hereby cancelled to the extent it is not exercised.

- The shares are purchased on the stock exchange or by public offer addressed to all the Company's shareholders. If the shares are purchased on the stock exchange, the purchase price of a Nemetschek share (excluding incidental acquisition costs) may not exceed or fall below the average closing price in the last five days of trading prior to the obligation to purchase them on the electronic Xetra exchange (or a comparable successor system) by more than 10 %.

  If a public purchase offer is made, the offer price for a Nemetschek share (excluding incidental acquisition costs) may not exceed or fall short of the average closing price on the Xetra exchange over the five days of trading prior to publication of the purchase offer by more than 20 %. If the total subscription exceeds the volume of the purchase offer, shares will be subscribed on the basis of the relative quotas. Preferential subscription to small numbers of shares may be allowed up to a maximum of 100 shares offered for sale for each shareholder of the Company.

- The management board is authorized to use the treasury shares purchased pursuant to this authorization for any legally permissible purposes. In accordance with § 71 (1) No. 8 AktG, the management board is authorized to use treasury shares purchased pursuant to this authorization for other purposes than through the sale on the stock exchange or via an offer to all shareholders precluding the subscription rights of the shareholders:

  (a) The management board is authorized to offer treasury shares purchased by exercising the above authorization to third parties as consideration for the acquisition of entities, investments in entities or parts of entities
  (b) The management board is authorized to redeem treasury shares acquired by exercising the above authorization, with the approval of the supervisory board, without any further resolution of the shareholders' meeting being required for the redemption to take effect."

[17] Capital reserve/ Revenue reserve/ Foreign currency Translation/Dividend

The **capital reserve** includes the share premium from the IPO and the value of equity-settled share-based payments granted to employees as a salary component. Changes essentially arose from offsetting against losses carried forward in 2003. The expenses for share-based payments are explained in note 28.

The **revenue reserve** relates to the sale of treasury shares in 2005.

The **foreign currency translation reserve** records exchange differences arising from the translation of the financial statements of foreign subsidiaries

Proposed dividend

The management board and supervisory board propose that a dividend be paid amounting to EUR 4,812,500.00. This corresponds with EUR 0.50 per share.

[18] Provisions, Accrued liabilities and Pension provisions

As a company with international operations in various business fields, the Group is exposed to a whole range of legal risks. This is especially true of risks for warranties, tax law and other legal disputes. The outcome of currently pending and/or future litigation cannot be predicted with certainty, and thus, expenses may be incurred from decisions that are not fully covered by insurance and that may have significant effects on the business and its results. Management is of the opinion that litigation currently pending is not likely to result in decisions that will significantly and negatively influence the financial position and performance of the Group.

Provisions and accrued liabilities

Provisions and accrued liabilities contain the following items and are mainly due within one year:

Thousands of €	**2009**	2008
Commission/bonuses for employees	3,792	3,832
Outstanding invoices	1,400	2,468
Vacation accrued by employees	1,963	2,226
Legal and consulting fees/cost preparing the financial statements	307	379
Guarantees and liability risks	380	748
Other accrued liabilities	1,529	1,894
	9,371	**11,547**

The warranty and liability provisions have been set up in the current fiscal year based on the assessment per company. In the fiscal year 2009, EUR 326 k was utilized, EUR 422 k was released, and EUR 380 k added. In fiscal year 2008, the warranty provisions have been set up, according to the assessment by management based on past experience, at an amount of at least 0.5 % of revenue less purchased merchandise (i.e. revenues subject to warranty). Other provisions and accrued liabilities contain other individual items under EUR 250.

Pension provisions

The obligation to a subsidiary's managing directors, resulting from pension plans, is determined using the projected unit credit method. Actuarial gains and losses are recognized immediately in income. There were no curtailments in the year ending December 31, 2009. The plans were continued beyond this period. The pension plans provide a benefit, to employees who have reached the age of 65, amounting to 60 % of the last net salary up to a maximum amount of EUR 3,834.69 (DEM 7,500.00) per month. All claims are vested.

The table below shows the development of the pension obligations and of plan assets. For the first time, the pension obligations were offset against the existing plan assets in the fiscal year 2009. Accordingly, the prior year disclosures were adjusted whereby the balance sheet amount as of December 31, 2008 remained unchanged. Plan assets include any reinsurance plans entered into which are assigned to the pension beneficiary authorized to these.

The table below shows the development of the pension obligations:

Thousands of €	January 1	Changes	December 31
Defined Benefit Obligation 2009	513	20	533
Plan asset 2009	307	26	333
Status of coverage (= Pension provisions) 2009	**206**	**–6**	**200**
Defined Benefit Obligation (= Pension provisions) 2008	639	–126	513
Plan asset 2008	281	26	307
Status of coverage 2008	**358**	**–152**	**206**

Thousands of €	2009	2008
Present value of the obligation	533	513

The pension expenses and income, as well as changes in pension obligations, are attributable to

Thousands of €	2009	2008
Current service cost	25	32
Interest cost	29	29
Less actuarial gains	–34	–187
Expenses (prior year: Income) for employee benefits	**20**	**–126**

The expenses and income as well as changes in plan assets are attributable to:

Thousands of €	**2009**	2008
Company contribution	24	25
Expected interests plan assets	14	13
Less actuarial losses	−12	−12
Income plan assets	**26**	**26**

The net benefit expense resulting from current service cost, interest and actuarial gains amounts to EUR 20 k (prior year: income EUR 126 k). Income from plan assets from employer contributions, the expected income from plan assets and the actuarial losses recorded amount to EUR 26 k (prior year: EUR 26 k). These are included respectively in personal expenses.

The "mortality tables 2005 G" from Dr. Klaus Heubeck were applied as in the prior year. The principal actuarial assumptions used to determine pension obligations as of December 31 were as follows:

in %	**2009**	2008
Discount rate	5.90	5.70
Future pension increases	1.00	1.00
Expected interest plan assets	4.50	4.50

The amounts for the current and previous four reporting periods are as follows:

Thousands of €	**2009**	2008	2007	2006	2005
Defined benefit obligation	533	513	639	590	583
Experience adjustments of defined benefit obligation − = loss/+ = gain	8	8	8	49	−92
Value of plan asset	333	307	281	255	230
Experience adjustments of plan asset − = loss/+ = gain	−12	−12	−8	−9	−9

The Group expects expenses of EUR 56 k for its defined benefit pension plans in the fiscal year 2010. Capital income amounts to TEUR 16.

[19] Liabilities

Liabilities, categorized by due date, comprise the following:

2009 Thousands of €	Total amount	Less than 1 year	1 to 5 years	More than 5 years
Loans	32,287	8,731	23,556	0
Payments received on account of orders	164	164	0	0
Trade payables	5,007	5,007	0	0
Tax liabilities	2,431	2,431	0	0
Other liabilities	5,486	4,868	618	0
thereof taxes	2,991	2,991	0	0
thereof relating to social security	597	597	0	0
December 31, 2009	**45,375**	**21,201**	**24,174**	**0**

2008 Thousands of €	Total amount	Less than 1 year	1 to 5 years	More than 5 years
Loans	49,401	8,077	41,324	0
Payments received on account of orders	151	151	0	0
Trade payables	6,640	6,640	0	0
Tax liabilities	1,524	1,524	0	0
Other liabilities	6,838	6,225	613	0
thereof taxes	3,323	3,323	0	0
thereof relating to social security	574	574	0	0
December 31, 2008	**64,554**	**22,617**	**41,937**	**0**

Loans to finance the Graphisoft Acquisition

Loans primarily relate to the finance for the Graphisoft acquisition which was provided by a syndicated credit facility arranged in three tranches from WestLB AG, Düsseldorf. Financing developed as follows:

Source of funds	Fiscal Year 2007 Mio. EUR	Term	Repayment	Interest rate	Repayments as of Dec. 31, 2008 Millions of EUR	Repayments in Fiscal Year 2009 Millions of EUR	Net book value as of Dec. 31, 2009	thereof current due within 1 year Mio. EUR	thereof non-current over 1 year Mio. EUR
TRANCHE 1 “Bridge Loan”	20.0	Sep. 30, 2007	At the end of the term and max. EUR 5 million per interest period prematurely	3-M-EURIBOR plus 1.0 %	20.0	0	0	0	0
TRANCHE 2 "Term Loan"	35.0	Dec. 31, 2011	Half yearly installements of EUR 3.5 million and min. EUR 5 millions per interest period prematurely	3-M-EURIBOR plus 1.5 %	10.5	7.0	17.5	7.0	10.5
TRANCHE 3 "Revolving Credit Facility"	45.0	Dec. 31, 2012	Per withdrawal at the end of the respective interest period, no later than at the end of the term	3-M-EURIBOR plus 1.5 %	20.2	10.1	14.7	1.7	13.0
Total	**100.0**				**50.7**	**17.1**	**32.2**	**8.7**	**23.5**

Borrowers are Nemetschek Aktiengesellschaft, Munich; and NEMETSCHEK Allplan GmbH (formerly: Nemetschek Technology GmbH), Munich.

Collateral was provided in the form of shares purchased by Nemetschek Aktiengesellschaft in Graphisoft SE European Company Limited by Shares, Budapest, Hungary, that are pledged and deposited at WestLB Hungaria zrt., Budapest, Hungary.

In connection with the agreed syndicated loan for the third tranche, Nemetschek Aktiengesellschaft has undertaken to repay 50 % of excess cash flows of the fiscal year 2009 by June 30 of the following year. Excess cash flows are calculated based on the cash budgeting and are defined as follows: net income of the Group for the year, plus amortization and depreciation, less obligatory repayment for the second tranche, less planned capital expenditures.

Other loans

In addition, there are other loans of EUR 87 k (prior year: EUR 87 k), which relate exclusively to the SCIA Group, Belgium. Carrying amounts correspond with fair value. The loans are subject to interest at rates typical for the market.

Trade payables are subject to the customary retention of title relating to the supply of movable fixed assets and inventories. Trade payables are non-interest bearing and are normally settled on 60-day terms. Carrying amounts correspond with fair value.

Other liabilities primarily comprise liabilities to the tax authorities on account of obligations to pay wage tax and VAT, as well as to pay social security contributions to the social security authorities. Other liabilities are non-interest bearing and have an average term of 60 days. Carrying amounts correspond with fair value.

[20] Deferred revenue

Deferred revenue

Deferred revenue amounts to EUR 14,774 k (prior year: EUR 12,133 k). The total amount will lead to revenue in the first half of 2010.

[21] Non-current financial obligations

Non-current financial obligations

Within the framework of the contractually agreed upon syndicated credit facility with WestLB AG, Düsseldorf, Nemetschek Aktiengesellschaft has entered into an interest hedge. The fair value of the interest derivative is calculated using recognized financial mathematical models based on market data available at the date of valuation. The gains and losses of fair-value measurement are recognized in income under net interest. The negative market value of this interest hedge of EUR 3,490 k (prior year: EUR 2,326 k) is presented as of December 31, 2009 under other non-current financial liabilities. In total an expense of EUR 1,164 (prior year: EUR 2,539 k) was recorded in fiscal year 2009. The following table displays the conditions agreed upon and the current carrying value:

Thousands of €	Reference amount	Date of agreement	Date of closing	Base interest rate/ Factor	interest limit (or difference)	Interest cap/ floor	**As of Dec. 31, 2009**
Participation interest rate swap	30,000	January 25, 2007	July 15, 2014	3-Monats-EURIBOR /0.95	5.25 %	5.53 %/ 3.17 %	3,490

The conditions of the interest hedge are defined in the agreement with WestLB AG, Düsseldorf as follows: Nemetschek Aktiengesellschaft receives a variable amount equivalent to the base interest rate for each calculation period (January 15, April 15, July 15, October 15 of each fiscal year) from WestLB AG. Should the interest cap be reached in a calculation period, Nemetschek Aktiengesellschaft has undertaken to pay interest at the threshold interest rate to WestLB AG. Should neither the interest cap nor the interest floor be reached in a calculation period, Nemetschek Aktiengesellschaft has undertaken to pay interest at the participation rate (= factor x base interest rate) to WestLB AG. Should the interest floor be reached in a calculation period, Nemetschek Aktiengesellschaft has undertaken to pay interest at the threshold interest rate to WestLB AG.

[22] Financial commitments/Contingent liabilities

Financial commitments

Thousands of €	Total	Less than 1 year	1 to 5 years	More than 5 years
Rental agreements	21,584	5,619	12,993	2,972
Leases	2,483	1,010	1,473	0
Total financial commitments as of December 31, 2009	**24,067**	**6,629**	**14,466**	**2,972**
Rental agreements	14,068	5,878	7,542	648
Leases	2,751	1,061	1,646	44
Total financial commitments as of December 31, 2008	**16,819**	**6,939**	**9,188**	**692**

The rental agreements consist almost exclusively of rental agreements for office space with limited terms. The leases are subject to the customary escalation clauses and renewal options. Rent obligations are offset against expected income from non-cancellable subleases for the year 2010 totaling EUR 482 k (prior year: EUR 944 k). The lease obligations mainly consist of leases for vehicles and telecommunications equipment.

Contingent liabilities

As of balance sheet date, contingent liabilities amount to EUR 695 k (prior year: EUR 691 k) and mainly relate to rental agreements and bank guarantees. From a tax perspective, there are contingent liabilities of EUR 570 k (prior year: EUR 570 k) which could lead to payments over the next five years.

[23] Notes to the cash flow statement

The **cash flow statement** is split into cash flows from operating, investing and financing activities. Whereas the cash flow from operating activities is derived using the indirect method, the cash flows from investing and financing activities are based on direct cash inflows and outflows.

The cash flow from **operating activities** amounts to EUR 23,428 k (prior year: EUR 30,417 k). The item non-cash transactions mainly includes EUR 1,164 k (prior year: EUR 2,326 k) from the revaluation of interest hedges.

The cash flow from **investing activities** amounts to EUR −3,575 k (prior year: EUR −4,664 k). In the current fiscal year, expenditure related primarily to the replacement of fixed-asset acquisitions. The closing payments of the variable purchase price liabilities already accounted for as part of the acquisition of the Scia Group and of Nemetschek Bausoftware GmbH amount to EUR −1,299 k in total.

The cash flow from **financing activities** of EUR −20,073 k (prior year: EUR −31,907 k) is dominated by the repayment of bank loans of EUR −17,114 k (prior year: EUR −20,292 k). Further cash outflows were recorded from interest on bank loans amounting to EUR −2,457 k (prior year: EUR −4,205 k) and the payment of profit shares to minority interests amounting to EUR −502 k (prior year: EUR −1,154 k).

The Group's **cash and cash equivalents** comprise cash and short-term deposits and break down as follows:

Thousands of €	2009	2008
Bank balances	21,589	19,017
Fixed term deposits	1,272	4,210
Cash and cash equivalents	**22,861**	**23,227**

Bank balances earn interest at floating rates for on-call deposits. Fixed-term deposits are made for terms of between one day and three months, depending on the immediate cash requirements of the Group. These could be subject to slight fluctuations in value. Fixed term deposits bear interest at the respective rates applying for the term. Carrying amounts correspond with fair value. The Group has undrawn credit lines of EUR 21,500 k, as in the prior year.

[24] Financial instruments/Financial risk management objectives and policies

Derivative financial instruments

Depending on their maturity, the derivatives used as hedging instruments with positive/ negative fair values are either classified as other current assets (or provisions) or as other non-current assets (or provisions). Derivative financial instruments not used as hedging instruments are classified as financial assets held for trading and are measured at fair value; changes in fair value are included in the result for the period.

Fair Value of Financial instruments

Fair value is defined as the amount at which the instrument could be exchanged in a current transaction between knowledgeable, willing parties in an arm's length transaction (other than a forced sale or liquidation). Fair values are obtained from quoted market prices, discounted cash flow analyses or option pricing models as appropriate.

The following methods and assumptions are used to estimate the fair value of each class of financial instrument:

Financial assets and Financial liabilities

There are no significant differences in the Group between the fair value and the carrying amount of financial instruments. The carrying amount of cash and cash equivalents, other financial assets and financial liabilities approximates fair value because of the relatively short-term maturity of these financial instruments.

Where no quoted market prices are available, the fair value of publicly traded instruments is estimated based on quoted market prices for those or similar investments. For all other financial instruments for which there are no quoted market prices, a reasonable estimate of fair value has been calculated based on the expected cash flow or the underlying net asset base for each investment. All carrying amounts approximate the fair value of the corresponding items.

Financial Risk Management Objectives and Policies

The objective of the Company with regard to financial risk management is to mitigate the risks presented below by the methods described. The Group generally pursues a conservative, risk-averse strategy.

The main financial liabilities used by the Group – except for derivative financial instruments – include bank loans and overdraft facilities, trade payables and other liabilities. The main purpose of these financial liabilities is to raise finance for the Group's operations. The Group has various financial assets, such as trade receivables and cash and short-term deposits, which arise directly from its operations.

Credit Risk Related to Financial Instruments and Cash Deposits at Banks
The credit risk from balances with banks and financial institutions is managed by the Group treasury in accordance with the Group's policy. The limits are set to minimize the concentration of risks and therefore mitigate financial loss through potential counterparty failure. The Group's maximum exposure to credit risk for the components of the statement of financial position as of December 31, 2009 and 2008 are the carrying amounts as illustrated in note 23, except for derivative financial instruments.

The Group also has derivative financial instruments. These include interest swaps and forward exchange contracts where appropriate. The purpose of these derivative financial instruments is to manage the interest rate and currency risks arising from the Group's operations and its sources of finance.
It has been, throughout the fiscal years 2009 and 2008, and will be in future, the Group's internal policy that no trading in derivatives shall be undertaken.

The main risks arising from the Group's financial instruments are cash flow interest rate risk, liquidity risk, foreign currency risk and credit risk. The Company's management reviews and agrees policies for managing each of these risks, which are summarized below. The Group generally pursues a conservative, risk-averse strategy.

Foreign Exchange Risk and Risk Management
In the course of ordinary operations, the Nemetschek Group is exposed to exchange rate fluctuations in particular. The Company's policy is to eliminate or reduce these risks by entering into hedging transactions. The currency risks of the Group are due to the fact that the Group operates and has production sites and sales establishments in different countries worldwide. All hedging measures are coordinated and performed centrally by the Group treasury.

Due to its international business operations, the Nemetschek Group is exposed to exchange rate fluctuations on the international money and capital markets. Guidelines exist for the foreign currency and interest hedging policies across the Group, which are based on the minimum requirements for performance of trading transactions by the banks as issued by the Federal Office for Monitoring Financial Services. Only first-class national banks whose credit rating is checked regularly by rating agencies may act as partners for hedging transactions.

As required, the Group enters into various types of foreign exchange contracts to manage the foreign exchange risk resulting from cash flows from (anticipated) business activities and financing arrangements denominated in foreign currencies.

The exchange rate fluctuation only has a limited effect at top Group level because the operating subsidiaries outside the euro area record revenue as well as cost of materials, personnel expenses and other expenses in their local currency.

Sensitivity Analysis of Selected Foreign Currencies

The table below shows the sensitivity of Group revenue and Group EBIT to a reasonably possible change in the USD or the HUF exchange rates. All other variables remain constant.

Sensitivity USD/EUR	Thousands of €	Change of exchange rate USD	Sensitivity effect to Revenues	Sensitivity effect to EBIT
Fiscal year 2009				
(average USD/EUR exchange rate = 1.40)		+5 %	−765	−139
		−5 %	845	153
Fiscal year 2008				
(average USD/EUR exchange rate = 1.47)		+5 %	−928	−208
		−5 %	1,025	230

Sensitivity of HUF/EUR	Thousands of €	Change of exchange rate HUF	Sensitivity effect to Revenues	Sensitivity effect to EBIT
Fiscal year 2009				
(average HUF/EUR exchange rate = 281.12)		+5 %	−910	−355
		−5 %	1,006	392
Fiscal year 2008				
(average HUF/EUR exchange rate = 250.83)		+5 %	−1,168	−422
		−5 %	1,291	466

Liquidity Risks and Management

The Group needs sufficient liquidity to meet its financial obligations. Liquidity risks arise from the possibility that customers may not be able to settle obligations to the Nemetschek Group under normal trading conditions. The credit rating of the Group allows sufficient cash to be procured. In addition, as in the prior year, the Group had undrawn credit lines totaling EUR 21,500 k as of December 31, 2009.

To manage this risk the Company periodically assesses the credit rating of its customers. Liquidity risks can also arise from the possibility that a market for derivatives may not exist in some circumstances.

The Group monitors its risk of a shortage of funds using monthly liquidity planning.

This considers the maturity of both its financial assets (accounts receivable, fixed-term deposits, etc.) and projected cash flows from operating activities. The Group's objective is to maintain a balance between providing continuity of funding and ensuring flexibility.

Default Risk and Risk Management
Default risks, that is the risk of contractual parties not meeting payments, are managed by means of credit approvals, limits and monitoring procedures. Where appropriate, the Company obtains additional collateral in the form of rights to securities or arranges master netting agreements.

The Company does not expect that any of its business partners with high credit ratings will fail to meet their obligations. The Nemetschek Group has no significant concentration of credit risks with any single customer or customer group. The maximum credit risk can be calculated from the amounts shown in the balance sheet. The terms of payment fall within the customary 30 to 90 days for the industry.

Capital Management
The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy equity ratios in order to support its business operations and maximize shareholder value.

The Group manages its capital structure, and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders or return capital payments to shareholders. No changes were made in the objectives, policies or processes as of December 31, 2009 and as of December 31, 2008. The Group meets externally imposed minimum capital requirements.

The Group monitors its capital using the gearing and equity ratios.

Gearing ratio
The gearing ratio is defined as net debt divided by EBITDA. Net debt is essentially defined as current and non-current loans less any cash and cash equivalents. The Group's gearing ratio ranges between 0 and 3.5, thus meeting external and internal key indicators.

Equity ratio
The equity ratio is the ratio of equity to total equity and liabilities. The Nemetschek Group's equity ratio amounts to 49.9 % (prior year: 40.6 %). In the mid-term, the Group aims for an equity ratio in excess of 50 %.

Credit Risk and Risk Management

The Group trades only with recognized, creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis, with the result that the Group's exposure to bad debts is not significant. For transactions that do not occur in the country of the relevant operating unit, the Group does not offer credit terms without the approval of the head of credit control. There is no significant concentration of risk of default within the Group.

With respect to the other financial assets of the Group, which comprise cash and cash equivalents, the Group's maximum exposure to credit risk arising from default of the counterparty is equal to the carrying amount of these instruments.

Interest Risk and Risk Management

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long-term debt obligations with floating interest rates.

On the one hand, the Group manages the interest rate risk using the interest coverage ratio; the interest coverage ratio is EBITDA divided by net interest expense.

On the other hand, the Group's interest expenses are managed by hedging interest expenses on borrowed capital. As of December 31, 2009, over 93 % (prior year: 60 %) of the interest expenses on outstanding loan liabilities were hedged using interest swaps.

Summary of Interest Rate Risks

The following table shows the sensitivity of consolidated net income to a reasonably possible change in the interest rates (due to the effect on the floating interest loans and fixed-term deposits). All other variables remain constant.

2009 Thousands of €	Base interest rate (average)	Change in base/base interest rate after changes	Reference amount	Sensitivity effect to Net income
Sensitivity interest income	1-month EURIBOR (0.89 %)	+ 0.10 % / 0.99 %	331	37
		−0.10 % / 0.79 %		−37
Sensitivity interest expenses	3-month EURIBOR (1.22 + 1.5 %* = 2.72 %)	+ 0.10 % / 2.82 %	−2,497	−92
		−0.10 % / 2.62 %		92

*) According to the terms and conditions of the syndicated loan facility arranged by WestLB AG, Düsseldorf

2008 Thousands of €	Base interest rate (average)	Change in base/base interest rate after changes	Reference amount	Sensitivity effect to Net income
Sensitivity interest income	1-month EURIBOR (4.28 %)	+ 0,10 % / 4,38 %	985	23
		−0,10 % / 4,18 %		−23
Sensitivity interest expenses	3-month EURIBOR (4.68 + 1.5 %* = 6.14 %)	+ 0,10 % / 6,24 %	−4,280	−70
		−0,10 % / 6,04 %		70

*) According to the terms and conditions of the syndicated loan facility arranged by WestLB AG, Düsseldorf

[25] Segment Reporting

The Company divides its activities into the segments Design, Build, Manage and Multimedia. The Design segment contains the architecture and engineering division and is mainly characterized by the development and marketing of CAD, static engineering and tender software. The Build segment involves the creation and marketing of commercial software for construction companies. The Manage segment covers facility management, which involves extensive administration and management of property development projects. Also, the Group's Multimedia business unit is involved in the field of multimedia software, visualization and animation.
The following tables present revenue and profit along with certain assets and liability information according to the Group's business segments:

Segment Reporting – Income Statement Disclosures:

2009 Thousands of €	Total	Elimination	Design	Build	Manage	Multimedia
Revenue, external	135,618	0	109,551	14,014	3,998	8,055
Intersegment revenue	0	−566	0	10	15	541
Total revenue	**135,618**	**−566**	**109,551**	**14,024**	**4,013**	**8,596**
EBITDA	**30,393**		**21,988**	**5,354**	**693**	**2,358**
Depreciation/Amortization	−9,535		−9,165	−138	−54	−178
Segment Operating result (EBIT)	**20,858**		**12,823**	**5,216**	**639**	**2,180**
Interest income	331					
Interest expenses	−3,661					
Income from associates	235					
Income tax	−4,818					
Net income for the year	**12,945**					

2008 Thousands of €	Total	Elimination	Design	Build	Manage	Multimedia
Revenue, external	150,371	0	124,284	12,900	4,215	8,972
Intersegment revenue	0	−774	100	20	0	654
Total revenue	**150,371**	**−774**	**124,384**	**12,920**	**4,215**	**9,626**
EBITDA	**31,371**		**24,272**	**3,523**	**490**	**3,086**
Depreciation/Amortization	−10,362		−9,495	−474	−215	−178
Segment Operating result (EBIT)	**21,009**		**14,777**	**3,049**	**275**	**2,908**
Interest income	985					
Interest expenses	−6,819					
Income from associates	373					
Income tax	−4,212					
Net income for the year	**11,336**					

The depreciation and amortization of the Design segment includes amortization and depreciation of EUR 7,105 k (prior year: EUR 7,383 k) relating to the purchase price allocation. Amortization in the Build segment includes impairment losses of EUR 333 k recorded on internally generated software.

The secondary segment reporting format for financial reporting relating to the statement of financial position that is used for the Group's internal organizational and management purposes does not show a geographical breakdown between abroad and Germany. It is therefore not presented in greater detail.

Transfer prices between business segments are set on an arm's length basis in a manner similar to transactions with third parties. Segment revenue, segment expense and the segment result include transfers between business segments. Those transfers are eliminated in consolidation.

Segment reporting by geographical region is as follows:

Thousands of €	**Revenues 2009**	**Fixed assets 2009**	**Additions to fixed assets 2009**	Revenues 2008	Fixed assets 2008	Additions to fixed assets 2008
Germany	58,279	17,048	1,021	57,407	16,628	2,135
Abroad	77,339	86,731	1,343	92,964	95,036	3,366
Total	**135,618**	**103,779**	**2,364**	**150,371**	**111,664**	**5,501**

The Group's geographical secondary segment assets are based on the location of the Group's assets. Correspondingly, total assets of EUR 41,133 k (prior year: EUR 38,182 k) can be allocated to the German segment and total assets of EUR 118,227 k (prior year: EUR 129,227 k), to the foreign segment.

Sales to external customers disclosed in the geographical segments are allocated to the various territories on the basis of the customer's location.

Segment Reporting – Balance Sheet Disclosures:

2009 Thousands of €	Total	Design	Build	Manage	Multimedia
Trade receivables	21,141	17,718	2,311	493	619
Inventories	827	695	37	0	95
Other assets	5,909	5,313	126	12	458
Fixed assets	103,118	85,152	12,550	2,096	3,320
thereof additions to fixed assets	2,364	1,921	290	25	128
Segment assets	**130,995**	**108,878**	**15,024**	**2,601**	**4,492**
Cash and cash equivalents	22,861				
Financial assets, associates	660				
Non-allocated assets *)	4,843				
Total assets	**159,359**				
Liabilities	14,147	13,187	433	148	379
Provisions and accrued liabilities	9,371	7,331	912	464	664
Pension provisions	200	0	0	0	200
Deferred revenue	14,774	14,487	174	73	40
Segment liabilities	**38,492**	**35,005**	**1,519**	**685**	**1,283**
Non-allocated liabilities **)	41,282				
Total liabilities	**79,774**				

*) Not allocated: Income Tax Assets (EUR 2,286 k), Deferred Tax Assets (EUR 1,344 k) and other Assets (EUR 1,213 k)

**) Not allocated: Loans (EUR 32,287 k), Deferred Tax Liabilities (EUR 6,564 k) and other Liabilities (EUR 2,431 k)

Segment Reporting – Balance Sheet Disclosures:

2008 Thousands of €	Total	Design	Build	Manage	Multimedia
Trade receivables	20,314	17,552	1,518	333	911
Inventories	651	514	28	0	109
Other assets	5,316	4,729	149	11	427
Fixed assets	111,005	93,111	12,372	2,127	3,395
thereof additions to fixed assets	5,501	5,004	254	45	198
Segment assets	**137,286**	**115,906**	**14,067**	**2,471**	**4,842**
Cash and cash equivalents	23,227				
Financial assets, associates	659				
Non-allocated assets *)	6,237				
Total assets	**167,409**				
Liabilities	15,937	14,343	1,010	211	373
Provisions and accrued liabilities	11,547	9,173	827	671	876
Pension provisions	513	0	0	0	513
Deferred revenue	12,133	11,965	110	58	0
Segment liabilities	**40,130**	**35,481**	**1,947**	**940**	**1,762**
Non-allocated liabilities **)	59,375				
Total liabilities	**99,505**				

*) Not allocated: Deferred Tax Assets (EUR 2,043 k), Income Tax Assets (EUR 2,840 k) and other Assets (EUR 1,354 k)

**) Not allocated: Loans (EUR 49,401 k), Deferred Tax Liabilities (EUR 8,432 k) and other Liabilities (EUR 1,542 k)

[26] Subsequent events

There were no significant events subsequent to the balance sheet date.

[27] Related parties

The Group enters into transactions with its associates and related parties. These transactions are part of ordinary activ ities and are treated at arm's length. They are classified in accordance with IAS 24.18 (g) as transactions with other related parties. Among the most significant transactions is the renting of space by Nemetschek Aktiengesellschaft from Concentra GmbH & Co. KG, Munich. Since the fiscal year 2000, a rental agreement for office space has been in place between Nemetschek Aktiengesellschaft and Concentra GmbH & Co. KG, Munich (limited partner: Mr. Alexander Nemetschek). The net rent for the fiscal year 2009 amounts to EUR 2,349 k (prior year: EUR 2,349 k). The contract has a remaining term of one year. From January 1, 2011 rental agreements have been concluded for Nemetschek Aktiengesellschaft, Nemetschek Allplan GmbH and Nemetschek Deutschland GmbH with Concentra GmbH & Co. KG.

The statement of financial position does not contain any amounts relating to significant transactions with associates and related parties.

Disclosures on Transactions Pursuant to § 15a WpHG
[Wertpapierhandelsgesetz: German Securities Trading Act]
The management and supervisory boards informed us that there were no purchases or sales of shares in the Company pursuant to § 15a WpHG (so-called directors' dealings), by the company itself, or by related parties, in the fiscal year.

Supervisory board
The members of the supervisory board of Nemetschek Aktiengesellschaft receive annual remuneration which contains both fixed and variable components. Remuneration of the supervisory board breaks down as follows:

Thousands of €	Fixed components	Profit-based remuneration	2009
Kurt Dobitsch	30.0	18.5	48.5
Prof. Georg Nemetschek	22.5	18.5	41.0
Rüdiger Herzog	15.0	18.5	33.5
Total	**67.5**	**55.5**	**123.0**

Thousands of €	Fixed components	Profit-based remuneration	2008
Kurt Dobitsch	25.0	7.5	32.5
Prof. Georg Nemetschek	22.5	9.0	31.5
Rüdiger Herzog	17.5	9.0	26.5
Alexander Nemetschek	2.5	1.5	4.0
Total	**67.5**	**27.0**	**94.5**

Management board

The members of the management board of Nemetschek Aktiengesellschaft receive annual remuneration which contains both fixed and variable components. Remuneration of the management board breaks down as follows:

Thousands of €	Fixed components	Profit-based remuneration	2009
Ernst Homolka	219	195	414
Total	**219**	**195**	**414**

Thousands of €	Fixed components	Profit-based remuneration	2008
Ernst Homolka	218	170	388
Michael Westfahl	75	0	75
Total	**293**	**170**	**463**

The fixed component includes the basic salary, and other taxable salary components such as health and nursing insurance, as well as provisions for company cars. Mr. Homolka waived his right to share-based payments in October 2008. In the fiscal year 2008 termination benefits paid to Mr. Westfahl amounted to EUR 499 k. Mr. Westfahl left the Company in May 2008.

[28] Share-based payments

Share-based payments

The group has a stock option plan for the Company's management board members, for managing directors of affiliated entities and for key employees and executives in the Company and of affiliated entities (stock option holders).

The price for the purchase of the shares when exercising the options ("strike price") corresponds to the arithmetic average of the closing rates of the Nemetschek share on the Frankfurt Stock Exchange in the last five trading days prior to the resolution by the management board or, in the case of options for management board members of the Company, by the supervisory board to grant the options. However, the strike price cannot fall below the pro rata portion of share capital allocated to each no-par value share (§ 9 (1) AktG).

Up to 50 % of the options can be exercised two years after issue at the earliest; up to 75 % three years after issue at the earliest; and up to 100 % four years after issue at the earliest.

The options can only be exercised if the price of the Nemetschek share adjusted by any interim dividend payments, options and other special rights on the date on which the option is exercised (two years after the issue of the respective tranche at the earliest) is at least 150 % of the price of the Nemetschek share on the date on which the respective tranche was granted. If three years have passed since the tranche was granted, the share price must be at least 175 % of this figure. The options granted lapse after December 15, 2010.

A further condition is that the option holder fulfill the personal and company targets agreed upon the year of issue, unless the management board (or the supervisory board in the case of targets for the management board) confirms that failure to meet the target has no effect, or only a limited effect, on the exercise of the options. There are currently no options issued to those entitled to them.

[29] Auditors' fees

The following fees of the auditors of the consolidated financial statements were expensed in the fiscal year:

Thousands of €	**2009**	2008
Financial statements audit services	170	232
Other assurance services	6	6
Other services	7	7
Total	**183**	**245**

[30] Date of approval

The consolidated financial statements were approved for submission to the supervisory board on March 5, 2010.

[31] Disclosures for members of the Supervisory board and the Management board of the company

Supervisory board

Mr. Kurt Dobitsch
(self-employed businessman)
Chairman
Member of the following supervisory boards:
- United Internet AG (Chairman)
- Bechtle AG
- DocuWare AG
- 1 & 1 Internet AG
- Hybris AG
- Graphisoft SE

Prof. Georg Nemetschek
(degree in engineering, self-employed businessman)
Deputy Chairman

Mr. Rüdiger Herzog
(attorny, managing director)
Member of the following supervisory board:
- Deutsche Finance AG (Chairman)
- Kaufhaus Ahrens AG

Management board

Mr. Ernst Homolka
(businessman)
CEO
Member of the following supervisory boards:
- SCIA International NV
- Graphisoft SE
- NEMETSCHEK NORTH AMERICA Inc.

Munich, March 5, 2010

Nemetschek Aktiengesellschaft

Ernst Homolka
CEO

Statement of Fixed Assets of the Group

as of December 31, 2009 and as of December 31, 2008

2009 Thousands of €	Development of historic cost				
	As of Jan. 1, 2009	Translation differences	Additions	Disposal	As of Dec. 31, 2009
I. Intangible assets					
Industrial and similar rights	74,824	−42	1,150	801	75,131
Internally generated software	697	7	244	0	948
Goodwill	52,079	−121	0	0	51,958
	127,600	**−156**	**1,394**	**801**	**128,037**
II. Property, plant and equipment					
Land and Buildings	0	0	0	0	0
Other equipment, furniture and fixtures	15,172	−159	970	684	15,299
	15,172	**−159**	**970**	**684**	**15,299**
III. Associates/Investments					
Associates/Investments	10,453	0	0	0	10,453
	10,453	**0**	**0**	**0**	**10,453**
Total fixed assets of the group	**153,225**	**−315**	**2,364**	**1,485**	**153,789**

2008 Thousands of €	Development of historic cost				
	As of Jan. 1, 2008	Translation differences	Additions	Disposal	As of Dec. 31, 2008
I. Immaterielle Vermögenswerte					
Industrial and similar rights	75,402	−18	2,597	3,157	74,824
Internally generated software	465	0	262	30	697
Goodwill	51,602	204	273	0	52,079
	127,469	**186**	**3,132**	**3,187**	**127,600**
II. Property, plant and equipment					
Land and Buildings	1,122	0	0	1,122	0
Other equipment, furniture and fixtures	14,136	−79	2,369	1,254	15,172
	15,258	**−79**	**2,369**	**2,376**	**15,172**
III. Associates/Investments					
Associates/Investments	10,453	0	0	0	10,453
	10,453	**0**	**0**	**0**	**10,453**
Total fixed assets of the group	**153,180**	**107**	**5,501**	**5,563**	**153,225**

Development of accumulated depreciation/amortization						Carrying amount	
As of Jan. 1, 2009	Translation differences	Additions	Equity method	Disposal	As of Dec. 31, 2009	As of Dec. 31, 2009	As of Dec. 31, 2008
20,589	−33	7,924	0	263	28,217	46,914	54,235
333	0	0	0	0	333	615	364
0	0	0	0	0	0	51,958	52,079
20,922	**−33**	**7,924**	**0**	**263**	**28,550**	**99,487**	**106,678**
0	0	0	0	0	0	0	0
10,845	−136	1,611	0	653	11,667	3,632	4,327
10,845	**−136**	**1,611**	**0**	**653**	**11,667**	**3,632**	**4,327**
9,794	0	0	1	0	9,793	660	659
9,794	**0**	**0**	**1**	**0**	**9,793**	**660**	**659**
41,561	**−169**	**9,535**	**1**	**916**	**50,010**	**103,779**	**111,664**

Development of accumulated depreciation/amortization						Carrying amount	
As of Jan. 1, 2008	Translation differences	Additions	Equity method	Disposal	As of Dec. 31, 2008	As of Dec. 31, 2008	As of Dec. 31, 2007
15,527	−23	8,194	0	3,109	20,589	54,235	59,875
0	0	333	0	0	333	364	465
0	0	0	0	0	0	52,079	51,602
15,527	**−23**	**8,527**	**0**	**3,109**	**20,922**	**106,678**	**111,942**
562	0	180	0	742	0	0	560
9,896	−62	1,655	0	644	10,845	4,327	4,240
10,458	**−62**	**1,835**	**0**	**1,386**	**10,845**	**4,327**	**4,800**
9,883	0	0	89	0	9,794	659	570
9,883	**0**	**0**	**89**	**0**	**9,794**	**659**	**570**
35,868	**−85**	**10,362**	**89**	**4,495**	**41,561**	**111,664**	**117,312**

Declaration of the legal representatives

“I hereby confirm that, to the best of my knowledge, the consolidated financial statements give a true and fair view of the net assets, financial position and results of operations of the Group, and the group management report gives a true and fair view of 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 accordance with the applicable financial reporting framework.“

Munich, March 5, 2010

Ernst Homolka
CEO

Auditor's Report

We have issued the following report on the consolidated financial statements and the group management report:

"We have audited the consolidated financial statements prepared by the Nemetschek Aktiengesellschaft - financial position, statement of comprehensive income, cash flow statement, statement of changes in group equity, and explanatory notes - together with the group management report for the business year from January 1 to December 31, 2009. The preparation of the consolidated financial statements and the group management report in accordance with IFRS, as adopted by the EU, and the additional requirements of German commercial law pursuant to § 315a Abs. 1 HGB [Handelsgesetzbuch "German Commercial Code"] are the responsibility of the parent company`s management. Our responsibility is to express an opinion on the consolidated financial statements and on the group management report based on our audit.

We conducted our audit of the consolidated financial statements in accordance with § 317 HGB [Handelsgesetzbuch „German Commercial Code"] 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 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, the additional requirements of German commercial law pursuant to § 315a Abs. 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"

Munich, March 5, 2010

KPMG AG
Wirtschaftsprüfungsgesellschaft

Rupprecht
Wirtschaftsprüfer

Querfurth
Wirtschaftsprüfer

Financial Statements of Nemetschek Aktiengesellschaft
(Statutory Accounts – German GAAP)

Balance Sheet of Nemetschek Aktiengesellschaft

as of December 31, 2009 and as of December 31, 2008 (Statutory Accounts – German GAAP)

Assets	in €	Dec. 31, 2009	Dec. 31, 2008
A.	**FIXED ASSETS**		
I.	**Intangible Assets**		
	Franchises, industrial rights and similar rights and assets and licenses in such rights and assets	134,315.08	72,037.41
II.	**Property, plant and equipment**		
1.	Leasehold improvements	123,467.94	250,938.89
2.	Fixtures, fittings and equipment	64,588.59	88,879.08
		188,056.53	**339,817.97**
III.	**Financial assets**		
1.	Shares in affiliated companies	140,908,664.74	149,886,972.74
2.	Loans due from affiliated companies	2,473,500.00	3,019,000.00
3.	Investments	1,712,275.84	1,712,275.84
		145,094,440.58	**154,618,248.58**
	TOTAL FIXED ASSETS	**145,416,812.19**	**155,030,103.96**
B.	**CURRENT ASSETS**		
I.	**Accounts receivable and other assets**		
1.	Accounts receivable from trading	1,489.38	4,924.87
2.	Accounts due from affiliated companies	6,315,782.03	3,642,843.59
3.	Other assets	1,537,271.85	2,057,645.80
		7,854,543.26	**5,705,414.26**
II.	**Cash and cash equivalents**	4,944,862.62	4,960,391.71
	TOTAL CURRENT ASSETS	**12,799,405.88**	**10,665,805.97**
C.	**DEFERRED CHARGES AND PREPAID EXPENSES**	**42,255.85**	**54,815.16**
		158,258,473.92	**165,750,725.09**

Assets in €	Dec. 31, 2009	Dec. 31, 2008
A. EQUITY		
I. Subscribed capital	**9,625,000.00**	**9,625,000.00**
II. Capital reserve	**49,404,856.90**	**49,404,856.90**
III. Revenue reserve	**13,736,481.30**	**13,736,481.30**
IV. Retained earnings	**13,941,209.13**	**7,648,884.87**
TOTAL EQUITY	**86,707,547.33**	**80,415,223.07**
B. PROVISIONS AND ACCRUED LIABILITIES		
1. Accrued tax liabilities	347,001.00	201,400.00
2. Other provisions and accrued liabilities	4,149,363.78	3,197,097.72
TOTAL PROVISIONS AND ACCRUED LIABILITIES	**4,496,364.78**	**3,398,497.72**
C. LIABILITIES		
1. Bank liabilities	32,200,000.00	49,300,002.12
2. Trade accounts payable	197,196.00	230,014.54
3. Accounts due to affiliated companies	33,734,790.02	31,438,142.14
4. Other liabilities – thereof taxes: EUR 865,840.49 (prior year: EUR 906,601.89)	922,575.79	968,845.50
TOTAL LIABILITIES	**67,054,561.81**	**81,937,004.30**
	158,258,473.92	**165,750,725.09**

Profit and Loss Account of Nemetschek Aktiengesellschaft

for the period from January 1 to December 31, 2009 and 2008 (Statutory Accounts – German GAAP)

€	Jan. 1 - Dec. 31, 2009	Jan. 1 - Dec. 31, 2008
1. Revenues	1,727,945.60	1,885,984.79
2. Other operating income	3,549,605.52	5,037,037.48
Operating income	**5,277,551.12**	**6,923,022.27**
3. Personnel expenses		
a) Wages and salaries	−1,642,359.81	−2,325,713.89
b) Social security, pension and other benefit costs – thereof for pensions EUR 5,728.87 (prior year: EUR 7,480.87)	−205,846.71	−183,488.92
4. Depreciation and amortization of intangible assets property, plants and equipment	−171,245.01	−221,955.36
5. Other operating expenses	−5,003,547.90	−6,324,285.43
Operating expenses	**−7,022,999.43**	**−9,055,443.60**
Operating results	**−1,745,448.31**	**−2,132,421.33**
6. Income from investments – thereof from affiliated companies: EUR 5,722,738.82 (prior year: EUR 10,730,168.71)	5,722,738.82	10,730,168.71
7. Income from profit and loss transfer agreements	6,187,362.80	6,931,189.20
8. Income from marketable securities and loans – thereof from affiliated companies: EUR 180,752.20 (prior year: EUR 217,730.58)	180,752.20	217,730.58
9. Other interest and similar expenses	165,212.48	751,613.00
10. Amortization of financial assets – thereof loans: EUR 0.00 (prior year: EUR 3,728.14)	0,00	−43,785.89
11. Interest and similar expenses – thereof from affiliated companies: EUR 345,517.91 (prior year: EUR 1.538.079,11)	−3,947,572.11	−8,219,768.16
12. Profit from ordinary operations	**6,563,045.88**	**8,234,726.11**
13. Taxes on income	−270,721.62	−341,314.90
14. Other taxes	0,00	161,349.38
15. Net income	**6,292,324.26**	**8,054,760.59**
16. Profit carried forward from previous year	7,648,884.87	3,594,124.28
17. Allocation to other Revenue Reserves according to Section § 58 (II) AktG	0,00	−4,000,000.00
18. Retained earnings	**13,941,209.13**	**7,648,884.87**

Financial Calendar 2010

March 24
Publication Annual Report

April 22
Capital Market Conference Baden-Baden

April 30
Quartaly Statement 1/2010

May 26
AGM

July 30
First-Half Report 2010

October 29
Quarterly Statement 3/2010

November 22–24
German Equity Forum Frankfurt/Main

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Publikation Details
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Nemetschek AG, Munich

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Design and Realization / Pre Press
FIRST RABBIT GmbH, Cologne

Producer
G. Peschke Druckerei GmbH, Munich

Certification

FSC
Mixed Sources
Product group from well-managed forests and other controlled sources
www.fsc.org Cert no. GFA-COC-001374
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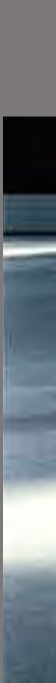
Dornier Museum, Friedrichshafen, Germany – designed with Vectorworks. The energy concept for the hall focuses on the geothermal field beneath the building. This means the roughly 61,000 m² building can generally manage without mechanical cooling. That's why the environmental impact of the building is reduced by about 50 % (roughly 100 metric tons of CO_2), compared to traditional designs.



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