

moving minds



2013
ANNUAL REPORT

REVENUES 185.9 m €

24.0 m €

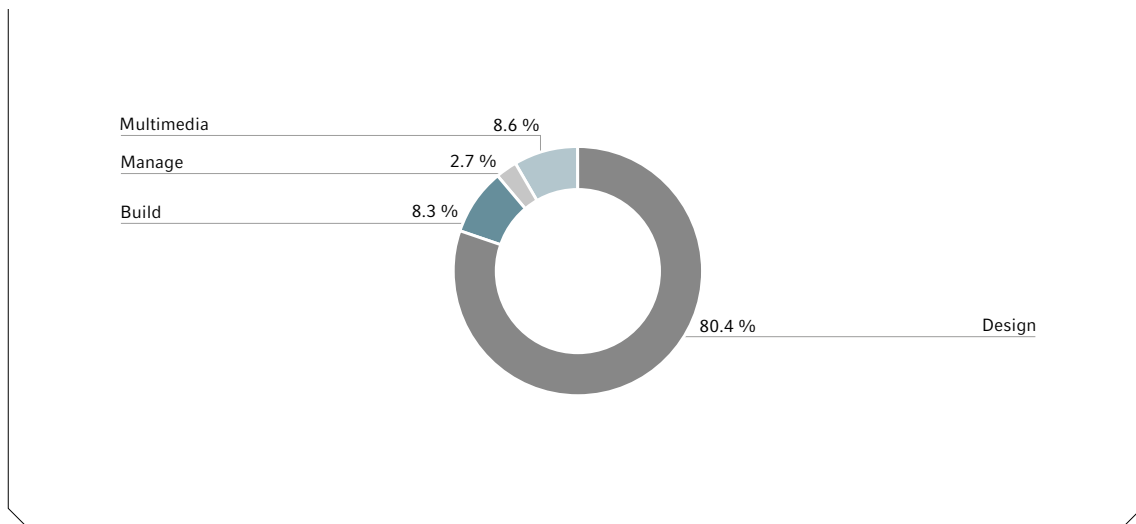
NET INCOME

DIVIDEND

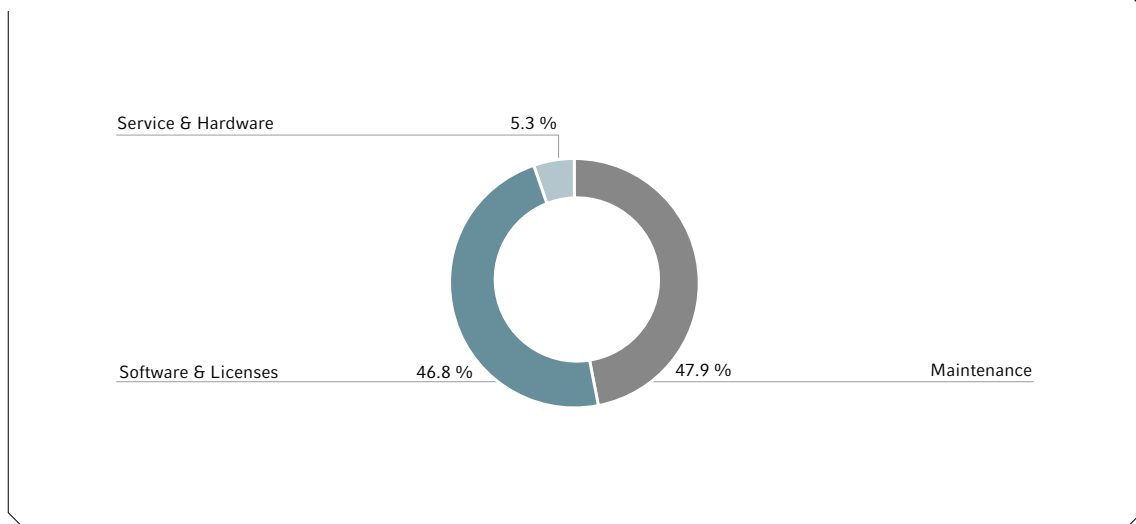
1.30** €

AT A GLANCE

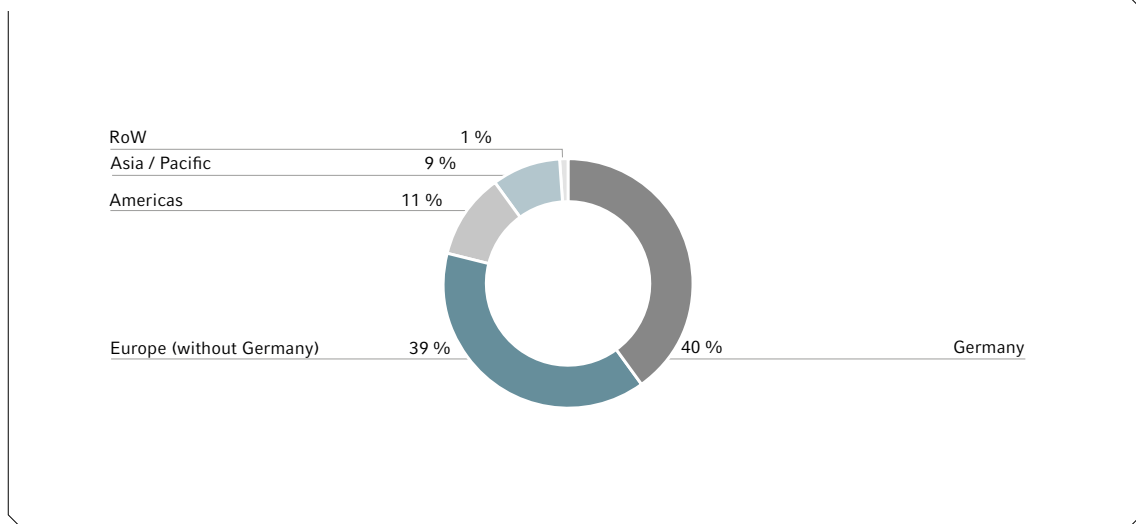
REVENUES BY SEGMENTS IN %



REVENUES BY TYPE IN %



REVENUES BY REGIONS IN %



KEY FIGURES

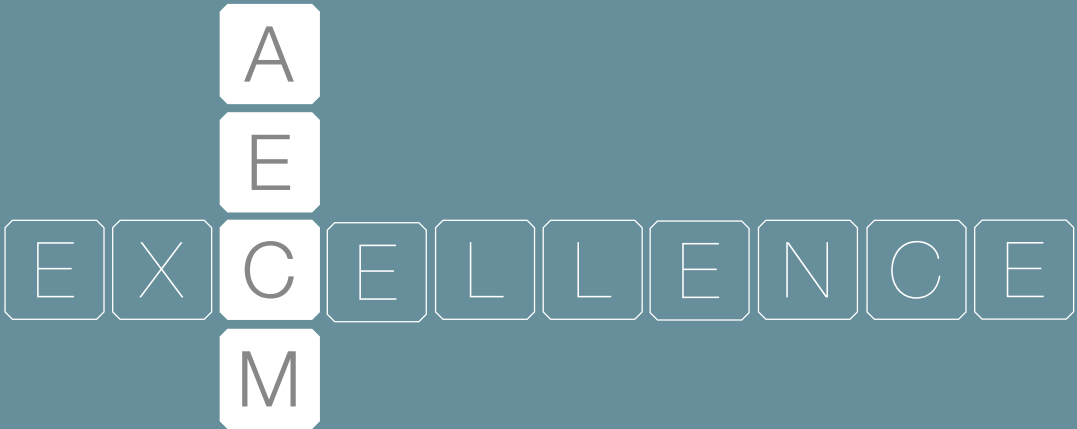
NEMETSCHEK GROUP

in million €	Dec. 31, 2013	Dec. 31, 2012	Dec. 31, 2011	Dec. 31, 2010	Dec. 31, 2009
Revenues	185.9	175.1	164.0	149.7	135.6
EBITDA	46.3	40.9	39.3	37.1	30.4
as % of revenue	24.9 %	23.4 %	23.9 %	24.8 %	22.4 %
EBIT	35.7	29.9	29.1	27.5	20.9
as % of revenue	19.2 %	17.1 %	17.7 %	18.4 %	15.4 %
Net income (group shares)	24.0	19.5	20.8	18.9	12.2
per share in €	2.49	2.03	2.16	1.97	1.27
Net income (group shares) before depreciation of PPA*	29.7	25.3	27.1	24.6	17.9
per share in €	3.08	2.62	2.81	2.56	1.86
Cash flow from operating activities	40.2	36.5	37.1	32.3	23.4
Free cash flow	18.7	29.8	31.5	28.5	19.8
Net liquidity/net debt	48.6	44.3	28.8	11.1	-9.3
Balance sheet total	178.5	159.9	162.4	165.3	159.4
Equity ratio	66.2 %	66.8 %	63.9 %	57.0 %	50.0 %
Headcount as of balance sheet date	1,355	1,229	1,173	1,076	1,064
Closing price (Xetra) in €	50.32	33.20	25.80	31.87	16.14
Dividend per share in €	1.30**	1.15	1.15	1.00	0.50

* Purchase Price Allocation

** Proposal to the Annual General Meeting on May 20, 2014

WE DRIVE DIGITALIZATION AND
INNOVATION FOR THE ENTIRE LIFE
CYCLE OF THE AECM* INDUSTRY.



*AECM (Architecture, Engineering, Construction, Management)

HIGHLIGHTS 2013

January

Nevaris makes its first appearance at the BAU 2013

Scia starts eighth international user competition: 127 projects are nominated



March

Maxon announces strategic partnership with Adobe: New dimensions for creating digital media content

April

The new release of the "Vectorworks Nomad" app enables mobile access to all planning levels – anytime, anywhere

May

Winning design for the Museum of Bavarian History planned with BIM Allplan solution and visualized with CINEMA 4D from Maxon

Vectorworks reinforces local presence in Chicago and Los Angeles



July

Graphisoft named 2013/14 National Champion of the European Business Awards

Nevaris AVA software wins Red Dot Award

August

Maxon Cinema 4D wins the CGW Silver Edge Award 2013 for special innovations in 3D technology

October

Graphisoft with new subsidiary in Mexico City as a sales, marketing and service hub for the entire region

November

Nikken Sekkei and Graphisoft form strategic partnership

ArchiCAD 17 and BIMx named BIM products of the year

bim+ goes live

December

DDS becomes 12th brand of the Nemetschek Group after successful acquisition

Nemetschek Vectorworks nominated one of Baltimore's top 100 employers

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The Metropol Parasol is the new landmark of the City of Seville. The largest wooden structure in the world was planned using ArchiCAD from Graphisoft. The building, designed by architect Jürgen Mayer H., was also nominated for the 2013 Mies van der Rohe Award. With its organic forms, the building was constructed on the site of the former market hall, and today houses shops, restaurants and an archeological museum.

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EXCELLENCE
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"ARCHICAD TRANSFORMS
OUR VISIONS INTO REALITY.
WHY USE ANOTHER SOFT-
WARE IF YOU CAN USE
ARCHICAD?"

*Jürgen Mayer H.,
Architecture office Jürgen Mayer H. and Partner, Berlin*

A
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EXCELLENCE
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"CINEMA 4D IS AN ELEMENTARILY IMPORTANT TOOL
WHOSE FLEXIBILITY AND STABILITY HAVE PROVEN IT
TO BE MORE THAN SUITABLE FOR USE."

*Levin Dolgner,
Visualizer for wörner traxler richter, Frankfurt*



The award-winning design for the "Museum der Bayerischen Geschichte" [Museum of Bavarian History] in Regensburg was planned by architecture office wörner traxler richter using Nemetschek software. Allplan Architecture was used in close combination with the rendering software CINEMA 4D from Maxon. This made it possible to practically solve and visualize complex challenges such as a 2,500 m², column-free level on the upper story for the areas of the permanent exhibition.

Architecture office wörner traxler richter used Allplan Architecture to design an urban novelty in the form of the Health Center of the Tübingen University Clinic. The exterior of the compact, seven-story tower is marked by square windows of various sizes. They are reminiscent of picture frames that draw one's gaze to the landscape of the area.



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“INTENSIVE CUSTOMER RELATIONSHIPS BETWEEN ARCHITECTS AND SOFTWARE PRODUCERS RESULT IN FURTHER DEVELOPMENT OF THE BIM SOFTWARE ALLPLAN THAT IS CUSTOMER-ORIENTED.”

*Dirk Hennings,
Architecture office wörner traxler richter, Frankfurt*



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EXCELLENCE
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"WITHOUT NEMETSCHEK SOFTWARE IT WOULD HAVE BEEN IMPOSSIBLE TO ERECT THIS COMPLEX BUILDING WITHOUT ON-SITE ERRORS."

*Rob Henquet,
Engineering office van der Werf & Nass, Maastricht*

The Competence Center of the Rabo-Bank resulted from the amalgamation of two branches in Roermond and Echt in the Netherlands. As a user of Allplan Engineering, engineering office van Werf en Nass entered its stress planning in the Nemetschek Scia user competition. The building, whose design is based on the form of an upright snake, is aligned with the sun in such a way that it lies in its own shadow and therefore requires less air-conditioning capacity.





The residential building designed by architecture office LEVENBETTS is located in Columbia County in the USA. Vectorworks was used to plan the modern building according to strict linear patterns so that it blends in with the clear lines of the surrounding landscape, which mainly consists of farmland.



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“THE FLEXIBLE WORKFLOWS OF VECTORWORKS SOFTWARE KEEP OUR DESIGN PROCESS ON TRACK. IT HELPS US BEST EXPRESS AND COMMUNICATE OUR UNIQUE IDEAS AND SOLUTIONS.”

*David Leven,
Partner and founder of LEVENBETTS, New York*

TO
U
SHAREHOLDERS



Gas Station, Matúškovo, Slovakia
Engineering office: Visia, realized with Scia Engineer

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TO OUR SHAREHOLDERS



Dr. Tobias Wagner, Executive Board

Dear Shareholders,

Nemetschek AG looks back on a successful 2013 financial year. We recorded solid growth in 2013 and were able to accelerate our growth in the final quarter. What's more: Our earnings rose more strongly than revenues. In total, the revenue of the Nemetschek Group increased by around 6 percent to EUR 185.9 million. The earnings before interest, taxes, depreciation and amortization (EBITDA) rose by 13 percent to EUR 46.3 million. The operating margin increased to 24.9 percent.

As a globally leading technology group, we offer our customers excellent software solutions and excellent service throughout the life cycle of buildings and building structures in the AECM (Architecture, Engineering, Construction, Management) sector as well as in the multimedia industry. The successful development of the Nemetschek Group is underscored by the high level of trust our customers have in our offerings. About 1.2 million users in 142 countries now work with software solutions from Nemetschek.

In the 2013 financial year, we organically expanded our solution portfolio and presented numerous improvements to our products as well as innovations. In terms of geography, too, we expanded our markets and strengthened our international activities. For example, in November 2013 Graphisoft announced a promising strategic partnership with Japan-based Nikken Sekkei, one of the world's largest architecture offices. The core of this collaboration is the foundation of a joint BIM competence and research center to advance building information modeling in Japan and Southeast Asia. We are represented in all major regions of the world as a reliable partner for our customers.

The acquisition of Data Design System ASA (DDS), Norway, was a further milestone. DDS, which has been integrated into the Group as the 12th brand, is a renowned provider of CAD for intelligent building planning. With DDS planning software for mechanical, electrical and plumbing (MEP) systems, heating, ventilation and air-conditioning, and photovoltaic engineering, the Nemetschek Group extends its service offerings to include strategically important components of MEP design solutions.

Of course, we aren't just sitting back and enjoying our success. Quite the contrary, with ambition and optimism we look to the future, which we would like to actively and meaningfully contribute to in our industries. Our sector is in a state of transformation and is experiencing the greatest changes since the introduction of the computer. We are addressing ourselves to the technological trends in our markets, such as building information modeling (BIM), process management, networking, collaboration, cloud computing, internet and mobile solutions for tablets and smartphones. Studies show that, in terms of digitalization, the construction and real estate industries are far behind other industries, e.g., the finance or automotive sectors. There is a huge need to

catch up. This is about to change. For example, at the beginning of 2014 the European Parliament announced that the Public Procurement Law of the European Union will be further developed and the use of computer-based methods, such as BIM, for the awarding of public building contracts and tenders will be recommended. The adoption of the directive for the EU public procurement law means that by 2016 all 28 member states of the European Union are to promote the use of BIM for the implementation of publicly financed building and infrastructure projects and are to make this compulsory. Everything that can be digital and online will be digital and online. For us as a provider of software solutions, the potentials and opportunities are enormous.

It is our job to provide the best responses to our customers' demands and to do so for all phases of the life cycle of buildings and real estate, from design to the building process to real estate management. We provide excellent solutions for the AECM industry of tomorrow so that our customers can manage the challenges of costs, time and quality in their projects in the very best possible way.

We therefore set the highest standards for our products and solutions in terms of performance, quality, user-friendliness and user benefits. It is our continued aim to offer the most innovative tools and best process and collaboration solutions for our customers' benefit. In this way, we set standards, as in the case of open building information modeling (Open BIM).

We will continue to strengthen the innovative power of our corporate group. With new products and solutions we want to expand our market position. Through increased global presence and strong sales and service we will secure customer access, customer proximity and customer satisfaction. Profitable, sustainable growth – organic and through acquisitions in the AECM market – is our declared goal.

Our starting point is outstanding. On the one hand, as a result of our solid balance sheet and high liquidity reserves, we have the financial means to invest in the future, including corporate acquisitions. On the other hand, at Nemetschek, we have the people who are wholeheartedly and foresightedly committed to the success of the Nemetschek Group and its customers. Another positive aspect is that the executive board grew in November 2013 when Viktor Várkonyi and Sean Flaherty joined the team. Both have international as well as software industry experience. In addition, since March 2014, Patrik Heider has been serving as CFO on the executive board of Nemetschek AG and contributing comprehensive operating and strategic experience to the Nemetschek Group. And not least important, we are ideally positioned as a group. Our organization is decentralized with a strategic holding and twelve strong, independent brands. Consequently, we are able to recognize advances as they happen, with close customer orientation at the core of the markets. It goes without saying that we want to be better than the competition in doing so.

We therefore start the new year with optimism, great enthusiasm and a clear goal, and we look forward to continued growth in terms of revenues and earnings. We expect an increase in revenues of 11 to 14 percent and an EBITDA margin in the amount of 23 to 25 percent for the 2014 financial year.

Dear Shareholders, we also want you to benefit from this positive business development. For the 2013 financial year, we will also distribute a dividend, which will be related to the of the operating cash flow. The supervisory board and executive board will therefore propose a dividend in the amount of EUR 1.30 per share to the Annual General Meeting on May 20, 2014.

We would like to take the opportunity to thank all of our customers, partners and shareholders of the company for their trust and cooperation. Our special gratitude likewise goes out to the employees in our brand companies worldwide, whose hard work, creative power and motivation to provide customers with excellent software and excellent service were the cornerstones for the success of the Nemetschek Group in 2013.

With this in mind, we will be working with pleasure and energy for the success of the Nemetschek Group and its shareholders in the year 2014.

Sincerely yours,



Tobias Wagner



“Benchmark: Nothing less than perfection!”

*Dr. Tobias Wagner,
Executive Board of Nemetschek AG*



“Passionate people will turn the impossible into reality.”

*Viktor Várkonyi,
Executive Board of Nemetschek AG and CEO of Graphisoft*



“Efficiency and effectiveness is an organizational mindset.”

*Patrik Heider, CFO and Spokesman of
the Executive Board of Nemetschek AG*



“Commitment to great employees will produce great products.”

*Sean Flaherty, Executive Board of Nemetschek AG
and CEO of Nemetschek Vectorworks*

THE EXECUTIVE BOARD

DR. TOBIAS WAGNER

Executive Board of Nemetschek AG (until March 31, 2014)

Born in 1968, studied Business Administration at the WHU – Otto Beisheim School of Management in Koblenz, Germany, as well as in France and the USA. He completed his doctorate in Psychology at the Friedrich-Schiller-Universität, Jena, Germany. In addition to many years of experience in management positions, he has proven expertise in real estate management as well as in the area of software and innovative internet solutions.

VIKTOR VÁRKONYI

Executive Board of Nemetschek AG (since November 1, 2013) and CEO of Graphisoft

Born in 1967, studied Electrical Engineering and Computer Science at the Technical University of Budapest and holds an MBA from Purdue University – Krannert School of Management. With more than 20 years of experience at Graphisoft, he joins the executive board team with a passion for technology and an international background.

SEAN FLAHERTY

Executive Board of Nemetschek AG (since November 1, 2013) and CEO of Nemetschek Vectorworks

Born in 1969, studied Computer Science and holds a Bachelor of Science degree (B.S.) from the University of Maryland, USA. He possesses extensive international market expertise as well as many years of experience in the software industry and has been working for Vectorworks for more than 25 years.

PATRIK HEIDER

CFOO and Spokesman of the Executive Board of Nemetschek AG (since March 1, 2014)

Born in 1973, studied Business Administration at the Fachhochschule Konstanz. Besides many years of experience and in-depth expertise in finance, he possesses international project management experience, comprehensive know-how in M&A transactions and a high level of strategic leadership competence.

REPORT OF THE SUPERVISORY BOARD

The supervisory board of Nemetschek AG carried out the tasks assigned to it by law, the articles of incorporation and rules of procedures with the utmost care in the fiscal year 2013. In the leadership of the company, the supervisory board supported the executive board in an advisory capacity and followed and monitored the company's management and development within the scope of an intensive and open dialog.

The executive board instructed the supervisory board regularly and comprehensively, as well as orally and in writing, with regard to corporate planning, development of revenues, earnings and liquidity, strategic action, planned investments, the fulfillment of the planning of the Group and the individual brand companies including the risk profile and risk management. Current quarterly development and short- and medium-term prospects as well as the long-term growth and earnings strategy were regularly discussed and, within the scope of regular meetings over the course of the year, discussed and scrutinized. The supervisory board was involved in decisions of fundamental importance for the company and obtained holistic information on backgrounds and contexts. On the basis of the executive board's reports, the supervisory board supported the executive board's work and made decisions on actions requiring approval. The committee continuously dealt with the risk situation of the Group.

The deliberations focused on the strategic alignment of the Nemetschek Group, addressing international markets and further development of the solution portfolio. Detailed reports concerning the brand companies in the Nemetschek Group were also requested. Business performance which deviated from the corresponding annual planning and annual targets was openly discussed in detail at the supervisory board meetings and jointly analyzed. Regulatory measures were initiated, where required. Moreover, the committee formed its own picture of the companies. At the meetings, the supervisory board was regularly occupied with the development of the Group and individual brands, as well as with the assets, financial position and implementation of the strategies.

The executive board presented acquisition projects, which were then decided on in close collaboration with the supervisory board. Prior to the acquisition of Data Design System, headquartered in Norway, the target company was analyzed in detail and the opportunities and risks extensively debated and discussed with the committee.

MEETINGS AND TOPICS OF FOCUS

In the fiscal year 2013, five regular supervisory board meetings were held – in the months of March (balance sheet meeting for the 2012 financial report), June, July, October and December. The supervisory board was represented in full at the meetings. In addition to the meetings, the written circular procedure was used for further urgent resolutions on current topics.

The meetings and further discussions outside of the meetings focused on the following topics, which were the subject of intensive deliberation and verification:

- III Annual financial statements and consolidated financial statements for the 2012 fiscal year
- III Invitation and agenda items for the regular 2013 Annual General Meeting with proposed resolutions including the dividend proposal to the Annual General Meeting
- III Executive board and managing directors' specification of targets reached in 2012 and release of payment of variable remuneration shares as well as the definition of target agreements for the 2013 fiscal year
- III Declaration of Conformity in accordance with the "German Corporate Governance Code"
- III Selection and appointment of a new executive board team
- III Strategic alignment of the Nemetschek Group and brand companies
- III International market activities as well as opportunities and risks of expansion
- III Product developments and innovations of the respective brand companies regarding topics such as the internet, cloud, collaboration and digitalization
- III Realignment of the brand company Allplan
- III Acquisition projects, interests and cooperations
- III Acquisition and integration of Data Design System
- III Internal control and early stage risk detection systems, compliance
- III Corporate planning and investment projects for 2014

EXECUTIVE BOARD MEMBERS

The following changes were made in the executive board in the fiscal year 2013. Until the end of August 26, 2013, Tanja Tamara Dreilich stepped down as the sole member of the executive board. Dr. Tobias Wagner was appointed as the successor by the supervisory board on August 29, 2013, first as sole member of the executive board and since November 1, 2013 as spokesman. Dr. Wagner has many years of national and international experience in management positions and proven expertise in real estate management as well as in the area of software and innovative web solutions. His main tasks were the management of the strategic holding, representation of Nemetschek AG on the capital market, accompaniment of the acquisition of Data Design System, realignment of the Allplan Group together with the new management team as well as reworking and structuring of numerous other subjects and projects.

On November 1, 2013, Viktor Várkonyi, CEO of Graphisoft SE since 2009, and Sean Flaherty, CEO of Nemetschek Vectorworks, Inc. since 2005, were appointed as further members of the executive board of Nemetschek AG. Both managers convince with their sharp business sense, strategic leadership skills and a passion for technology. Furthermore, they bring with them comprehensive knowledge of international markets. By adding experienced brand CEOs to the executive board of Nemetschek AG, the supervisory board relies on the strengths of the brand companies to extend the market position of the Nemetschek Group worldwide. In the future as well, the two executive board members will continue to serve in the position of CEO of their respective brand companies.

The executive board team is complete as of March 1, 2014 with the appointment of Patrik Heider. Serving as CFOO (Chief Financial & Operations Officer) and spokesman of the executive board, Mr. Heider will make up the newly formed executive board team together with Sean Flaherty and Viktor Várkonyi. Patrik Heider contributes to the Nemetschek Group extensive operating and strategic experience with globally active and expanding companies. He has comprehensive expertise in the finance and M&A sectors and a pronounced strength in terms of implementation, experience in international project management and strategic leadership skills.

Dr. Tobias Wagner will cease his activities on the executive board according to plan at the end of March 2014. The supervisory board cordially thanks Dr. Tobias Wagner for his outstanding performance.

The three-man team will continue the growth course of the Nemetschek Group and its internationalization.

SUPERVISORY BOARD MEMBERS

As in the previous year, the supervisory board is made up of three members. There were no changes in personnel. The formation of supervisory board committees is not expedient since the supervisory board comprises three members. The supervisory board was aware of no conflicts of interest on the part of any of the supervisory board members.

In this context, the following is to be noted: Within the scope of a follow-up plan, the members of the Nemetschek family consolidated their Nemetschek shares at the end of December 2013; Prof. Georg Nemetschek, Ingrid Nemetschek, Alexander Nemetschek and Dr. Ralf Nemetschek contributed a total of 4,655,732 shares to the newly founded Nemetschek Vermögensverwaltungs GmbH & Co. KG, Grünwald. 500,000 shares will continue to be held directly by Prof. Georg Nemetschek. Moreover, a pooling agreement was concluded between Nemetschek Vermögensverwaltungs GmbH & Co. KG and Prof. Georg Nemetschek for the respectively held shares. Nemetschek Verwaltungs GmbH is a general partner of Nemetschek Vermögensverwaltungs GmbH & Co. KG. Prof. Georg Nemetschek is the general manager. Prof. Georg Nemetschek exercises significant influence in Nemetschek Verwaltungs GmbH and thus directly in Nemetschek Vermögensverwaltungs GmbH & Co. KG. Despite the shareholder position of Prof. Georg Nemetschek described above, the supervisory board has no reason to doubt the independence of Prof. Georg Nemetschek as a member of the supervisory board. The supervisory board remains convinced that his actions as a member of the supervisory board will be solely governed by the well-being of the company. Furthermore, besides the Nemetschek shares, Prof. Georg Nemetschek has no entrepreneurial interest which would constitute a conflict of interest.

AUDIT OF THE 2013 ANNUAL FINANCIAL STATEMENTS AND CONSOLIDATED FINANCIAL STATEMENTS

On May 16, 2013, the Annual General Meeting of Nemetschek AG selected the Ernst & Young GmbH auditing firm, Munich, as auditors and group auditors for the 2013 fiscal year. The supervisory board has investigated the independence of the auditors and obtained a written declaration of independence from the auditors.

The annual financial statements prepared by the executive board according to the German Commercial Code (HGB), taking into consideration the accounting principles and annual report of Nemetschek AG for the 2013 fiscal year, the consolidated financial statements prepared according to the International Financial Reporting Standards (IFRS), as applicable in the EU, and also according to § 315a Paragraph 1 of the German Commercial Code (HGB), and the consolidated annual report for the 2013 fiscal year have been audited and approved without qualification by auditing firm Ernst & Young GmbH, Munich.

The specified final documents of the AG, the Group and the executive board's proposal on the appropriation of profits as well as the auditor's reports were available to the members of the supervisory board in good time and during the balance sheet meeting on March 20, 2014. The auditor took part in the meeting, reported extensively on his auditing activities and the main audit results, explained his audit report, and provided detailed answers to all of the supervisory board members' questions.

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 concurs with the result of the audit performed by the auditor and has determined, within the scope of its own investigations, that there are no reservations whatsoever to be raised. The supervisory board approved the 2013 financial statements and consolidated financial statements of Nemetschek AG at the balance sheet meeting of March 20, 2014. The annual financial statements of Nemetschek AG for the fiscal year 2012 are thus final within the scope of § 172 of the German Stock Corporation Act (AktG).

REPORT OF THE EXECUTIVE BOARD ON RELATIONSHIPS WITH AFFILIATED COMPANIES

The auditor also examined the report of the executive board prepared as per § 312 of the German Stock Corporation Act (AktG) on relationships with affiliated companies in the period from December 30, 2013 to December 31, 2013 and reported the result of the examination. The following approval was granted:

“Following our mandatory examination and assessment, we confirm that

- III 1. the actual details of the report are correct,
- III 2. no legal transactions or measures subject to mandatory reporting were undertaken or omitted in the period from December 30, 2013 to December 31, 2013.”

The supervisory board examined the report on relationships with affiliated companies in the period from December 30, 2013 to December 31, 2013 and discussed it at its meeting of March 20, 2014. It raised no reservations regarding the declaration of the executive board or the examination result of the auditor.

DIVIDEND

After conducting its own investigations, the supervisory board concurred with the proposal of the executive board on the use of retained earnings at the balance sheet meeting. In accordance with legal rulings and the articles of incorporation, it was decided to propose the following appropriation of profits to the Annual General Meeting on May 20, 2014:

Of the balance sheet profit amounting to EUR 63,059,122.95, an amount of EUR 12,512,500.00 will be paid out to the shareholders. This represents a dividend per share of EUR 1.30 (previous year: EUR 1.15). The remaining balance sheet profit of EUR 50,546,622.95 will be carried to a new account.

CORPORATE GOVERNANCE

The supervisory board and executive board have deliberated on the principles of good corporate governance and obtained ongoing information on the further development of the corporate governance standards. The supervisory board and executive board submitted an updated declaration of conformity as per § 161 of the German Stock Corporation Act (AktG) in March 2014 and made this permanently available to shareholders via the company website. Nemetschek AG conforms to the recommendations of the Government Commission of the German Corporate Governance Code as per the version of the code published in June 2013, with the exception of the justified deviations specified in the declaration of conformity. Please refer to the Corporate Governance section in the annual report for more details on that topic.

The supervisory board thanks all employees who work for the Nemetschek Group worldwide for their dedicated commitment in the 2013 fiscal year. Also at this time, the supervisory board would like to thank the executive board and the managing directors and express appreciation of their personal engagement.

Munich, March 20, 2014



Kurt Dobitsch

Chairman of the Supervisory Board

NEMETSCHKEK ON THE CAPITAL MARKET

LOOKING BACK AT THE STOCK EXCHANGES IN 2013

All in all, 2013 was a very successful year on the stock market. Many indexes on international stock markets rose to unprecedented levels.

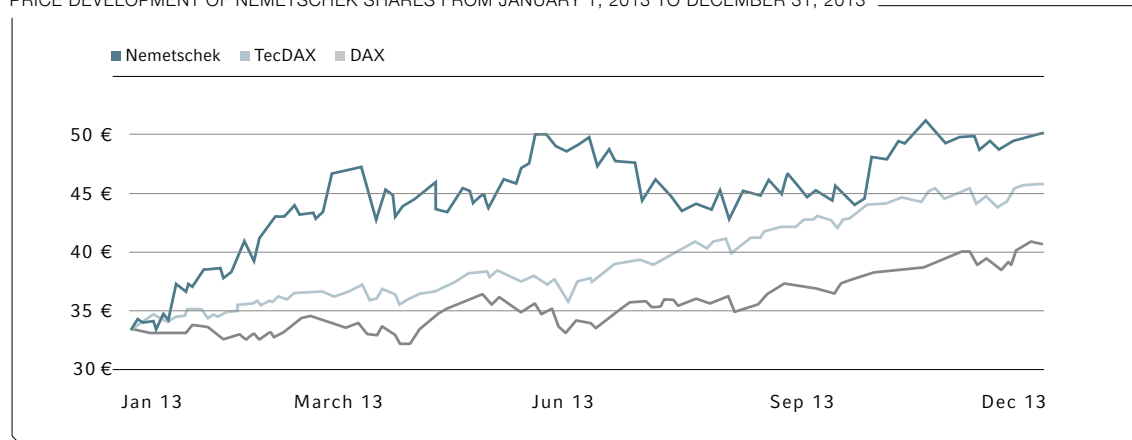
Investors in German companies also look back on a positive year: The German stock market profited from the easing of the Euro Crisis, the recovery of the export markets and relaxed monetary policy. The leading German index DAX rose by 25.5 percent to 9,552.16 points in 2013. The TecDAX, which comprises the largest technology stocks, rose by 40.9 percent to 1,166.82 points.

The Nemetschek share price increased considerably in the year 2013, rising by 51.6 percent within the year and closing at a price of EUR 50.32 on December 31, 2013.

The market capitalization of Nemetschek AG grew from EUR 319.55 million to EUR 484.33 million by the end of the year. During the 2013 financial year, an average of 12,001 shares were traded daily via the electronic computer trading platform Xetra (previous year: 7,165).

Price development of Nemetschek shares in comparison to the TecDAX and DAX (indexed)

PRICE DEVELOPMENT OF NEMETSCHKEK SHARES FROM JANUARY 1, 2013 TO DECEMBER 31, 2013



INCLUSION IN THE TECDAX

Deutsche Börse AG listed Nemetschek AG shares in the TecDAX technology index on September 23, 2013. Nemetschek is now among the top 30 technology stocks listed in the Prime Standard of the Frankfurter Wertpapierbörse (Frankfurt securities exchange). The decisive factors for inclusion are the criteria market capitalization and the volume of shares traded. With a ranking of 35 or higher (35/35 rule), a stock qualifies as a candidate for inclusion in the index. At the end of December Nemetschek held rank 25 for market capitalization and rank 31 for the trading volume.

The inclusion in the TecDAX was an important milestone for Nemetschek and contributes to greater presence on international capital markets.

SHAREHOLDER STRUCTURE

The share capital of Nemetschek AG as of December 31, 2013 amounted to EUR 9,625,000.00 (unchanged) and was divided into 9,625,000 bearer shares.

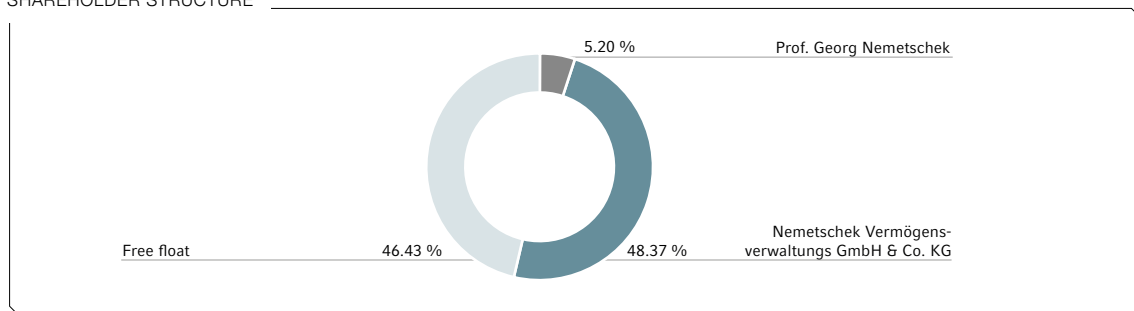
Nemetschek was able to gain the Allianz Group as a new shareholder. Allianz SE and the companies under its control issued a statement on October 8, 2013 that their voting rights in Nemetschek AG exceeded 5 percent and the voting rights of the Allianz Group at that time amounted to 5.08 percent.

Furthermore, the members of the Nemetschek family, whose voting rights totaled 53.57 percent as of December 30, 2013 consolidated their Nemetschek AG shares. Family members Prof. Georg Nemetschek, Ms. Ingrid Nemetschek, Mr. Alexander Nemetschek and Dr. Ralf Nemetschek contributed a total of 4,655,732 shares to the newly founded Nemetschek Vermögensverwaltungs GmbH & Co. KG. 500,000 shares will continue to be held directly by Prof. Georg Nemetschek. A pooling agreement was concluded between the KG and Prof. Georg Nemetschek for their respective shares. The primary purpose of share pooling is to secure a permanent, stable shareholder structure for the well-being of Nemetschek AG.

Share pooling secures a stable shareholder structure

In total, the free float (unchanged) was 46.43 percent as of the year's end.

SHAREHOLDER STRUCTURE*



* Direct shareholdings as of December 31, 2013

ANNUAL GENERAL MEETING

On May 16, 2013 the supervisory board and executive board of the company welcomed approximately 130 shareholders to the Munich conference center of the Hanns Seidel Foundation. The supervisory board and executive board provided the shareholders with information on the 2012 financial year and on prospects for the 2013 financial year. Agenda resolutions were then made. Around 74 percent of the voting share capital was represented for the vote. All items on the agenda subject to voting were approved by a large majority.

DIVIDEND PAYMENT IN THE AMOUNT OF EUR 1.15 PER SHARE

At the Annual General Meeting, the shareholders present also agreed – with 99.7 percent approval – to the proposed dividend. In total, just under EUR 11.1 million or EUR 1.15 per bearer share was paid out on May 17, 2013. The amount of the dividend is related to the operating cash flow. The operating cash flow provides Nemetschek with an excellent benchmark which is closely based on real corporate success and from which shareholders benefit.

For the 2013 financial year, the supervisory board and executive board propose a dividend in the amount of EUR 1.30 per share. The Annual General Meeting will vote on the dividend proposal on May 20, 2014.

Nemetschek proposes higher dividend

CHANGE OF THE EXECUTIVE BOARD

After Tanja Tamara Dreilich stepped down from the executive board, taking effect at the end of August 26, 2013, Dr. Tobias Wagner was temporarily appointed a member of the executive board by the supervisory board on August 29, 2013. Dr. Wagner is distinguished by many years of national and international experience in management positions. He also has proven expertise in real estate management as well as in the area of software and innovative internet solutions.

On November 1, 2013 Viktor Várkonyi, CEO of Graphisoft SE since 2009, and Sean Flaherty, CEO of Nemetschek Vectorworks since 2005, were appointed to the executive board of Nemetschek AG. Both managers contribute in-depth knowledge of international markets, extensive experience in the software industry and additional leadership skills to the new executive board team.

Three-member executive board complete since March 2014

The new executive board team has been complete since March 1, 2014 with the addition of Patrik Heider. As a manager with international finesse, Mr. Heider contributes to the Nemetschek Group extensive operating and strategic experience with globally active and expanding companies. Serving as CFOO (Chief Financial & Operations Officer) and spokesman of the executive board, he will make up the newly formed executive board team together with Sean Flaherty and Viktor Várkonyi.

Dr. Tobias Wagner ceases his interim activities on the board at the end of March 2014.

INVESTOR RELATIONS

The executive board and Investor Relations provided institutional and private investors with regular and comprehensive information on current developments and perspectives of the company in the 2013 financial year. Nemetschek AG presented itself at numerous road shows and capital market conferences at home and abroad in the course of the year. There were also many talks with investors at the Munich headquarters. In addition, the company remains in close communication with analysts. All in all, six institutes had covered Nemetschek AG by the end of the year.

All relevant information, such as quarterly statements and annual reports, ad hoc notifications and press releases, presentations, the financial calendar, and assessments by analysts, is available on the Investor Relations website of Nemetschek AG for capital market stakeholders.

KEY FIGURES

	2013	2012
Earnings per share in €	2.49	2.03
Dividend per share in €	1.30*	1.15
High in €	51.50	34.98
Low in €	33.20	25.58
Closing price in €	50.32	33.20
Price/earnings ratio	20.21	16.35
Market capitalization in € million	484.33	319.55
Average number of shares traded per day (via Xetra)	12,001	7,165
Average number of outstanding shares	9,625,000	9,625,000

*Proposed to the AGM on May 20, 2014

CORPORATE GOVERNANCE

Corporate Governance stands for responsible corporate management in alignment with long-term value creation and control. Transparency in corporate communication, observance of shareholder interest, responsible handling of risks and opportunities, and efficient cooperation between the executive board and the supervisory board are major aspects of good Corporate Governance. These rules are important standards of orientation for the supervisory board and executive board.

In the following, the executive board and supervisory board jointly report on Corporate Governance at Nemetschek AG as per Item 3.10 of the German Corporate Governance Code.

EXECUTIVE BOARD

Until November 1, 2013 the executive board had consisted of just one person. Since November 1, 2013 the executive board has comprised three members. The executive board leads the company under its own responsibility. In line with corporate interests, the executive board performs its leadership role with the objective of sustainably increasing corporate value and considering all of the concerns of the stakeholder groups. In doing so, the executive board cultivates the strategic further development of the company, coordinates with the supervisory board in this regard and implements this further development. The supervisory board is involved in a timely fashion and provided with complete information concerning all decisions which may decisively affect the net asset situation, financial situation and earnings situation of the company. The executive board reports to the supervisory board regularly, quickly and comprehensively in written and verbal form about all relevant issues relating to business development, company planning, strategy, the risk situation, risk management, and compliance. In the case of acquisition-related issues, the executive board provides detailed information on project progress and project status at an early stage and coordinates the acquisition process in close collaboration with the supervisory board.

SUPERVISORY BOARD

The supervisory board also has three members. It serves the executive board in an advisory capacity, monitors the management of the company and verifies all significant business transactions by examining the documents in question in terms of the German Stock Corporation Act (AktG) and the company's articles of incorporation. The supervisory board also obtains information on the position of the brand companies and the Group as well as on major developments in dialogs with the executive board and the general managers of the Group's companies outside of the regular supervisory board meetings. In this way, the supervisory board has an appropriate basis of information with which it can accompany operating business, providing invaluable advice and recommendations.

The supervisory board is elected by the Annual General Meeting. The election of the supervisory board conforms to the recommendations of the German Corporate Governance Code; all supervisory board members are elected individually. The members of the executive board are appointed by the supervisory board. The supervisory board defines a catalog of business, which requires approval as well as a business allocation plan in the rules of procedure for the executive board. The supervisory board acts on the basis of its own rules of procedure. Moreover, the supervisory board declares the annual financial statements and approves the consolidated financial statements. The Chairman of the supervisory board presents the activities of the supervisory board every year in his report to the shareholders (pages 20 – 23) and at the Annual General Meeting.

REMUNERATION OF EXECUTIVE BOARD AND SUPERVISORY BOARD

In accordance with the recommendations of the German Corporate Governance Code, the remuneration of each member of the executive board and supervisory board has been reported for some time now.

The remuneration for members of the executive board consists of a base salary (fixed) and performance-dependent variable remuneration. The variable remuneration in turn contains a short-term and long-term component. The short-term, performance-dependent (variable) remuneration depends primarily on company targets achieved, which are agreed upon at the beginning of each year between the supervisory board and executive board. With a view to corporate management over the long term and in accordance with the provisions of the act on the appropriateness of executive board remuneration [“Gesetz zur Angemessenheit der Vorstandsvergütung (VorstAG)“], a long-term component was added to the executive board remuneration system at the end of 2009, the payment of which depends on the achievement of defined company targets relating to earnings and share price. The period to be observed is always three financial years. Taking effect as of the 2014 financial year, the development of sales and earnings applies as an assessment base.

The members of the supervisory board receive performance-related and fixed remuneration. This is based on the consolidated earnings per share (diluted earnings per share in accordance with IAS 33).

The remuneration report is part of the certified consolidated financial statements. It contains detailed descriptions of the principles of the remuneration systems for the executive board and for the supervisory board as well as individual declaration of the remuneration.

COMPLIANCE AND RISK MANAGEMENT

Compliance is an integral part of the corporate and leadership culture of the Nemetschek Group. Alignment of the activities with all of the laws relevant to the business operations as well as with the Group’s own principles and rules is a basic prerequisite for successful economic activity over the long term. Guidelines and rules were developed for this purpose which are valid as a direct code of conduct for the greater part of the Group. This serves as a secure framework for appropriate decisions in complex issues in day-to-day business and reinforces the values of the company. The executive board ensures that legal requirements and internal company guidelines within the Nemetschek Group are adhered to. They are supported in this by the Compliance department.

To highlight the importance of compliance in the Group and ensure the sustainability of the compliance program, employees in the Nemetschek Group go through a compliance training program. This training program is conducted on site in order to enhance the program’s effectiveness.

Nemetschek AG’s risk management facilitates risk recognition and assessment, and helps reduce risks to an acceptable level and monitor them. Detailed information on Nemetschek AG’s risk management system can be found on pages 71 – 79 of the management report.

DIRECTORS’ DEALINGS AND STOCK OPTION SCHEME

Nemetschek AG promptly reports on the shareholdings and share transactions of the executive board and supervisory board. Dealings in securities subject to reporting as per § 15a of the German Securities Trading Act (WpHG), so-called directors’ dealings, are published in accordance with legal rulings and put on the website. No transactions subject to reporting were announced in the 2013 financial year.

Nemetschek AG does not have a stock option scheme at the present time. Furthermore, no option rights were issued.

SHAREHOLDERS AND THE ANNUAL GENERAL MEETING

Shareholders can assert their rights and exercise their voting rights at the Annual General Meeting. One vote is granted for each Nemetschek AG share. The Chairman of the supervisory board chairs the meeting. The executive board is responsible for presenting the consolidated financial statements and the annual financial statements, providing explanations of the perspectives of the company and answering shareholders' questions. The invitation to the Annual General Meeting and the corresponding documents and information, such as the agenda, annual financial statements, articles of incorporation and explanations on proposed resolutions, are published on the Nemetschek AG website the day the meeting is called in accordance with stock corporation laws. The shareholders decide on the use of the balance sheet profit and vote on other issues specified by law and the articles of incorporation. Nemetschek supports its shareholders in the assertion of their voting rights by appointing voting representatives, who vote according to the instructions of the shareholders.

FINANCIAL REPORTING AND YEAR-END AUDIT

Nemetschek prepares its consolidated financial statements as well as the consolidated interim reports as per the International Financial Reporting Standards (IFRS). The annual financial statements of Nemetschek AG are prepared according to the German Commercial Code (HGB). The consolidated financial statements are prepared by the executive board, examined by the auditor and approved by the supervisory board. The supervisory board works closely with the executive board and the auditor throughout the entire auditing process. The Annual General Meeting selected the Ernst & Young GmbH auditing firm, Munich, as auditors and group auditors for the 2013 fiscal year. On March 20, 2014 Ernst & Young took part in the deliberations of the supervisory board concerning the annual financial statements and the consolidated financial statements and reported on the results of its audit. Furthermore, the auditor was available to provide the supervisory board with additional information and answer questions concerning the year-end audit.

TRANSPARENCY

The purpose of corporate communication is to provide all stakeholders with prompt and comprehensive information on current business developments. All groups are treated equally and simultaneously. As part of the investor relations activities, Nemetschek regularly organizes meetings with analysts and institutional investors. The publication of the quarterly statements is followed by regular telephone conferences. Information relevant to capital markets is published on the website of the company in German and English.

Nemetschek continues to provide information on changes in the securities of the members of the executive board and supervisory board with regard to shares of the company as well as on changes in the shareholdings in the company if the voting thresholds defined in the German Securities Trading Act (WpHG) are met, exceeded or fallen short of. All other information subject to the Company Law Directive and disclosure requirements is placed in the electronic company registry for centralized access. Information on the shares held by the executive board and supervisory board is included in the notes.

The financial calendar published on the internet 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. Thus, for example, Nemetschek makes it a priority to publish annual financial statements and the annual report within the required 90 days of the closing of the financial year. Interim reports are published within 45 days of the end of the relevant quarter.

DECLARATION OF CONFORMITY IN ACCORDANCE WITH § 161 OF THE GERMAN STOCK CORPORATION ACT (AKTG) DATED MARCH 2014

In accordance with § 161 of the German Stock Corporation Act (AktG), the executive board and supervisory board of Nemetschek AG declare that the recommendations of the "Government Commission of the German Corporate Governance Code", version dated May 13, 2013, published in the official part of the Federal Gazette on June 10, 2013, (hereinafter "Code"), have been and are being met with the following exceptions:

- III The D & O insurance does not include excess insurance for supervisory board members (Code Item 3.8 Clause 3). Nemetschek AG does not believe that excess insurance would increase the motivation and sense of responsibility of the members of the supervisory board.
- III From January to the end of October 2013 the executive board of Nemetschek AG consisted of only one person (Tanja Tamara Dreilich until the end of August 26; Dr. Tobias Wagner from August 29 on) (Code Item 4. 2. 1). A corporate strategy committee existed within the Nemetschek Group for the support of the executive board. This committee was made up of the executive board and the heads of the most important product organizations.

As of November 1, 2013 the executive board grew to three members. In addition to Dr. Tobias Wagner, who was named spokesman of the executive board, Mr. Viktor Várkonyi and Mr. Sean Flaherty were appointed additional members of the executive board. As of March 1, 2014 Patrik Heider was appointed spokesman of the executive board. Dr. Tobias Wagner will stop his interim activities on the board at the end of March 2014.

- III For the specification of executive board remuneration, the supervisory board made no vertical comparison of remuneration at the level of Nemetschek AG, as required by Code Item 4. 2. 2 Clause 2. As a holding company, Nemetschek AG does not offer any appropriate standards of comparison for either upper management circles or staff as a whole. Nevertheless, the supervisory board – as in the past – used the remunerations of the heads of the most important product organizations as a standard of comparison on which to base its remuneration decisions.

Unlike the Code, which requires this starting June 10, 2013, the variable long-term incentive plan (LTIP) for the executive board to date, which has no participants at present, stipulates no upper limit in terms of amount (Code Item 4.2.3 Clause 2). The LTIP valid as of the 2014 financial year adheres to the Code's recommendation and contains this upper limit in terms of amount.

Moreover, the variable short-term incentive plans do stipulate upper limits, which however are not always expressed as a fixed amount but as a percentage of a fixed amount. Based on the Code and its justification, it is not possible to clearly determine whether this is still in compliance with the Code. In this respect, a deviation is declared with reference to Code Item 4.2.3 Clause 2. Ultimately, the executive board employment contracts do not stipulate upper limits in terms of amount for the total remuneration (Code Item 4. 2. 3 Clause 2). Nemetschek AG is not of the opinion that this is required in the case of the existing remuneration system. If the amount of variable incentive plans is limited, this also applies for the total remuneration to be achieved.

The executive board employment contract of Dr. Tobias Wagner does not contain a severance payment cap due to the interim nature of his activities (Code Item 4. 2. 3 Clause 4). The same applies for the contracts of Viktor Várkonyi and Sean Flaherty due to the comparatively low remuneration.

III An age limit for members of the executive board and the supervisory board has not been defined explicitly and is not currently planned (Code Items 5.1.2 Clause 2 and 5.4.1 Clause 2) Such an age limit would generally restrict the company in its selection of suitable members of the executive board and the supervisory board. With regard to the composition of the executive board, supervisory board and further management circles, the individual's experience, skills and knowledge are of primary importance to the company (Code Items 4.1.5, 5.1.2 Clause 1 and 5.4.1 Clause 2). In contrast, the supervisory board and, with reference to Code Item 4.1.5, the executive board regard diversity criteria as less important, even if these are expressly welcomed – as are the associated efforts toward an appropriate representation of women.

In view of the fact that the company's supervisory board only has only three members, the supervisory board is of the opinion that it does not make sense to specify defined targets for its composition in a manner which has no connection to the time of the next supervisory board elections (Code Item 5.4.1 Clause 2). Consequently, such objectives are not published in the Corporate Governance Report (Code Item 5.4.1 Clause 2). The supervisory board will however come to an agreement as to suitable candidates for the next supervisory board elections in good time.

III The Code's recommendation on the formation of qualified committees of the supervisory board 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 AG.

III The members of the supervisory board receive performance-related and fixed remuneration. This is based on the consolidated earnings per share (diluted earnings per share in accordance with IAS 33) and furthermore does not have special components to account for the company's long-term development (Code Item 5.4.6 Clause 2). The existing remuneration system has worked well for quite some time. There has been no indication that the short-term success of the company has been at the expense of the company's long-term development.

Munich, March 20, 2014



Patrik Heider
CFOO and spokesman of the executive board



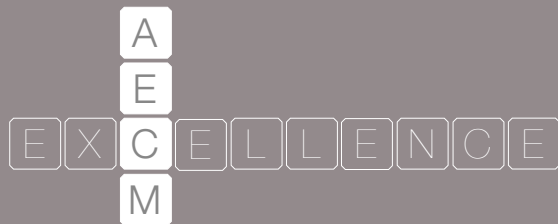
Kurt Dobitsch
Chairman of the supervisory board

N E M E T S C H E K

THE DNA.
THE AIM.
OUR FOCUS.

A
E
EXCELLENCE
M

The AECM industry is in a state of transformation and is about to undergo fundamental technological changes. Everything that can be digital and online will be digital and online. Collaboration, mobile solutions, cloud, and BIM are revolutionizing the environments we work in and our perceptions of the work we do. Processes are becoming simpler and more efficient or are redefined in a whole new way. Nemetschek is at the forefront, actively shaping this future. Our options and business opportunities are great. As architects of the digital world, software developers are the artists of the 21st century. This is a source of pride as well as an obligation and an inducement for us.



MEGATREND

COLLABORATION

DIGITAL DIALOG

A
E
EXCELLENCE
M

WHAT IS THE QUANTUM LEAP?

It frequently happens in projects that numerous people work from different locations. Especially in the case of the planning, implementation and operation of buildings, many different parties come together: From building owners and architects to specialist engineers, project controllers and service providers, to name only a few. Their collaboration has traditionally involved a great number of individual communication relationships and is correspondingly complex, labor-intensive and prone to error – as a result of varying levels of information, local data storage and interface losses. Coexistence as opposed to cooperation. And, in the worst case, work that is more counterproductive than productive. This is where collaboration comes into play: In the software world, collaboration equals decentralized, computer-based cooperation between people, teams and companies based in different locations. Web-based collaboration solutions bring those involved in a project together as if they were sitting at the same table, working on the same plan. This not only allows for a seamless flow of information, but also enables collaborative work in real time. Cooperation is more efficient, better, easier and also more secure. Thanks to open solutions, project partners and required experts can be brought on board quickly, no matter where they are. Physical distance is no longer a hindrance – and this is an invaluable advantage in international projects.

HOW IS THE TREND CHANGING THE AECM INDUSTRY?

IT-based, cross-company and cross-site cooperation paves the way for whole new opportunities and improved project results – regarding costs, deadlines and quality – for the AECM industry, which has been traditionally fragmented and marked by interrupted information and process flows. One of the main causes of cost overruns and delays has been an information flow which is incorrect or nonexistent. Modern collaboration technologies remediate this dilemma, which has been inherent in systems to date.

WHAT IS NEMETSCHKEK CONTRIBUTING?

“Collaboration is our business” has always been a guiding principle at Nemetschke. Accordingly, the issue is a high priority in the Nemetschke Group. We are committed to improving cooperation between all those involved in the process. Interdisciplinarily. Across all stages. Throughout the real estate object’s life cycle. Collaboration is mirrored accordingly in our cross-company strategy Open BIM. We also offer an extensive range of solid collaboration solutions: From document management via IFC servers all the way to internet-based end-to-end process solutions. With powerful information technology, we help make the holistic design, accompaniment and control of information processes and documentation processes possible and collaboration between all those involved in the project easy.

MEGATREND

MOBILE SOLUTIONS

SOLUTIONS ON SITE AND ON THE ROAD

A
E
EXCELLENCE
M

WHAT IS THE QUANTUM LEAP?

With stationary PCs the amount of digital work is limited to the desk. Mobile solutions bring the internet and internet-based applications to mobile devices such as smartphones and tablets. The rigid association of IT and working at a desk is now a thing of the past.

HOW IS THE TREND CHANGING THE AECM INDUSTRY?

Mobile solutions make it possible to be location-independent, online and connected – in the office, at home, on the road or on site – i. e., also at the construction site or real estate object. On the one hand, architects, engineers, those involved in construction, facility managers, etc. have immediate access to the latest data and information no matter where they are: From project reports and quotation evaluations all the way to animated 3D models. On the other hand, fast, targeted communication and collaboration is simplified, between distributed teams, ordering parties, customers, and headquarters. In addition, the combination of localization, camera and screen allows for completely new applications. For example, the visualization of technical building equipment or interiors as well as the digital localization of defects in the building.

WHAT IS NEMETSCHKEK CONTRIBUTING?

Nemetschek integrated the concept of mobility into its service portfolio at an early stage. Our brands offer future-oriented solutions – from apps all the way to cloud infrastructure. This makes it possible for customers of our CAD provider Vectorworks, for example, to use cloud services and the Nomad app to view plans and layout levels, add comments, measure distances and automatically apply changes to further equipment. The prize-winning BIMx app from Graphisoft has made waves in industry circles. Nemetschek will continue to extend the range of mobile solutions and provide the AECM sector with innovations for mobile applications.

MEGATREND

CLOUD

DISTRIBUTING THE COMPUTATION
OF BUILDINGS

A
E
EXCELLENCE
M

WHAT IS THE QUANTUM LEAP?

Information technology is about to experience a paradigm shift across all industries: With current business and technology models to date, users purchase software applications and keep them along with all the data on their own computers. This model is increasingly being replaced by cloud computing. The providers of cloud solutions provide IT resources – processing power, software, storage capacity – on a rental basis via the internet or intranet (the cloud); and customers pay based on what they use. There are many advantages: Greater flexibility, practically limitless scalability, the latest software version at all times, OPEX instead of CAPEX. The new business models are called IaaS (Infrastructure as a Service), PaaS (Platform as a Service) and especially SaaS (Software as a Service).

HOW IS THE TREND CHANGING THE AECM INDUSTRY?

Outsourcing computer infrastructure and business applications reduces the outlay for IT administration, which is a benefit especially for many smaller and mid-sized companies in the AECM industry. In addition, cloud computing is ideal for typical project business: Software is rented for the duration of a project and costs are assigned accordingly. Also, cloud computing separates high compute model authoring from model viewing. Certain modeling and computational functions can be executed more efficiently using cloud computing technology. For example, calculations needed to generate sections, elevations, and renderings can now be done in the cloud, freeing up desktop computing power. And not least important, cloud computing, collaboration and mobile solutions are closely interwoven.

WHAT IS NEMETSCHKE CONTRIBUTING?

Nemetschke is accompanying customers step by step through the IT transformation with customized solutions. Our philosophy is not “one size fits all.” Instead, we provide every individual customer with a solution that is appropriate for that customer. Our job is to meet our customers wherever they are in terms of needs and options – this ensures that no existing customers are lost, strengthens the acquisition of new customer segments and ultimately generates more business. Our cloud solution providers include Graphisoft, who offer ArchiCAD, a software with a connection to a cloud-based web portal. Vectorworks is another Nemetschke brand that provides comprehensive cloud services. The building technology solution Nevaris of our Auer brand, available as an SaaS building technology solution, covers the process from cost planning and AVA all the way to building work and controlling. Nemetschke is at work on further cloud and SaaS innovations. Our vision is to provide all those involved in the AECM process with all the tools they need when they need them, where they need them and in the required manner and form. Simply. Without any loss. Consistent.

MEGATREND

BIM

INTELLIGENT MODEL AND
CONSISTENT PROCESSES

A
E
EXCELLENCE
M

WHAT IS THE QUANTUM LEAP?

The concept of building information modeling (BIM) has two dimensions: Technology and work methodology. With the former, BIM software, it is possible to create a precise, vector-based representation of a building and its construction elements and components. All relevant building data is digitally captured, combined and connected in this intelligent model: Architecture, structure, technical building equipment, physical, functional properties. The model supports planners, engineers, contractors, facility managers and many others with visualizations, plan derivations, quantity specifications, interference checks und simulations of building behavior, e. g., energy use, before the building is even implemented. This closes the gap between virtuality and reality. The work methodology includes the centralized, object-based, consistent provision and coordination of project information with an emphasis on the process perspective and stronger collaboration.

HOW IS THE TREND CHANGING THE AECM INDUSTRY?

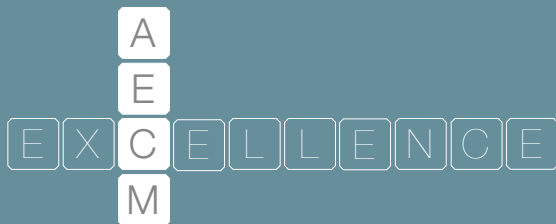
BIM simplifies all complex aspects of the planning, construction and operation, accelerates processes and reduces error proneness and costs. Building information modeling (BIM) has already gained momentum in many countries. BIM is reinforced by regulatory and legislative developments: More and more countries are making BIM a binding prerequisite for the granting of government contracts. One example: The European Parliament recently recommended that the use of BIM be included in the Public Procurement Law of the European Union.

WHAT IS NEMETSCHKE CONTRIBUTING?

Nemetschke is the pioneer for BIM: Back in the 1980s, Nemetschke developed the concept of a data-base-driven platform for all those involved in the construction process in order to optimize this process holistically. Nemetschke is now the leading provider of BIM solutions, e. g., ArchiCAD and Vectorworks. The company stands for Open BIM, an open approach. Open BIM is the future of building and part of a cross-market corporate strategy at Nemetschke. Open BIM ensures that different software solutions are able to communicate with one another. This results in seamless collaboration between all those involved in construction projects and enables end-to-end processes. Together with partners and also within the scope of the global BuildingSMART Initiative, Nemetschke is intensively engaged in the further development and implementation of appropriate standards, e. g., Industry Foundation Classes (IFCs).

OUR BRANDS

The twelve brands, under the umbrella of the Nemetschek Group, provide a wide range of graphic, analytical and commercial solutions in the whole life cycle of buildings.



Auer - Die
Bausoftware GmbH

Headquarters:
Wals, Austria
Founded: 1990

Data Design System
ASA

Headquarters:
Klepp Stasjon, Norway
Founded: 1984

Glaser -isb cad-
Programmsysteme
GmbH

Headquarters:
Wennigsen, Germany
Founded: 1984

Graphisoft SE

Headquarters:
Budapest, Hungary
Founded: 1982

Maxon Computer
GmbH

Headquarters:
Friedrichsdorf, Germany
Founded: 1986

Nemetschek Allplan
Systems GmbH

Headquarters:
Munich, Germany
Founded: 1981

Nemetschek
Bausoftware GmbH

Headquarters:
Achim, Germany
Founded: 1981

Nemetschek
bim+ GmbH

Headquarters:
Munich, Germany
Founded: 2013

Nemetschek Crem
Solutions GmbH &
Co. KG

Headquarters:
Ratingen, Germany
Founded: 1982

Nemetschek Frilo
GmbH

Headquarters:
Stuttgart, Germany
Founded: 1978

Nemetschek Scia nv

Headquarters:
Herk-de-Stad, Belgium
Founded: 1974

Nemetschek
Vectorworks, Inc.

Headquarters:
Columbia, USA
Founded: 1985

12 BRANDS
> 40 LOCATIONS
142 COUNTRIES
1.2m USERS

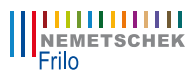


THE BRAND COMPANIES OF THE NEMETSCHKE GROUP



GLOBAL GROWTH

Two new brands, location expansion, strong sales and service, a rising number of users: We are represented in all major regions of the world as a reliable partner for our customers.



GROUP MANAGEMENT
REPORT



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GROUP MANAGEMENT REPORT

1 BASIC INFORMATION ON THE GROUP

1.1 BUSINESS MODEL OF THE GROUP

LEGAL STRUCTURE

The Nemetschek Group is a leading global software provider for the AECM industry (Architecture, Engineering, Construction, Management). From its headquarters in Munich and with more than 40 locations world-wide the Nemetschek Group serves around 1.2 million users in 142 countries with its 12 brands. The company, which was founded in 1963 by Prof. Georg Nemetschek, covers the complete life cycle of architecture and building structures, from planning to the construction process to utilization, management and modernization.

The Nemetschek AG with its headquarters in Munich undertakes, as the holding company, strategic corporate planning as well as the central functions in the area of corporate controlling and finance, investor relations and corporate communication, central IT and services, human resources, risk management, as well as corporate audit and compliance.

The holding company comprises twelve brands. The twelve brands exist as independently operating entities in the market. The managing directors of the operating subsidiaries act largely independently with a high degree of autonomy in their respective markets. As a result, the brands can react quickly to customer demands, market developments and changing conditions. Despite the independence of the brands the holding guarantees high management efficiency. With this holding structure Nemetschek has the ideal prerequisite to continue to successfully structure the future development of the company.

The complete overview of the legal corporate structure can be found in the notes to the financial statements.

BUSINESS ACTIVITIES

The twelve brands, under the umbrella of Nemetschek AG, provide solutions for architects, structural designers, and civil and specialist engineers as well as 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 property management as well as for visualization software for architecture, film, animation and advertising.

The wide range of graphic, analytical and commercial solutions plays an important role in all phases and thus in the whole life cycle of architecture and building structures – from the planning and visualization of a building to the actual construction process to its management.

BIM is the central
topic in the planning
process today

The central topic in the planning process of building objects today is the so-called Building Information Modeling (BIM). BIM is an integrated process of planning, building and management of buildings with the objective of maximizing quality and efficiency, especially as part of interdisciplinary cooperation. As the pioneer of the BIM idea, the Nemetschek Group has already followed this holistic approach for over 30 years. The interconnected BIM software solutions of the Nemetschek Group simplify the cooperation between all those involved in the building process. The project work is then done faster, more cheaply and more efficiently. Errors are reduced.

Nemetschek adopts an open approach (Open BIM). The open standard enables each Open BIM software from the Nemetschek Group to communicate with every other Open BIM software, even with software from competitors.

BUSINESS SEGMENTS

The Nemetschek Group structures its activities into four segments: Design, Build, Manage and Multimedia.

DESIGN

In the largest business segment, Design, Nemetschek is present worldwide and offers software solutions for, among others, architects, civil engineers, structural designers as well as for specialist engineers and landscape planners. The portfolio comprises in particular BIM-oriented solutions for Computer Aided Design (CAD) and Computer Aided Engineering (CAE), which set worldwide standards in the 2D and 3D design of buildings and their building structures.

Nemetschek **Allplan**, headquartered in Germany, serves both architects as well as engineers with the BIM platform Allplan and primarily serves the European market. Allplan Architecture is a particularly highly performing BIM solution which supports the complete design process for architects and designers as well as for developers and building companies. Its particular strength lies in its consistency, from the initial idea to competitor plans and exposés to the finished manufacturing plans and detailed plans.

Allplan Engineering supports the whole planning process for engineering and design offices as well as for civil engineers and building designers with regard to construction and civil engineering projects. The strength of this solution lies in its three-dimensional form work and reinforcement planning. Classical two-dimensional or hybrid working methods are similarly possible.

The program Precast, based on Allplan, is a leading planning solution for the concrete component industry, ranging from batch production to complex architectural elements and special components. As an information tool the Technical Information Manager (TIM) based on this program links various departments, such as sales, operations scheduling, production, logistics and assembly, and gives information on project structure and project status. Additionally, all contents can be visualized – as a virtual model or in table form. With branches in Singapore and Shanghai these solutions are also sold successfully beyond Europe.

The Hungarian company **Graphisoft's** software solutions are primarily aimed at architects. With its core product ArchiCAD, Graphisoft introduced the first BIM software for architects to the market. The BIM solutions enable a high degree of design freedom and guarantee a smooth and efficient work flow through all planning phases of a building project. The Graphisoft BIM Server, which enables a planning team to work together in a building model in real time, also belongs to the range of services. All members of a planning team can work simultaneously on a building model and have access to its current status. Furthermore, with BIMx Graphisoft offers a professional presentation tool. Many users around the globe are already using BIMx to present their design projects on mobile end-user devices. Graphisoft solutions are sold in over 100 countries and in 25 languages around the globe.

With BIMx Graphisoft offers a professional presentation tool, also for use via mobile devices

The American Nemetschek **Vectorworks** develops and sells CAD and BIM solutions for drafting and execution planning and offers a broad spectrum of specific industry solutions for architects, interior designers, landscape planners, product designers and for lighting, stage design and event planners. With Vectorworks Cloud Services, users can also centrally save, share, call up and process data from any place – whether from the office or whilst travelling. Customers include large design offices as well as small trade businesses. With its flexible and intuitive solutions, the company ranks as one of the leading suppliers worldwide in the field of 3D design technology. Vectorworks is the most used CAD program on the Apple Macintosh in the world and is one of the leading programs for Windows. Today, designers and planners in over 85 countries work with Vectorworks technology.

In addition to the Allplan construction engineering product line and the Precast solution based on Allplan, Nemetschek Scia, Nemetschek Frilo and Glaser are also part of the focus on construction engineering. The group offers solutions for all areas of construction engineering for BIM, CAD, structural analysis, logistics, and project management – from easy-to-learn starter products to high-end solutions.

Nemetschek **Scia**, located in Belgium, is responsible for four main product lines: Structural analysis and design (Engineering Design), CAD construction engineering (Structural Detailing), software for production control (Fabrication Management), as well as interoperability solutions (Interoperability). Users include engineering and architectural offices, design and structural analysis offices, steel construction companies, and testing and

inspection bodies. With the high performance software solutions the company supports its customers in designing and manufacturing all types of constructions – from complex buildings to bridges to challenging industrial buildings. Scia is also represented successfully beyond Europe.

Nemetschek **Frilo** is one of the leading suppliers of calculation programs for structural construction projects. The company's over 80 statics programs cover a large area of statistical calculations in practice. Intuitive operation, quick results and current norms ensure customer success. The coordinated cooperation with Frilo Statik and Scia Engineer offers engineers an integrated overall CAD solution from one source.

Glaser offers CAD programs for construction engineering and, in addition to the DACH region, addresses markets such as Russia or the Czech Republic. The programs are used, among other things, for formwork and reinforcement planning, steel construction, and wood and roof construction. A close partnership with Nemetschek Frilo, as well as common interfaces of the programs, enables an especially convenient and consistent calculation of statistics for CAD construction.

Data Design System
is new in the Design
segment

Data Design System (DDS), located in Norway, has also belonged to the Design segment since its acquisition on November 30, 2013. The company develops innovative CAD software solutions for the intelligent design of technical building equipment (TGA) and supplies highly functional design software for mechanical, electrical and plumbing engineering, for heating, ventilation and air-conditioning systems, and for photovoltaic systems. Furthermore, DDS develops and sells special software for the architecture and construction of wooden framed, prefabricated houses in the Scandinavian building style. In addition to engineering and design offices and trade businesses, DDS's customers include industrial companies and facility management companies. With branches in Germany, Austria and in the Netherlands, DDS mainly sells its solutions in the European market.

Nemetschek **bim+** has also been part of the Design segment since 2013. The solution of the same name, bim+, is an open, cloud-based platform which makes construction quicker and more effective. bim+ enables all information on specific construction projects to be saved contextually in the cloud so that other people may access the information, visualize it and connect with each other. Access is flexible via PC, laptop, iPad or other mobile end devices. bim+ is aimed at those in the construction industry including engineers, technicians, building contractors and people involved in building projects in an administrative function. As an open platform, bim+ also offers programmers the possibility of developing and providing applications and services for BIM.

BUILD

In the Build segment, products and solutions are offered for commercial and technical cost and performance accounting, cost and deadline planning as well as for tender, assignment and invoicing (AVA) 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 mainly concentrated on German-speaking markets, includes the companies Nemetschek Bausoftware, the Austrian Nemetschek Auer as well as the product lines Allplan BCM and Design2Cost from the Nemetschek Allplan Group.

Nemetschek **Bausoftware**, located in Germany, has already offered integrated software solutions for the construction industry for over 25 years. With its programs Building for Windows and Building financials, construction companies of all sizes in Germany, Austria and Switzerland are served with primarily commercial but also technical industry solutions. Furthermore, the company offers programs for administering information, managing documents and for mobile time recording. The company has a strong position in Germany and is the leader among the target group of larger medium-sized construction companies in Switzerland.

With its headquarters in Austria, Nemetschek **Auer** provides commercial and technical solutions for design and construction. The intelligent software supports customers from design to invoicing, optimizes processes and reduces costs. With a market share of up to 80% the premium product AUER Success is the leading software for the main construction and construction-related industries as well as for designers and building authorities in Austria.

In addition to this, Allplan comprehensively covers construction cost planning and the tender process with BCM. BCM can be used to prepare specifications and accompany a project from the initial idea to its execution and management. Furthermore, Allplan BCM forms the basis for the planning method Design2Cost, the solution for designing and planning in accordance with cost considerations. With the complete solution Design2Cost the quantities required for the calculation of costs for the tender are calculated quickly and simply from the building model.

Under the development management of Nemetschek Auer, together with Nemetschek Bausoftware and Nemetschek Allplan, the continuous, process-oriented AVA and building software Nevaris was developed. Nevaris was presented for the first time in autumn 2012. In the meantime numerous new features have been added. The software is used in construction cost planning and AVA, from costing and construction invoicing to controlling. Nevaris is offered as an on-premise and as a Software-as-a-Service (SaaS) solution.

In summary, the solutions in the Build segment cater to, above all, architects, engineers, construction management, and construction companies.

MANAGE

The Manage segment includes Nemetschek **Crem Solutions** – the name Crem stands for Corporate Real Estate Management. The product portfolio is determined by the needs of the real estate and housing sector in the administration and invoicing of its properties and land, and can be aligned to the individual needs of customers. The main product, iX-Haus, is an all-in-one solution for the management of commercial property with complex operating requirements. Additionally, the company offers software for the management of housing associations and large property management companies. Particularly because of its detailed reporting, Crem iX-Haus is also a valuable support in the area of asset management.

Furthermore, with the Alfa solution Allplan offers comprehensive Computer Aided Facility Management (CAFM) software for efficient building management. With the platform independent, browser-based CAFM, software building management data can be called up and managed efficiently at any time regardless of period and time.

MULTIMEDIA

Maxon Computer belongs to the Multimedia segment. The company is a leading developer of solutions for professional 3D modeling, painting, animation, and rendering. The software packages CINEMA 4D and BodyPaint 3D, which have won several awards, are used worldwide in numerous productions in the fields of film, television, advertising and games, as well as visualization of architecture, medicine, product design and info graphic. The solutions from Maxon are distributed via 150 sales partners in more than 80 countries worldwide. The company, located in Germany, maintains branches and representations in the USA, Great Britain, France, Japan, and Singapore.

Maxon develops solutions for 3D modeling, painting, animation, and rendering

MAIN LOCATIONS

Nemetschek AG has its headquarters in Munich and is represented with its twelve brands at more than 40 locations worldwide. The Nemetschek Group solutions are sold around the globe.



SIGNIFICANT SALES MARKETS AND COMPETITIVE POSITION

Nemetschek is a worldwide leading provider of software solutions for the life cycle of buildings and building structures in the AECM and multimedia industries. In its target markets the Nemetschek Group is market leader in Europe and second globally after the US supplier Autodesk. The industry has consolidated in the past few decades. Nemetschek was active in this process through acquisitions. Today, there are few globally operating suppliers like Nemetschek. It is faced with a multitude of smaller, locally active companies. Competition occurs in extremely heterogeneous markets, which are characterized by numerous disciplines participating in the building process, various philosophies and different regional requirements and standards.

Nemetschek focuses almost exclusively on the AECM market

Unlike other large competitors, Nemetschek concentrates almost exclusively on the AECM market. The strong and specialized brands in the Nemetschek Group understand that their products should be aligned to the needs of the customers and that they need to react quickly to market changes. To meet the wide range of customer needs, the Nemetschek Group offers a broad range of solutions that are tailored to special working requirements and local guidelines and norms. The direct proximity to the customer and the transformation of customer requirements into corresponding products are part of its philosophy.

In order to satisfy the numerous customer demands Nemetschek relies on its cooperation with partners from the sector who themselves offer the leading solutions in specialist areas.

The Nemetschek Group has its roots in Europe. In particular in the DACH region Nemetschek has a strong base and secures sustainable growth. North and South America, Asia, Eastern Europe and the Nordic countries count, above all, as the growth markets of the future for Nemetschek. Nemetschek has, in the meantime, numerous branches worldwide including in Brazil, Mexico, Japan, China, and Singapore. The individual brand companies have their own sales and, in addition to that, cooperate with distribution partners who exclusively sell group solutions globally.

Furthermore, Nemetschek relies on cooperations. For example, the Nemetschek Group concluded an extensive development cooperation with CABR Technologies, the leading Chinese software supplier for 2D-CAD solutions. Together with this company, Nemetschek is developing, as requested by the Chinese government, an obligatory nationwide standard for BIM processes.

In November 2013 Graphisoft announced a strategic partnership with Nikken Sekkei, one of the worldwide largest architect offices located in Japan. The core of the contract is the formation of a joint BIM Competence & Research Center which will advance Building Information Modeling in Japan and South East Asia.

Within the Multimedia segment, Maxon laid the foundations in March 2013 for an extensive development and marketing cooperation with the Adobe software group. Thus, two new Maxon technologies, CINEWARE and CINEMA 4D Lite, were directly integrated into Adobe's industry leading software, After Effects. Users from the motion graphics and visual effects industry benefit from an optimized work flow, shortened render periods and more functionality for the creation of digital media content.

Development and marketing cooperation between Maxon and Adobe

Furthermore, Maxon supplies render technology to the CAD brand companies of the Nemetschek Group.

1.2 CORPORATE MANAGEMENT

Nemetschek AG, with its registered office in Munich, acts as a strategic holding company. It holds majority shares in nationally and internationally operating brand companies which act with a high degree of autonomy in their relevant markets. The operational and strategic management of the group is performed via the four segments: Design, Build, Manage and Multimedia.

The corporate management of the group is based on the group strategy jointly approved by the executive and supervisory boards. This covers the strategic positioning of the Nemetschek Group and its solutions portfolio, as well as its concrete, medium-term revenue and income projections. Corporate management is performed at the level of reportable segments. The group specifications and annual targets for the product brands and their companies are derived from the strategic objectives. In the annual planning process at profit center level these company targets are agreed with the brand companies, are substantiated by them and assigned individual quantitative and qualitative targets for marketing and development. The agreement of annual planning, individual targets and medium-term planning is performed together with the supervisory board.

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 revenue, cost and earnings situation. The central controlling indicators for Nemetschek AG are revenues and growth, as well as the operating result (EBITDA) per segment. Non-financial performance indicators as control measures do not exist at the level of the holding company. Non-financial performance indicators (e.g., customer satisfaction) are measured at brand level. The measurement of customer satisfaction occurs at brand level through external surveys, feedback via direct sales, selling partners or via service. The results of the customer satisfaction survey represent an important source of information for future solutions, product improvements and marketing activities.

The strategic and operating corporate management is performed by the executive board. Discussions on business development, financial controlling indicators and actual/target comparisons of the individual brand companies are performed regularly with the relevant management. Furthermore, there are regular cross-company reconciliation processes in important areas (e.g., finance and controlling).

1.3 OBJECTIVES AND STRATEGY

Nemetschek follows a firm growth strategy and focuses on the AECM and multimedia markets worldwide. The brand companies are constantly working on further expanding the strategic direction chosen and the related successful development with regard to growth, profitability and market leadership.

The major growth drivers are internationalization, innovations and new strategic growth fields which result from technological trends.

The growth strategy is aimed at organic growth that outpaces the market average and at accelerating this growth through acquisitions. For acquisition projects the focus is on growth along the life cycle in the AECM market, the rounding off of the product portfolio and on internationalization.

INTERNATIONALIZATION

The Nemetschek Group, represented worldwide, follows a global growth strategy

The worldwide represented Nemetschek Group follows a global growth strategy. In the past few years it has constantly extended its market position, above all in the USA and Asia and, at the same time, reinforced and expanded its position in existing sales markets. This enables it, on the one hand, to seize additional regional growth opportunities and, on the other hand, to better allocate risks. The global distribution network, consisting of Nemetschek's own sales team in particular in the core markets and distributors, ensures close proximity to customers in all markets. The constant expansion of a worldwide service and sales business is a central concern and an important growth driver for the next few years.

INNOVATIONS

The success of Nemetschek is based on innovations. The brand companies follow this philosophy. With their solutions they set new benchmarks and establish standards in the AECM and multimedia markets. The Nemetschek Group is constantly working on being a reliable and sought-after partner for customers and on developing tailor-made solutions for them. High customer satisfaction forms a sound basis for a successful and sustainable corporate development. This should also be ensured for the future. Further information on innovation activity can be found in the section on Research and Development.

TECHNOLOGICAL TRENDS

With forward-looking solutions the Nemetschek Group addresses technological trends such as Building Information Modeling (BIM), process orientation, networking, collaboration, cloud computing, mobile solutions, and internet. These also include new sales forms such as telesales and internet shops. These trends will strongly change industry and customer demands and influence future growth. Transparency, costs, increasing project complexity, and integrated infrastructure are topics which the construction industry must address. Technology – especially software for architecture, engineering, construction and management – makes a vital contribution to this. The objective is to make available to customers the most appropriate and best possible tools for their projects in order that they can master the challenges having to do with costs, time and quality in the best possible way.

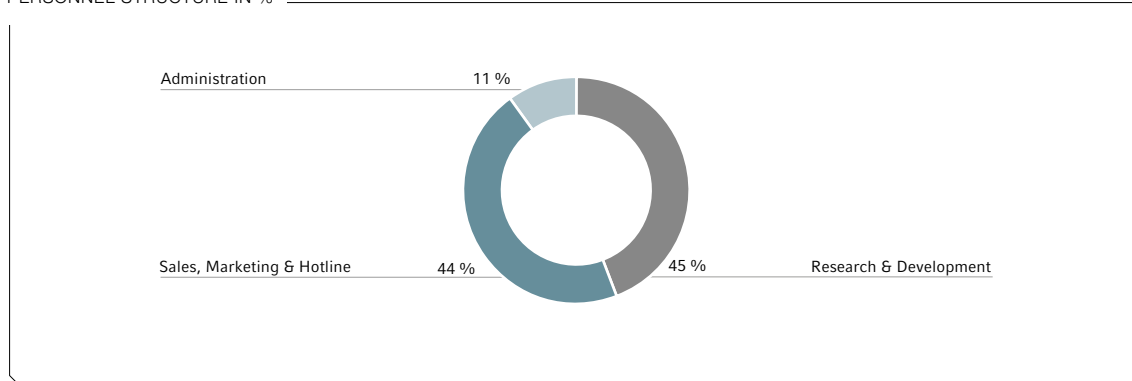
1.4 EMPLOYEES

As of December 31, 2013 the Nemetschek Group employed 1,355 staff worldwide (previous year: 1,229); this does not include employees on parental leave, freelancers and those ill long-term. The total number at the end of the year includes 80 employees who joined the company with the acquisition of Data Design System on November 30, 2013. The Nemetschek Group employed worldwide an annual average of 1,264 people (previous year: 1,222). Although the rise in the number of employees increased personnel expenses absolutely for 2013 by EUR 1.8 million to EUR 78.7 million, the personnel ratio (personnel expenses to revenues) decreased from 43.9% in 2012 to 42.3% in 2013.

At 62 % the majority of employees were employed outside of Germany (previous year: 62 %). In terms of operations the focus is on two clear areas: research and development and sales and marketing. The average number of staff employed in the area of research and development in the year 2013 amounted to 575 (previous year: 572). On average 556 employees (previous year: 520) worked in sales, marketing and hotline, and 133 employees (previous year: 129) worked in administration – including 16 trainees (previous year: 19). Trainees primarily work in the commercial departments as well as in IT and development. The Nemetschek Group attaches great importance to taking on trainees after they gain their qualification.

High number of employees in research and development

PERSONNEL STRUCTURE IN %



Nemetschek employs almost only staff with a vocational qualification or a higher education qualification. Numerous employees are architects and engineers, which demonstrates the company's strong roots in the industry. Women are playing an increasing role in technical and management positions; the proportion of women measured against the total number of employees in 2013 was at around 30 %. In selecting the appropriate candidates for management positions, the company makes a point, where possible, of balancing the filling of positions with male and female applicants.

All employees receive appropriate remuneration. Depending on the location and size of the company, various special benefits are also offered (e.g., the possibility of a company pension scheme, company car rules and subsidies for canteen meals). In most companies there is also a performance-related remuneration, which is crucial to high employee motivation. The development of revenues and earnings of the relevant company as well as the achievement of personal targets are usually the criteria for measuring this. Managers and sales employees are primarily measured based on the overall success of the company, whereas the variable remuneration for other employees depends on the achievement of individual or team targets.

1.5 RESEARCH AND DEVELOPMENT

Nemetschek is a leading provider of software for the digitalization of building processes and is a pioneer in innovation. Nemetschek's objective is to gradually expand its portfolio of solutions and to constantly improve those products and solutions already present in the market. Customers benefit from the increases in efficiency and from a constant improvement in the quality of their processes and projects. Therefore, close cooperation with customers in developing innovative and value-generating solutions is essential.

Nemetschek constantly invests in the new and continued development of products and solutions. Innovative products are the basis for the success of the group. Approximately one quarter of the revenues generated therefore flow regularly into product and process innovations. The high status of development is highlighted by the fact that in 2013 45 % of total employees within the corporate group were employed in this area (previous year: 47 %). On average for the year 2013 the Nemetschek Group employed 575 staff (previous year: 572) in research and development.

Innovative products are the basis for the success of the group

The focus of the development activities is on the releases of the individual software solutions of the relevant brands published annually. With regard to topics such as cloud computing, Software-as-a-Service (SaaS) or BIM, Nemetschek is working on new, tailor-made solutions. Under the development management of Nemetschek Auer, together with Nemetschek Bausoftware and Nemetschek Allplan, the integrated process-oriented AVA and building

software Nevaris were developed. Nevaris was presented for the first time in autumn 2012. In the meantime numerous new features have been added. The software is used in various areas, including construction cost planning and AVA, costing and building invoicing, and controlling. Nevaris is a solution from Nemetschek which is offered both as an on-premise and as an SaaS solution.

Furthermore, the first open and cloud-based platform bim+ was launched in November 2013. bim+ enables all construction-related information to be stored in the cloud so that other people can access and visualize the information and connect with one another. The content can be accessed at any time, whether via PC, laptop, iPod or other mobile end devices. As an open platform, bim+ also offers programmers the possibility of developing and providing applications and services for BIM.

The technological trends in the markets served by Nemetschek, such as Building Information Modeling (BIM), process orientation, networking, collaboration, cloud computing, internet, and mobile solutions for tablets and smart phones, will change the industry and customer requirements radically. Nemetschek is constantly working on developing the appropriate solutions.

As a pioneer of Building Information Modeling, Nemetschek is counting on Open BIM as the basis for co-operations between manufacturers independent of software. Open BIM supports a transparent, open working process which enables those involved in construction to participate in building projects with their relevant software. For this the Industry Foundation Classes (IFC) interface is of central significance. The brand companies are constantly working on improving, testing and certifying their data connections for seamless exchange with other open BIM solutions. Furthermore, the brand companies are working on the development of collaborative additional functions, which, for example, enable users to follow which project participant has received, read and potentially changed or approved which detailed information and when.

In developing new products and continuing the development of trusted solutions, internal group resources were predominantly utilized and third-party services were used only to a limited extent.

In the fiscal year 2013 the Nemetschek Group invested EUR 47.4 million (previous year: EUR 45.1 million) across the group in research and development. This is equivalent to 25 % of group revenues (previous year: 26 %). This includes capitalized development costs of EUR 1.7 million (previous year: EUR 1.9 million), of which in the fiscal year 2013 EUR 1.64 million (previous year: EUR 1.6 million) was for self-generated software and EUR 0.03 million (previous year: EUR 0.3 million) for other own work capitalized.

1.6 SUSTAINABLE AND RESPONSIBLE BEHAVIOR

Sustainable economy is the basic prerequisite for long-term success. Sustainable means preparing the company to be secure today while already considering tomorrow. The Nemetschek Group has established itself as a leading global technology company and provides all customers along the life cycle of architecture and building structures in the AECM industry and in the multimedia industry with innovative software solutions. Simultaneously, Nemetschek practices social and ecological responsibility. Here the focus is on three aspects: the environment, employees and society.

ENVIRONMENT

With its software solutions the idea of sustainability is accounted for

The Nemetschek Group is constantly working on combining innovation and commercial success with the highest quality expectations and careful treatment of resources and the environment. With its software solutions the idea of sustainability is taken account, and efficient and environmentally safe construction is promoted. The solution portfolio of Nemetschek supports architects and engineers in designing energy-efficient buildings and in minimizing material consumption. All brands under Nemetschek's roof have integrated appropriate solutions into their programs. With EcoDesigner from Graphisoft, architects are, for example, already able to determine the likely energy requirements of the buildings planned in the early design phase and to compare different designs with each other. This program has already been given several awards.

The idea of environmental protection also has a high priority internally. For example, almost all brand companies use telephone and video conferences in order to reduce business trips to a minimum. Furthermore, innovative training methods such as e-learning and learning videos are used instead of printed manuals and operating instructions, which significantly reduces paper consumption. Furthermore, download possibilities from the internet are successively replacing the sending of DVDs – a further component in protecting the environment.

EMPLOYEES AND WORKING ENVIRONMENT

A high degree of motivation and identification among employees is a core element for the success of Nemetschek. The company promotes this by creating attractive working conditions and an inspiring working environment.

The companies in the group also make every effort to enable their employees to balance their professional and family lives. This is achieved, among other things, by flexible working time regulations. The concrete structure for this varies and is also dependent on specific country regulations. The same applies to part-time work, in the context of either parental leave or early semi-retirement.

Of course, a comprehensive further education program with internal and external training forms part of the best possible working conditions. The topics of training events range from specific technical training to foreign-language and IT courses to management training and seminars on the subject of teamwork and self-management.

As a result of the international orientation, the topic of corporate compliance is increasing in importance. The Nemetschek Group places particular significance on integrity in staff dealings with stakeholders and on good cooperation. To this end Nemetschek has defined a “Code of Conduct” – a guide for the behavior of all employees of the Nemetschek Group worldwide. The relevant principles, which are visible on the website of Nemetschek AG under “The Company”, are made accessible to the employees as part of special internal training courses.

COMPANY

Nemetschek has its roots in the university environment and has been present there for many decades with its software solutions. The brand companies provide free software licenses and online training materials to students and professors as part of their so-called campus programs. In addition to the core markets in Europe, this is also applicable for many further markets, above all the USA. Furthermore, Nemetschek also supports university projects on a regular basis. For example, in the year 2013, this applied to the activities of the faculty for construction engineers and surveying at the Technical University Munich. Furthermore, it supports the regular organization of student competitions for promoting young talent in the areas of architecture and engineering. In addition there is close cooperation with universities and colleges. Nemetschek supports, for example, the Leonhard-Obermeyer-Center of the Technical University Munich, a think tank, in order to launch marketable digital processes for the construction industry. In this way the company promotes the young generation in architecture and engineering and, at the same time, secures itself a high affinity of potential future customers for its own software solutions.

2 ECONOMIC REPORT

2.1 OVERALL CONDITIONS

The global economy stabilized during the year 2013 after uncertainties regarding the continued development of the Euro crisis subsided and indications of a recovery increased in many industrial countries. In its latest report, the German Council of Economic Experts forecasted, however, a weaker growth in global Gross Domestic Product (GDP) from 2.4 % on average for the year 2012 to 2.2 %.

As the result of a weak start to the year, the Euro region remained in a recession in 2013 which was, however, weaker than in 2012. With regard to the recession in important sales markets the growth in Germany also remained weak: It amounted to 0.4 % after 0.7 % in the year 2012.

During the course of the year in the industrial countries there was a slightly accelerated increase in production. This recovery is, however, in the opinion of the Council of Experts, not yet self-supporting because many industrial countries still have high public deficits and are still following an expansive monetary policy to support the economy. In the USA, growth decreased as a result of this from 2.8 % to 1.6 %. In Japan, on the other hand, it decreased only slightly from 2.0 % to 1.9 %. The economy in the USA, however, gained momentum during the course of the year which was, above all, due to private consumer spending and private residential construction.

According to the annual report of the Council of Experts the emerging countries developed significantly more dynamically than the industrial countries: Their economy grew in 2013 by 4.9 % after 5.1 % in the prior year. Growth in China was even higher: As in the prior year GDP grew by 7.7 %.

CONSTRUCTION SECTOR SITUATION

In Germany
construction volume
increased again in
2013

The recession in the Euro region also affected the construction sector. According to the forecast of the sector expert from EuroConstruct, the decline in the building volume in Europe had, however, already slowed compared to the prior year. In Germany, construction volume grew by 0.3 % after having decreased by 1.2 % in the prior year. In addition to Germany, Austria, Switzerland, Norway, Denmark, and Hungary were able to defy the negative trend in Europe.

In the USA the construction sector was able to continue its recovery at a slightly reduced speed in 2013. The experts from Germany Trade & Invest attribute this to residential construction, which was, however, subdued in the summer due to the increase in mortgage interest. Growth in the construction sector was measured at 5 % for the year 2013. In advance of large events, such as the football World Cup and the summer Olympic Games, the Brazilian construction industry also developed dynamically and, according to the analysis of Germany Trade & Invest in their report of November 2013, faster than the economy as a whole.

In Japan the construction sector was able to grow significantly, according to the forecasts by the Research Institute of Construction and Economy in the year 2013. Nominal building investments climbed by 9.1 % compared to the prior year. The increase was mainly due to the reconstruction of the destroyed earthquake areas and the overhaul of obsolete infrastructure. Clear impulses also arose from the construction of private housing and apartments as the result of an imminent increase in the excise tax as well as from commercial construction. This is shown in an analysis from Germany Trade & Invest on economic trends in Japan for the years 2013 and 2014.

The performance indicators on the construction sector shown here are only one type of indication of the development of the markets of Nemetschek. The AECM industry, which Nemetschek addresses with its software solutions, is currently experiencing the strongest changes since the introduction of the computer. Technological trends, such as Building Information Modeling (BIM), process orientation, networking, collaboration, cloud computing, internet, and mobile solutions for tablets and smart phones, change work flows and processes fundamentally and will substantially influence the growth of the whole sector in the coming years. Studies show that, in terms of digitalization, the building and property industry lies far behind other industries (e.g., finance or the automobile industry). This will change. For example, at the beginning of 2014 the European Parliament published that it would develop further the public procurement law of the

European Union and recommend the use of computer assisted methods, such as BIM, in order to award public building contracts and tenders. The passing of the directive for the EU Public Procurement Law means that by 2016 all 28 member states of the European Union shall promote the use of BIM in the realization of publicly financed construction and building infrastructure projects and may make this obligatory. Therefore, for the software solution providers the potential and opportunities are great.

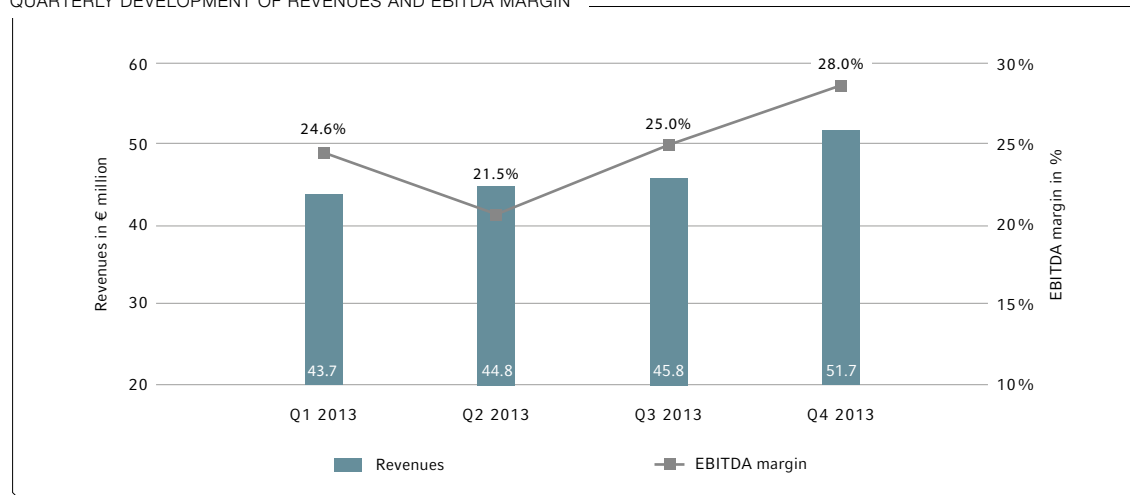
2.2 BUSINESS PERFORMANCE AND EVENTS WITH A SIGNIFICANT EFFECT ON BUSINESS PERFORMANCE

After a solid development of revenues in the first three quarters (revenues up by around 5%), Nemetschek AG was able to accelerate its growth in the fourth quarter and achieve revenue growth of about 9%, compared to the prior year quarter. The revenues from maintenance contracts in particular were strong contributors to growth over the whole year 2013.

In all four quarters earnings before interest, taxes and depreciation and amortization (EBITDA) rose disproportionately compared to revenue. The positive development in earnings is also reflected in net income for the year.

In the fourth quarter Nemetschek was able to accelerate growth and achieved an increase of about 9%

QUARTERLY DEVELOPMENT OF REVENUES AND EBITDA MARGIN



In total the Nemetschek Group extended its portfolio of solutions in the year 2013 organically and inorganically, expanded its regional markets, presented innovative solutions, and focused itself more strongly on customer demands. The following material events, among others, particularly influenced the fiscal year 2013:

PORTFOLIO OF SOLUTIONS

In the Design segment Graphisoft introduced the software solution ArchiCAD 17 to the market. The new version offers numerous new functions and significantly simplifies and accelerates work done within the BIM model, even at the highest degree of detail. Thus, ARCHICAD 17 enables an even better, overall use of the building model, from the first draft to the last detail. The leading BIM-Software ArchiCAD 17 is now offered in 26 country-specific versions. ArchiCAD also has access to an integrated energy appraisal with which the customer can prepare a reliable estimation of the energy requirement and, additionally, the evidence required for an energy certificate. ArchiCAD is thus a leading BIM solution for sustainable building.

With the BIM server from Graphisoft all members of a design team can simultaneously work on a building model with the current planning status. The BIM server automatically checks the integrity of all the data and records all project information in a central project data base. Thus, the BIM server guarantees a new level of data security not achieved until now. Furthermore, Graphisoft has continued to develop the innovative presentation tool BIMx. With the new BIMx Docs App the customer has substantially expanded possibilities for mobile project presentation. In addition to navigation with the 3D model in real time, the complete 2D documentation of a project can be made visible on an iPad and iPhone. BIMx Docs is available in the Apple App Store.

Vectorworks also sets standards with the current CAD-Version Vectorworks 2014. The current release is convincing with 130 improvements, for example, in BIM management, collaboration, user friendliness, quality, documentation, and data exchange. The focus of the 2014 version was on customer requirements. Vectorworks is constantly working on increasing local presence. The software solution is available for the European market in numerous languages. The Spanish version is also being implemented in South and Central America. Vectorworks is also constantly increasing its user numbers in the Asian markets.

With Vectorworks
Cloud Services,
customers can work
flexibly in the cloud

With Vectorworks Cloud Services, customers can save and flexibly access their data in the cloud – whether at the office, at home or whilst on the road. Changes on one computer are automatically transferred to all other devices. Additionally, with the App Vectorworks Nomad customers have access via iPhone, iPad or Android end devices at all times and from all places to all layout levels of these documents, allowing them to view or add comments to documents. All Vectorworks files – which they copy in the folder Vectorworks Cloud Services on the hard disk – are automatically synchronized with the cloud and sent to all devices which are also connected with the cloud. In the meantime Vectorworks Nomad is available for iOS, Android and also for Kindle Fire and retrievable via the Apple or Amazon app stores as well as via the Google Play Store.

Within Allplan the management team was first strengthened by the addition of Dr. Tobias Wagner on August 29, 2013 and then completed with the appointment of Dr. Jörg Rahmer to management on October 1, 2013. The management team focuses on the growth of the company, including its international operations. The realignment is focused on the following: Planning and developing further the release and services portfolio for the next few years, reinforcement of agile processes in development, and the integration of Software-as-a-Service (SaaS) products (e.g., Nevaris and bim+ in the Allplan solutions).

At the start of November the new version of the architecture and engineering solution Allplan 2014 was launched with numerous new features. Special attention was attached to cross-location cooperation, 3D modeling as well as usability and analyses. The civil engineering solution presents itself with improved formwork and reinforcement planning. Additionally, Allplan 2014 possesses a native connection to the cloud solution bim+.

In the civil engineering area Scia published a new release of the flagship product for technical analysis and design. The version Scia 2013 was initially implemented in the major Benelux region. Many new technologies are clustered in this release, such as improved documentation, an improved IFC export and import for Open BIM Interoperability, a higher degree of measurement detail, and an improved seismic analysis for high-rise buildings.

In the Design segment bim+ has been added. The new web-based BIM platform for the construction industry with the same name as the brand of the Nemetschek Group has been available to architects, engineers, construction companies, and property owners since November 2013. Topics such as cloud, apps, internet and mobile also open up new opportunities and potential for the construction industry. bim+ addresses precisely these: The open cloud solution simplifies the work of all those involved in the construction with BIM models. bim+ is independent of supplier, for all common CAD and CAE formats, based on open standards and is, thanks to visual apps and services, available everywhere and at all times. The cloud solution is operated in Germany. A BIM server forms the centerpiece of the bim+ cloud, which provides the most important services for BIM processes (e.g., import, conversion and filing of BIM models or the user and model management).

In the Build segment the Nevaris software, which can be used both as SaaS solution as well as a desktop solution, was further developed in 2013. Nevaris sets standards with the new version in terms of functionality and process support for tendering, awarding and invoicing construction activities. Nevaris is additionally connected to the BIM solution Allplan 2014: Serviceplus customers of Allplan 2014 benefit exclusively from Nevaris as a connected SaaS solution, without having to bear additional costs.

In the Manage segment Nemetschek Crem has the software solution iX-Haus, which represents and develops all of the commercial processes of property management, and aligns these to the SEPA conversion. With DocuWare Nemetschek Crem also offers an integrated document management system.

In the Multimedia segment Maxon presented the next generation of visualization software to the market with CINEMA 4D Release 15. With significant improvements in modeling, text preparation, rendering and sculpting the new release redefines the 3D work flow for motion graphics, visual effects and visualizations. Maxon thus once again consolidates its leading position in this sector.

ACQUISITION

On November 30, 2013 Nemetschek acquired Data Design System (DDS), registered in Norway. As one of the leading manufacturers of CAD software for the intelligent design of technical building equipment (TGA), the company supplies highly functional design solutions for mechanical, electrical and plumbing engineering, for heating, ventilation and air-conditioning systems, and for photovoltaic equipment. Thus, the Nemetschek Group extends its range of services with the strategically important components of the MEP solutions for the construction process.

Data Design System (DDS) from Norway was acquired on November 30, 2013

DDS is a member of the Open-BIM initiative which promotes the open standard in the AEC sector. All DDS-CAD solutions support the Open-BIM design process. Through the acquisition, Nemetschek's position in the market for BIM has been reinforced.

DDS has branches in Germany, Austria and in the Netherlands. In accordance with the strategic corporate structure of the Nemetschek Group, DDS will also be managed in future by its current management as an independent brand company.

COOPERATIONS

In addition to acquisitions Nemetschek is also planning on cooperations in order to expand market position. The cooperation between Maxon and the leading worldwide software group Adobe, announced at the end of March 2013, forms the foundation for an extensive development and marketing cooperation. Thus, two new Maxon technologies, CINEWARE and CINEMA 4D Lite, have been directly integrated into the version of Adobe's After Effects CC, which has been offered since June 2013. These enable CINEMA 4D scenes to be opened, processed and rendered directly, natively, in After Effects CC. Users from the motion graphics and visual effects industry benefit from an optimized work flow and shortened render times.

Furthermore, Graphisoft was able to conclude a strategic partnership with Nikken Sekkei. Nikken Sekkei is one of the largest global architecture offices in Japan. The core of the cooperation is the formation of a joint BIM Competence & Research Center which will advance Building Information Modeling in Japan and South East Asia. The contract sets out a cooperation for several years. Both companies agreed to develop intensively both specific software solutions as well as know-how of BIM implementation with a joint working group of BIM specialists and BIM software developers, in order to stabilize the role of BIM in Japan and South East Asia.

INTERNATIONALIZATION

The declared goal of the Nemetschek Group is to strengthen and develop further its international market position.

In keeping with its strategy to position itself more strongly in Central and South America, Graphisoft took over 100 % of its Mexican distribution partner Anzix S.A. This new branch in Mexico City serves as a hub for Graphisoft in the region.

Furthermore, Vectorworks has increased its local presence in Los Angeles and Chicago. With a direct sales network Vectorworks will continue to secure and increase its access and relationship to its customers.

In the meantime, Nemetschek solutions are being sold in almost all regions of the globe. In addition to Europe, the focus is on markets in North, Central and South America as well as in the Asian region.

2.3 DEVELOPMENT OF THE MATERIAL PERFORMANCE INDICATORS

Revenues climbed by 6.2 % to EUR 185.9 million in the past fiscal year. The operating earnings before tax, interest and depreciation and amortization (EBITDA) increased disproportionately to revenues, reaching EUR 46.3 million, a 13.0 %-increase over the prior year (EUR 40.9 million). The EBITDA margin rose accordingly to 24.9 % (previous year: 23.4 %).

DEVELOPMENT OF THE SEGMENTS

The Design segment,
at **80.4 %**,
is the largest in the
Nemetschek Group

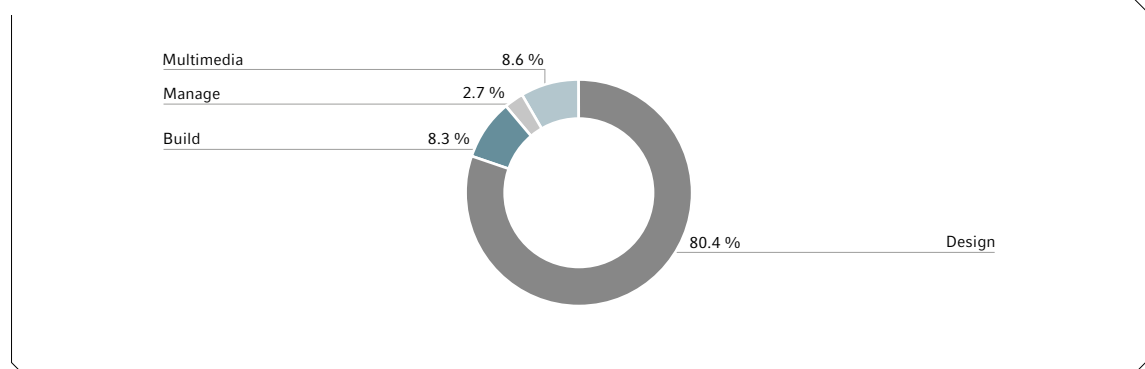
In 2013 the Plan segment achieved revenues of EUR 149.5 million (previous year: EUR 141.8 million), which represents growth of 5.5 %. The brands Graphisoft (Hungary) and Vectorworks (USA) have contributed materially to the positive development. Thus, this segment, at 80.4 %, is the largest in the Nemetschek Group. EBITDA rose disproportionately to revenue through cost discipline and climbed by 14.7 % to EUR 33.1 million in 2013 (previous year: EUR 28.8 million). The EBITDA margin increased from 20.3 % to 22.1 %.

In the Build segment the growth rate accelerated during the year. In total, revenues climbed over the whole year by 7.4 % to EUR 15.4 million (previous year: EUR 14.3 million). This segment benefited from the project business and a continued propensity by customers to invest. With an EBITDA of EUR 5.5 million (previous year: EUR 5.3 million), the EBITDA margin amounted to 36.0 % (previous year: 36.7 %).

The Manage segment developed extremely positively: With growth of 20.2 % for the financial year 2013 revenues rose significantly to EUR 5.0 million in the fiscal year 2013 (previous year: EUR 4.2 million). The EBITDA more than doubled from EUR 0.5 million to EUR 1.1 million. In this segment, business with both regular and new customers was increased.

Also in the Multimedia segment the growth path continued. In the year 2013 revenues rose by 8.1 % to EUR 16.0 million (previous year: EUR 14.8 million). The EBITDA grew by 2.8 % to EUR 6.5 million (previous year: EUR 6.3 million). At 40.7 % the EBITDA margin remained slightly under the prior year rate of 42.8 % but remained at an extremely attractive level. The slight decline is due to stronger development and sales activities, which are likely to pay off in the next few years.

REVENUES BY SEGMENTS IN %



OVERVIEW OF SEGMENT INDICATORS

In € million	FY 2013	FY 2012	Δ in %
Design			
Revenues	149.5	141.8	+5.5 %
EBITDA	33.1	28.8	+14.7 %
EBITDA margin	22.1 %	20.3 %	
Build			
Revenues	15.4	14.3	+7.4 %
EBITDA	5.5	5.2	+5.5 %
EBITDA margin	36.0 %	36.7 %	
Manage			
Revenues	5.0	4.2	+20.2 %
EBITDA	1.1	0.5	+117.5 %
EBITDA margin	22.5 %	12.4 %	
Multimedia			
Revenues	16.0	14.8	+8.1 %
EBITDA	6.5	6.3	+2.8 %
EBITDA margin	40.7 %	42.8 %	

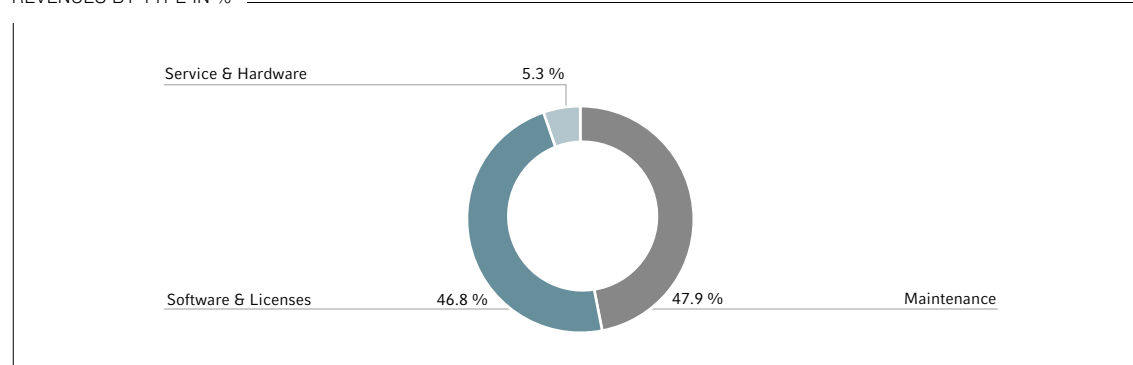
Details of non-financial performance indicators can be found under Section 1.2 Corporate management.

2.4 EARNINGS SITUATION*

POSITIVE REVENUE DEVELOPMENT

In the fiscal year 2013 group revenues climbed by 6.2 % to EUR 185.9 million (previous year: EUR 175.1 million). The revenues from maintenance contracts in particular were strong contributors to growth. These increased over the whole year by 11.2 % to EUR 89.1 million (previous year: EUR 80.1 million). The share of total revenues increased accordingly from 45.8 % to 47.9 %. The license revenues of EUR 87.0 million were about 1.5 % higher than those of the previous year of EUR 85.8 million. Their share of total revenues amounted to 46.8 % (previous year: 49.0 %). Group revenue would be EUR 3,174 thousand higher if adjusted for currency effects. Currency effects mainly result from the US Dollar as well as from the Japanese Yen.

REVENUES BY TYPE IN %



*Some of the amounts shown vary from the amounts in the group management report for the fiscal year 2012, because of adjustments made. See Notes for details of these.

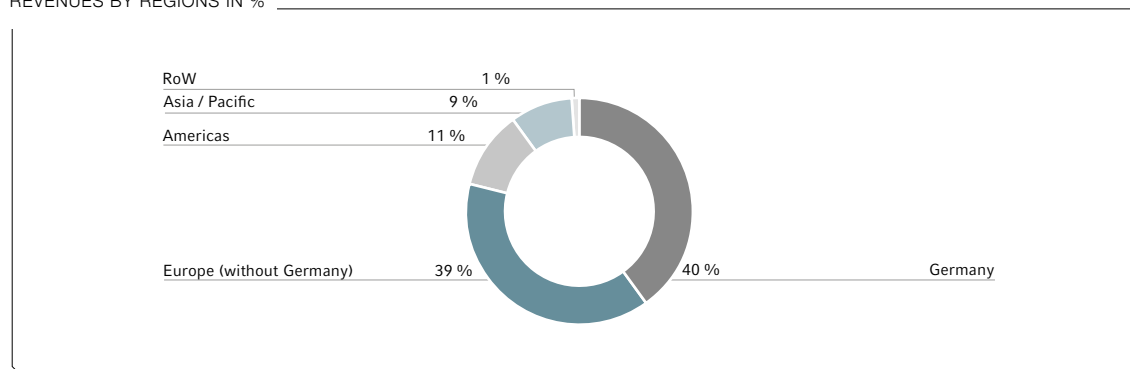
REGIONAL REVENUE DEVELOPMENT

The Nemetschek Group now has more than 40 locations and sells its solutions worldwide. In the last few years Nemetschek has reinforced its market position outside of the core markets in the DACH region, including above all in the USA and Asia. The geographical extension of the business activities enables it, on the one hand, to seize additional regional growth opportunities and, on the other hand, to better allocate risks.

In Germany revenues climbed by 7.9 % to EUR 75.9 million. In the foreign markets revenues rose by 5.0 % to EUR 110.1 million. The foreign markets developed differently. Whereas revenues in North, Central and South America, as well as Asia, rose faster than average, the southern European markets suffered under the weak economy and some of them were unable to achieve growth.

Overall, in the past financial year, the Nemetschek Group thus generated 59.2 % (previous year: 59.8 %) of its revenues outside of Germany.

REVENUES BY REGIONS IN %



DISPROPORTIONATE EARNINGS GROWTH

EBITDA margin has
climbed to
24.9 %

The operating earnings before tax, interest and depreciation and amortization (EBITDA) climbed faster than revenue. At EUR 46.3 million EBITDA increased by 13.0 % compared to the prior year (EUR 40.9 million). Thus, Nemetschek improved its EBITDA margin by 1.5 percentage points from 23.4 % to 24.9 % within a year. EBITDA would be EUR 926 thousand higher if adjusted for currency effects.

The operating expenses before depreciation amounted to EUR 143.6 million (previous year: EUR 138.7), a rise of 3.5 %. This includes costs of materials, which increased by 12.6 % to EUR 8.7 million. The increase is mainly due to higher costs for the purchase of licenses from third parties. The personnel expenses of EUR 78.7 million were only 2.4 % above those of the prior year (previous year: EUR 76.8 million). Other operating expenses amounted to EUR 56.2 million, an increase of 3.9 % compared to the prior year (EUR 54.1 million).

Depreciation on fixed assets decreased overall from EUR 11.0 million in the year 2012 to EUR 10.6 million. Amortization on the purchase price allocation related to the acquisitions of Graphisoft, Scia, and DDS of EUR 6.3 million was slightly lower than the prior year (EUR 6.4 million).

Earnings before interest and tax (EBIT) also improved significantly in 2013. At EUR 35.7 million this was 19.2 % higher than in the prior year (EUR 29.9 million). The significant rise in revenues was tempered by only a moderate increase in operating expenses.

Whereas the net financial result in 2012 amounted to EUR -0.6 million, in 2013 it was positive at EUR 0.5 million. The change in the net financial result arises from the fair-value measurement of the interest swap.

The group's tax rate amounted to 30.2 % (previous year: 27.9 %). Taxes on income increased in the fiscal year 2013 from EUR 8.2 million to EUR 10.9 million. The increase is, in particular, caused by a tax effective write-up in the fourth quarter. Furthermore, revenue growth in countries with higher tax rates contributed to the increase.

In total, net income for the year climbed by 19.4 % to EUR 25.3 million (previous year: EUR 21.2 million). Net income for the year (shareholders of the parent company) climbed more strongly and reached EUR 24.0 million (previous year: EUR 19.5 million). The earnings per share amounted to EUR 2.49 (previous year: EUR 2.03), a rise of 23.0 %.

If adjusted for the purchase price allocation (PPA) the net income for the year would be EUR 29.7 million (previous year: EUR 25.3 million), and thus the earnings per share would amount to EUR 3.08 (previous year: EUR 2.62).

OVERVIEW OF GROUP INDICATORS

In € million	FY 2013	FY 2012	Δ in %
Revenues	185.9	175.1	+6.2 %
of which software and licenses	87.0	85.8	+1.5 %
of which maintenance	89.1	80.1	+11.2 %
EBITDA	46.3	40.9	+13.0 %
EBITDA margin	24.9 %	23.4 %	
EBIT	35.7	29.9	+19.2 %
EBIT margin	19.2 %	17.1 %	
Net income for the year (shareholders of the parent company)	24.0	19.5	+23.0 %
Earnings per share in €	2.49	2.03	+23.0 %
Adjusted net income before amortization of PPA	29.7	25.3	+17.4 %
Adjusted earnings per share before amortization of PPA in €	3.08	2.62	+17.4 %

2.5 FINANCIAL POSITION

PRINCIPLES AND OBJECTIVES OF FINANCIAL MANAGEMENT

The prime objective of financial management is to secure the financial stability and flexibility as well as the liquidity of the Nemetschek Group. This is done by ensuring an equilibrium between equity and debt capital. With an equity ratio of 66.2 % (previous year: 66.8 %), a current debt ratio of 30.2 % (previous year: 29.3 %), a non-current debt ratio of 3.6 % (previous year: 3.9 %) the capital structure is extremely solid. The debt mainly comprises trade payables as well as provisions and accrued income 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 Nemetschek Group's operating business.

With an equity ratio of **66.2 %** the capital structure is extremely solid

LIQUIDITY ANALYSIS

On December 31, 2013 Nemetschek held liquid funds of EUR 48.6 million (previous year: EUR 44.3 million); this represents EUR 5.04 per share eligible for dividends (previous year: EUR 4.60). Despite the acquisition of DDS from Nemetschek's own funds and the dividend distribution after the shareholder's meeting in May 2013, Nemetschek holds enough liquidity reserves to perform further acquisitions.

In investing the surplus liquidity the short-term, risk-free availability is higher than the objective of profit maximization, in order to be able to quickly access funds held in the case of potential acquisitions.

As of December 31, 2013 there were no loan liabilities. Nemetschek has not implemented any other financing measures in the fiscal year. At the closing date, net cash and cash equivalents amounted to € 48.6 million (previous year: EUR 44.3 million).

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

CASH FLOW DEVELOPMENT

The cash flow for the period increased by 16.8 % to EUR 47.2 million (prior year: EUR 40.4 million). This increase primarily results from the higher annual net income before tax.

Operating cash flow
up **10.3 %**
compared to the
prior year

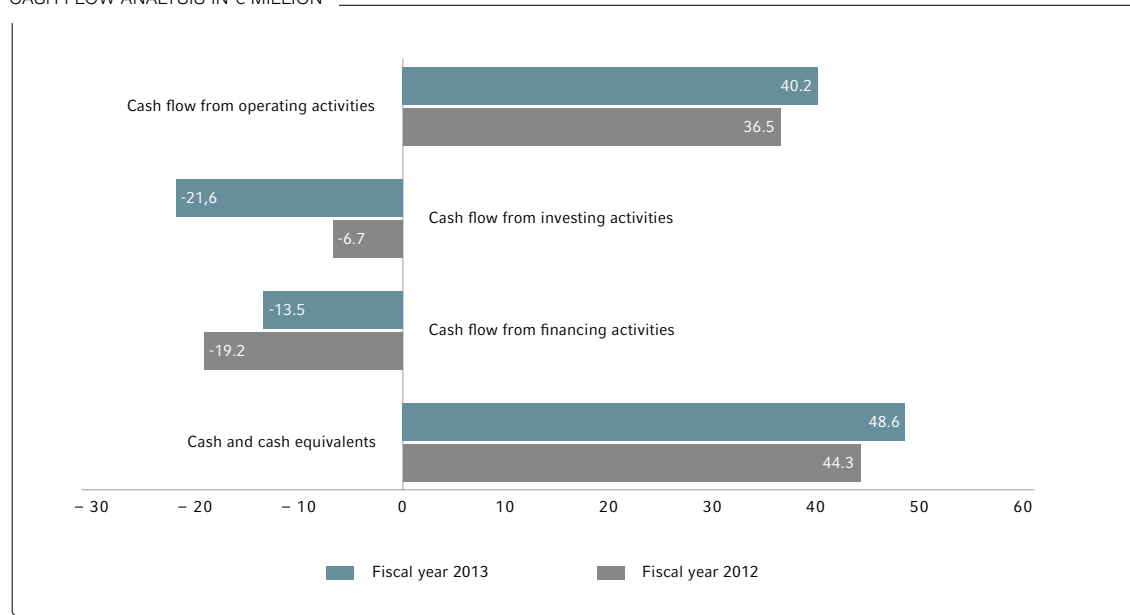
Cash flow from operating activities at EUR 40.2 million increased by 10.3 % compared to the prior year (previous year: EUR 36.5 million).

The cash flow from investing activities amounted to EUR –21.6 million (previous year: EUR –6.7 million). The decrease compared to the prior year is mainly due to the acquisition of DDS. The payment for the purchase of DDS amounted to EUR 16.2 million less the purchased financial resources. In addition to this capital, expenditure for fixed assets amounted to EUR 5.4 million (previous year: EUR 6.2 million). These investments mainly consist of replacement investments.

The cash flow from financing activities amounted to EUR –13.5 million (previous year: EUR –19.2 million). This mainly reflects the dividend distribution of EUR –11.1 million which was at the same level as the prior year. The prior year figure included the last repayment installments of the loan for financing the Graphisoft acquisition amounting to EUR –4.7 million.

The cash and cash equivalents amounted to EUR 48.6 million at the year end (previous year: EUR 44.3 million).

CASH FLOW ANALYSIS IN € MILLION



Liquidity risks arise from the possibility that customers may not be able to settle their 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 Nemetschek allows sufficient liquid funds to be procured. Furthermore, lines of credit not yet taken up of EUR 6.5 million are also available. Nemetschek 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 objective is to maintain a balance between continuous coverage of financial funding requirements and the guarantee of maintaining flexibility.

INVESTMENT ANALYSIS

In order to secure a leading market position in the AECM market and to constantly secure and expand new fields of application, investments are made for capacity expansion as well as for replacement and rationalization measures. These investments are financed by cash flow from operations.

Investments are made from operating cash flow

In total, the Nemetschek Group invested EUR 5.4 million (previous year: EUR 6.2 million) in property, plant and equipment, and intangible fixed assets. This includes capital expenditure for new product development of EUR 1.5 million (previous year: EUR 2.0 million). The Design segment invested a total of about EUR 3.4 million in fixed assets, followed by the Build segment with EUR 1.6 million. Investments in the Multimedia segment amounted to EUR 0.3 million and in the Manage segment to EUR 0.1 million. Amortization of internally generated assets from research and development activities increased in 2013 to EUR 0.7 million (previous year: EUR 0.2 million).

2.6 NET ASSETS

On the assets side of the balance sheet, current assets increased by 7.0 % from EUR 74.4 million to EUR 79.6 million. The main reason for this was the increase in liquid funds of EUR 4.3 million. Trade receivables only increased slightly by 2.3 % in the year 2013 from EUR 21.4 million to EUR 21.9 million despite the expansion in business activities.

Non-current assets rose similarly. At EUR 98.9 million this was 15.7 % higher than in the prior year (EUR 85.5 million). The total of intangible assets and goodwill increased mainly through the acquisition of DDS from EUR 78.9 to EUR 91.1 million. The rise in deferred tax assets is mainly due to the additional capitalization of losses brought forward of a subsidiary.

On the shareholders' equity and liabilities side of the balance sheet, current debt increased by EUR 7.1 million to EUR 54.0 million (previous year: EUR 46.9 million). This is primarily due to higher income tax liabilities and other current financial liabilities. The deferred revenues also rose because of maintenance fees already invoiced. Provisions and accruals amounting to EUR 14.8 million were higher than the prior year (EUR 14.1 million).

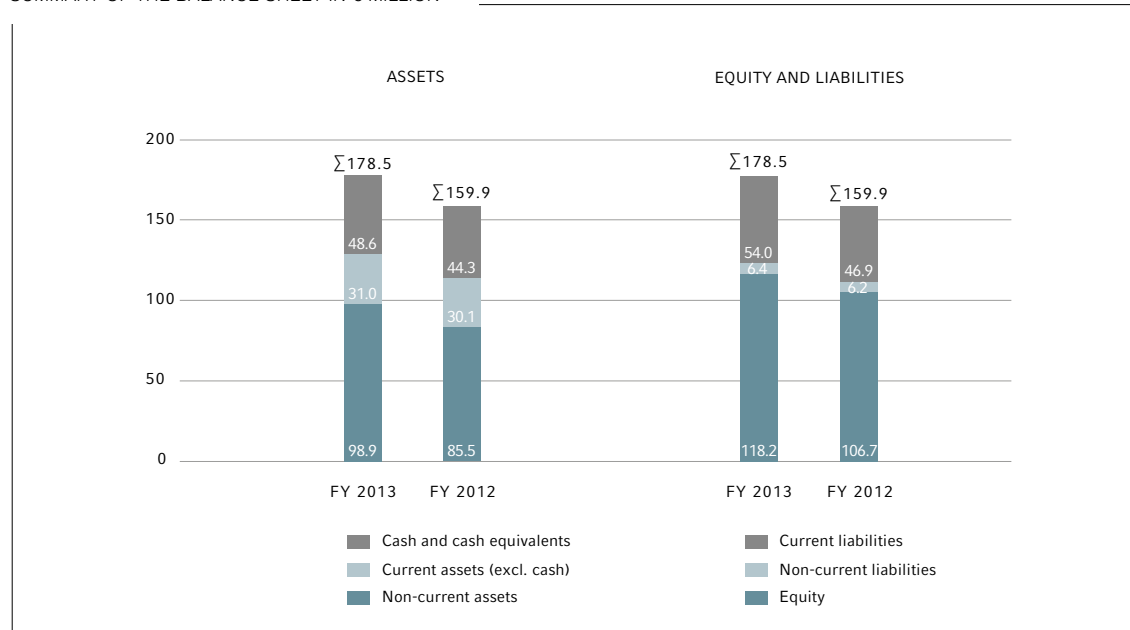
Non-current liabilities at the 2013 year end were slightly above the level of the prior year at EUR 6.4 million (previous year: EUR 6.2 million). The rise in deferred tax liabilities mainly results from the intangible assets capitalized as part of the Purchase Price Allocation.

Shareholders' equity amounted to EUR 118.2 million at the closing date, an increase of 10.7 % compared to the prior year (EUR 106.7 million). On December 31, 2013, total assets amounted to EUR 178.5 million (previous year: EUR 159.9 million). Accordingly, the shareholders' equity ratio amounted to 66.2 % (previous year: 66.8 %).

BALANCE SHEET ITEMS

In € million	FY 2013	FY 2012	Δ in %
Cash and cash equivalents	48.6	44.3	+9.6 %
Goodwill	60.1	49.1	+22.5 %
Shareholders' equity	118.2	106.7	+10.7 %
Balance sheet total	178.5	159.9	+11.7 %
Equity ratio in %	66.2 %	66.8 %	

SUMMARY OF THE BALANCE SHEET IN € MILLION



2.7 COMPARISON OF ACTUAL TO FORECAST BUSINESS DEVELOPMENT

At the beginning of February 2013 Nemetschek published a forecast for the whole year 2013. According to that, the company expected a positive development and planned for an increase in revenues of 6 % to 9 % from EUR 185 million to EUR 190 million. EBITDA was forecast at a level of EUR 42 to EUR 44 million and EBITDA margin at between 22 % and 24 %. The company reached or rather exceeded this forecast with revenue of EUR 185.9 million (+6.2 %) and EBITDA of EUR 46.3 million, which represents an EBITDA margin of 24.9 %.

2.8 OVERALL PRESENTATION

The Nemetschek Group successfully continued its global growth strategy in 2013 and made progress in the important areas: internationalization, innovations and incorporation of technological trends into its own portfolio.

The acquisition of Norwegian DDS expanded the service spectrum with highly functional design solutions for mechanical, electrical and plumbing engineering, for heating, ventilation and air-conditioning systems, and for photovoltaic equipment.

cloud computing and mobility were integrated into software solutions. The market introduction of the first open and cloud-based platform bim+ in November 2013 is one example of this. Open BIM was developed further. Despite this comprehensive development and innovation activity and global expansion, Nemetschek was able to improve all significant indicators and even realized higher than proportional growth in results in 2013.

3 OPPORTUNITY AND RISK REPORT

RISK MANAGEMENT

Nemetschek's business activities involve both opportunities and risks. A risk management system is operated for early detection, assessment and the correct management of 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 executive board. In performing its duties in this area, the board is assisted by the managing directors of the subsidiaries, the defined risk owners, and the risk managers of the subsidiaries and of Nemetschek AG. The responsibilities of the risk manager include the summary, appraisal and reporting of risks and related counter-measures.

The so-called risk owners are responsible for continuously identifying, assessing and managing risks in their respective strategic and operational areas. The internal auditor is also a key element of the risk management system who, in the course of his activities, continually monitors the functional diligence and effectiveness of the processes.

To improve comparability, risks are valued across the whole group based on uniform quantitative and qualitative criteria. As part of a risk inventory, the current risk status of the Nemetschek Group is updated and documented. 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.

Risks are constantly identified, appraised and managed

ACCOUNTING-RELATED RISK MANAGEMENT SYSTEM 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 statements.

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 AG and all subsidiaries relevant for the consolidated financial statements with all processes relevant for preparation of the financial statements. The controls relevant for accounting primarily concern the risk of a significant misstatement in the consolidated financial statements.

An evaluation of the significance of misstatements is based on the probability of occurrence and the effects on revenue, on EBITDA and on the balance sheet total.

Dual control and functional separation are also important control principles

Significant elements of risk controlling and management in accounting are the assignment of responsibilities and controls during the preparation of the financial statements, group-wide requirements in the form of guidelines on accounting and the preparation of the financial statements, 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 2013 by the internal audit department. Four times a year, the supervisory board is informed about the significant identified risks in the Nemetschek Group and the efficiency of the risk management system and accounting-relevant internal controlling system.

OPPORTUNITIES AND RISKS

The Nemetschek Group is faced with strategic risks of a medium to long-term nature. These are related to changes in environmental and market factors, competitive conditions, technological progress, and management processes, such as development and marketing, organizational or leadership processes. On the other hand, 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. As a result, the efficiency of the organization and the recoverable value of assets can be impaired. There are currently no known specific risks to the going concern principle.

The Nemetschek Group's factors for success are based on its decades of experience in the development and marketing of software solutions in the AECM environment (Architecture, Engineering, Construction, Management) and the multimedia industry; its well-qualified, innovative and highly motivated employees at all levels; as well as stringent and efficient business processes. Opportunities for further development of the business base and for expansion of the portfolio are systematically identified and exploited where possible.

ECONOMIC, POLITICAL AND REGULATORY RISKS, SOCIAL CONFLICTS, INSTABILITIES, NATURAL CATASTROPHES

The demand by customers for software, services and solutions from the Nemetschek company depends on their order situation and financing conditions. These could be influenced by the current situation and future expectations of the underlying conditions for the sector and the economy generally.

Nemetschek is active in various markets the economies of which can go into a recession and crisis due to potential cuts in state spending, new financial laws on spending and debt limitations, high unemployment, as well as natural catastrophes or conflicts. There is basically the possibility that as part of a rapid change in the economic situation or state regulation in individual countries or in economic communities conditions arise that threaten our existing business models or market opportunities in its substance. Such changes can in turn also have a negative influence on the sales, the financial and earnings situation and the existing assets of the company.

Nemetschek constantly follows the development of the important economies and their construction industries using generally available early warning indicators and an analysis of its own marketing situation. Thanks to its international sales orientation the company has the possibility of spreading risk. However, the company cannot rule out that the economic conditions in central markets can have lasting negative influence on the business activities, financial position and results of operations or on means of payment.

MARKET

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

The Nemetschek Group generally generates revenues from software license sales and income from maintenance contracts from clients in the global AEC and multimedia sector.

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 negatively impact the revenue situation at short notice because of a delay in aligning costs.

Revenue from Nemetschek Group solutions is distributed, however, geographically across several countries. Moreover, no individual customers account for a major share of revenues and, thus, there is no cluster risk. Consequently, the risks described above have not yet had any significant impact on Nemetschek's earnings situation. As a leading company in the AECM industry and thanks to its size and expertise Nemetschek has a good chance of continuing to expand its market share and to benefit from technological trends such as Building Information Modeling (BIM), process orientation, networking, collaboration, cloud computing, internet and mobile solutions.

Due to its size and expertise Nemetschek has a good chance of continuing to expand its market share

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 also plays an important role in future development. Even after this latest recession has passed, there are still certain risks that global economic conditions will take another turn for the worse. The general conditions of the economies in which Nemetschek is active can permanently impair the purchasing power of our target groups.

In addition, the negative expectation as regards further economic development could lead to a decline in investment.

The Nemetschek Group tracks such trends by regularly analyzing the early key indicators. In the medium term there is a chance that the construction industry will continue to recover. Additionally, there are growth opportunities in the emerging countries, which the group would also like to use consistently, as well as demand for new innovative solutions.

Risks are diversified at Nemetschek additionally through involvement in markets in different 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 AECM market. Future risks may arise in this context as a result of the pace of technological change, competitors' innovations or the appearance of new companies in the market.

Nemetschek, however, considers these risks manageable. The company invests substantially in research and development and has innovative solutions. It sees itself as a competence provider which is prepared to go to special lengths to accommodate the needs of its customers. With its business segments Design, Build and Manage it covers the whole life cycle of architecture and building structures. In addition to these the Multimedia segment, which is mainly not dependent on a sector, has made good progress over the last few years. Thus, Nemetschek is exposed to lower risks than the other market participants.

CORPORATE STRATEGY

Risks can also result from corporate decisions which change the opportunity and risk profiles in the short and long terms.

Furthermore, the demand of customers for products, solutions and services is generally subject to constant change. The measures introduced for the continued development of the business for further product development, for expansion of business fields or marketing measures initiated could prove not to be successful. The

Close cooperation in
controlling risks
between development
and marketing

risk also exists that the corporate decisions met and the allocation of resources for the permanent securing of the company are not adequate and jeopardize the substance of the company.

In order to control these risks there is a close cooperation between development and marketing of products and the requirements of the markets and of our target groups. The competitive situation is regularly analyzed with regard to technology, market participants and business models. Furthermore, as part of various sector forums the brand companies are continuously in close dialog on the development of the AECM and multimedia industry with cooperation partners, analysts and key customers.

MARKETING AND SALES RISKS

The varying sales models of the group are based on the approach of technically reliable sales partners and highly qualified employees with special knowledge. These contribute to the optimal processing of the customer segments and to ensuring high customer satisfaction and guarantee sustainability of the earnings situation. The brand companies administer the various markets as part of differing sales and business models. As a result of the partially high complexity of the solutions, marketing them is very demanding. Knowledge of the technologies and products is subject to constant change due to fast technical progress.

The loss of sales partners or of parts of sales personnel could negatively influence the earnings situation of the Nemetschek Group. The brand companies meet this risk through careful selection and training, as well as management, of the sales partners and personnel through incentive and performance systems. The sales employees are also paid performance-related variable premiums and provisions in addition to their fixed remuneration.

PRODUCT RISKS

There is a basic risk that the innovative advantage achieved by the Nemetschek Group might be lost through innovations from competitors as well as through failure to acknowledge and adapt, at all or in time, to changing customer requirements and technological innovation. Nemetschek counters this risk by generally offering annual release cycles for its software products. This is an opportunity to win additional market shares, thanks to the extensive products range tailored to local customer requirements. Nemetschek has, additionally, the possibility of reacting quickly to changed conditions through its twelve independent and autonomous brand companies.

There are potential internal risks attached to the process of developing software products in that they might fail to sufficiently fulfil customers' needs and internal quality standards. However, as a result of its closeness to customers and its innovative products, Nemetschek has good opportunities for future profitable growth. The continued promotion of internationalization in Asia or in emerging countries, such as Brazil, offers growth potential.

The technology of third parties is partly included in the software products of the brand companies. Where this is lost or there is a lack of quality in technology, this can lead to delays in Nemetschek's own software supply, as well as to increased expenses for the procurement of replacement technology or for quality improvement. The brand companies account for this risk through careful selection of suppliers and adequate quality assurance.

PROJECT RISKS

To a limited extent Nemetschek generates revenues as part of project contracts with customers in various countries. This type of business has a different risk profile from a traditional software license business since, in order to provide the services, Nemetschek has, at times, to use staff with key knowledge and external personnel and is reliant on the support of the customers for project realization and on an exact documentation for provision of the service (systems specification).

It is possible that, due to inadequate service provision, compensation for damages can be claimed from the brand companies. For example, as a consequence of country-specific varying legal requirements Nemetschek may only meet contractual claims to a limited extent. To avoid such risks Nemetschek has issued guidelines on the awarding of contracts which require a legal and commercial examination of such projects.

TECHNOLOGICAL RISKS

The risk exists that technology used is no longer “state of the art”. This can relate to both existing and also future products. The current product portfolio strategy followed through to open BIM solutions and web services shall help the company to develop new markets and to secure its market position.

Should the expected market demand for open BIM solutions and web services become weaker, or should completely different web technologies prevail, the situation could arise in which income does not cover the investments made.

Nemetschek bears this risk by constantly evaluating technology and by regularly updating market estimates, as well as focusing the product portfolio strategy on current market conditions. Overall, Nemetschek is convinced that new business opportunities will arise from the trend to open BIM.

Constant technological assessment and regular market evaluation reduces risks

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 risks still exist that, due to inadequate availability of resources or changed 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 permanently retaining highly qualified employees is a key success factor 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 knowledge and specific company data. To prevent this risk, the Nemetschek Group offers attractive labor conditions and continually improves knowledge management processes.

TAX RISKS

With its branches worldwide the Nemetschek Group is subject to local tax laws and regulations. Changes to these regulations could lead to a high tax expense and to cash outflows related to this. Furthermore, changes would have an impact on the deferred tax assets and liabilities set up. However, it is also possible that changes in tax regulations have a positive effect on the earnings of the company. The Nemetschek Group has no influence on changes to the tax environment.

ACQUISITION AND INTEGRATION RISKS

Acquisitions are carefully and systematically checked before contracts are signed. A standardized process for M&A with a particular emphasis on post merger integration and due diligence has been established.



*"De Grote Post" Cultural Center, Oostende, Belgium
Engineering office: Studieburo Mouton, realized with Scia Engineer*



Acquisitions are carefully and systematically checked before contracts are signed

In looking for appropriate acquisition objects Nemetschek is in competition with other companies. Additionally, with acquisitions there is also the corporate risk that the company acquired does not develop economically as expected. After the acquisition, the companies are quickly integrated into the reporting, controlling and risk management system of the Nemetschek Group.

Goodwill is subject to an annual impairment test. Impairment is not necessary. However, impairment in the future cannot be excluded.

COMPLIANCE AND GOVERNANCE RISKS

The regulatory environment of Nemetschek AG, listed in the German TecDAX, is complex and has a high concentration of regulations. Any potential infringement of the existing regulations can have a negative effect on the net assets, financial situation and results of operations, the share price, and the reputation of the company.

In the software sector developments are increasingly protected by patents. The patent activities mainly relate to the American market, though protection of software by patents is also steadily increasing in other markets. The infringement of patents can have a negative effect on the net assets, financial situation and results of operations, the share price, and the reputation of the company. The Nemetschek Group performs regular monitoring of patent activities of competitors. Customers of the Nemetschek Group are, to a limited extent, also governments or companies publicly owned, and the business activities in the Engineering division are partially influenced by contracts with large volumes. The prevalence of corruption or even the accusation thereof can impede participation in public tendering and have negative effects on further economic activity, net assets, financial situation and results of operations, the share price, and reputation. In light of this Nemetschek has, together with the implementation of the Code of Conduct for all employees, instituted an anti-corruption program.

FINANCES

Where there are high financial liabilities there is basically a liquidity risk in which the earnings situation of the group worsens. Currently, the Nemetschek Group has no loan liabilities and generates a clearly positive cash flow which enables the possibility of future acquisitions. The availability of decentralized funds is ensured by Nemetschek AG using a centralized cash pooling system. The objective of the Nemetschek Group with regard to financial risk management is to mitigate the risks presented below by the methods described. Nemetschek generally pursues a conservative, risk-averse strategy.

CURRENCY RISK AND RISK MANAGEMENT

Corporate strategy is to exclude risks by concluding hedging contracts

The increasing international activity of the Nemetschek Group generally harbors foreign exchange risks. In the course of ordinary operations, the Nemetschek Group is particularly exposed to exchange rate fluctuations. The company's strategy is to eliminate or reduce these risks by entering into hedging transactions. The currency risks of the group occur because the group operates and has production sites and sales establishments in different countries worldwide. All hedging measures are centrally agreed and coordinated with group treasury. Exchange rate fluctuations only have a limited effect at the top group level because the operating subsidiaries outside of the Euro zone primarily record revenue as well as cost of materials, personnel expenses and other expenses in their local currencies.

The brand companies enter into various types of forward exchange contracts (on an as-needed basis) to manage their foreign exchange risk resulting from cash flows from (anticipated) business activities and financing arrangements (in foreign currencies). At the balance sheet date, there are no pending forward exchange contracts in the group.

DEFAULT RISK 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 global netting agreements.

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

The Nemetschek Group only does business with creditworthy third parties. All customers that wish to trade with the company on credit terms 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 company's exposure to default risks 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 prior approval of the head of credit control. Within the group there is no material concentration of default risks from today's perspective. 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 counter-party, is equal to the carrying amount of these instruments.

INTEREST RISK

As a result of the current financing structure of the Nemetschek Group there is no material interest risk in the opinion of management.

SUMMARY ASSESSMENT OF THE GROUP'S OPPORTUNITY AND RISK SITUATION

In summary, the management of Nemetschek is convinced that none of the main risks identified above, neither individually nor as a whole, threaten the going concern principle, and that the group will continue to successfully master challenges also in the future. Its chances of expanding market position as the leading supplier of integrated software solutions for the whole life cycle of buildings and their structures, result from stronger internationalization, as well as in the systematic exploitation of the potential within existing markets, supported by the consistent implementation of new technologies.

4 OTHER DISCLOSURES

REPORT ON CORPORATE MANAGEMENT AND DECLARATION OF CORPORATE GOVERNANCE

With regard to the information on corporate management and corporate governance we refer to Section 1.2 in the management report.

DECLARATION OF CONFORMITY IN ACCORDANCE WITH § 161 AKTG

The declaration of conformity in accordance with §161 AktG (Stock Corporation Act) is published within the section Corporate Governance of the annual report of Nemetschek AG (as well as on the website www.nemetschek.com).

WORKING PRACTICES OF THE SUPERVISORY BOARD

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

EXPLANATORY REPORT OF THE EXECUTIVE BOARD ON THE DISCLOSURES UNDER § 315 (4) HGB

(1) COMPOSITION OF THE SUBSCRIBED CAPITAL

The nominal capital of Nemetschek Aktiengesellschaft as of December 31, 2013 amounts, as in the prior year, to EUR 9,625,000.00 and is divided into 9,625,000 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 EXCEEDING 10 % OF VOTING RIGHTS

Direct and indirect investments in subscribed capital (shareholder structure) which exceed 10 % of the voting rights are presented in the notes to the financial statements or in the notes to the consolidated financial statements of Nemetschek Aktiengesellschaft.

(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 EXECUTIVE BOARD AND AMENDMENTS TO THE STATUTES

The appointment and dismissal of executive board members is governed by §§ 84 and 85 of the German Stock Corporation Act in connection with § 7 of the statutes of Nemetschek Aktiengesellschaft. Accordingly, executive 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 statutes is subject to § 179 of the Stock Corporation Act in connection with §§ 18 and 13 of the statutes of Nemetschek Aktiengesellschaft. These stipulate that the annual general meeting must pass a resolution to amend the statutes by a simple majority of the voting rights represented – provided that the law does not require a greater majority. According to § 13 of the statutes of Nemetschek Aktiengesellschaft the supervisory board is authorized to resolve changes that only affect their wording of the statutes.

(7) AUTHORIZATION OF THE EXECUTIVE BOARD TO ISSUE OR REDEEM SHARES

According to § 71 (1) No. 8 AktG the company requires a special authorization by the annual general meeting to acquire and trade its treasury shares, to the extent not legally expressly permitted. An authorization resolution was presented to the annual general meeting on May 26, 2010 and resolved accordingly by the shareholders. This recommended resolution was based on the changed § 71 (1) No. 8 AktG (Stock Corporation Act) in the law for the implementation of the rights of shareholders guideline dated July 30, 2009 (ARUG) according to which the authorization can be given for a period of up to five years.

In accordance with the resolution on agenda item 6 of the annual general meeting dated May 26, 2010, the authorization is valid as follows:

“6.1 The company is empowered to purchase up to 962,000 treasury shares by May 25, 2015 once or several times, which is almost 10% of the current nominal capital, in full or in part, 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 §§ 71a et seq. AktG (Stock Corporation Act), constitute more than 10% of its share capital. The authorization may not be used for the purpose of trading treasury shares.

This authorization replaces the authorization adopted by the annual general meeting of Nemetschek Aktiengesellschaft on May 25, 2009 as agenda item 6, concerning the acquisition of treasury shares, which is hereby cancelled to the extent it is not exercised.

6.2 The shares are purchased, as opted by the executive board, via the stock exchange or by way of public offer, addressed to all the company's shareholders.

a) 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 exchange (Xetra – or a separately functioning comparable system instead of the Xetra system) by more than 10%.

b) If a public purchase offer is made, the offer price for a Nemetschek share (excluding incidental acquisition costs) may not exceed or fall below the average closing price on the Xetra exchange over the five days of trading prior to publication of the purchase offer by more than 10%. If the total number of shares tendered 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.

6.3 The executive board is empowered to use the treasury shares purchased pursuant to this authorization for any legally permitted purpose, in particular also for the following purposes:

a) With authorization by the supervisory board the shares may be offered to third parties as consideration for the acquisition of entities, investments in entities or parts of entities.

b) The shares may be redeemed with the approval of the supervisory board, without any further resolution of the annual general meeting being required for the redemption to take effect. Redemption leads to a reduction in capital. The executive board may alternatively decide that the share capital remains unchanged on redemption and is increased instead by the inclusion of the proportion of other shares within share capital in accordance with § 8 (3) AktG. The executive board is authorized in this case to adjust the number of shares in the statutes.

6.4 The subscription right of the shareholders on these treasury shares is excluded to the extent that these are exercised in accordance with the above-mentioned authorization under item 6.3 lit. a) of the agenda.”

(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 OF THE COMPANY WITH THE MEMBERS OF THE EXECUTIVE BOARD OR EMPLOYEES IN THE EVENT OF A TAKEOVER BID

The company has not entered into any compensation agreements with the members of the executive 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 variable profit-based component. The variable compensation component is based on the consolidated earnings (diluted earnings per share). It is the view of the executive 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:

REMUNERATION OF THE SUPERVISORY BOARD

2013	Thousands of €	Fixed components	Variable components	2013
Kurt Dobitsch		30.0	79.5	109.5
Prof. Georg Nemetschek		22.5	79.5	102.0
Rüdiger Herzog		15.0	79.5	94.5
Total		67.5	238.5	306.0

2012	Thousands of €	Fixed components	Variable components	2012
Kurt Dobitsch		30.0	53.0	83.0
Prof. Georg Nemetschek		22.5	53.0	75.5
Rüdiger Herzog		15.0	53.0	68.0
Total		67.5	159.0	226.5

EXECUTIVE BOARD

The remuneration of the members of the executive board consists of a basic salary (fixed compensation) and a variable, performance-based compensation. The variable compensation has a current and non-current component. In the fiscal year 2013 no non-current variable component was paid or earned.

Remuneration of the executive board breaks down as follows:

REMUNERATION OF THE EXECUTIVE BOARD OF NEMETSCHKEK AG

2013	Thousands of €	Fixed components	Variable components (short-term)	Variable components (long-term)	2013
Dr. Tobias Wagner		84	0	0	84
Viktor Várkonyi		16	0	0	16
Sean Flaherty		16	0	0	16
Tanja Tamara Dreilich		143	2	0	145
Total		259	2	0	261

2012	Thousands of €	Fixed components	Variable components (short-term)	Variable components (long-term)	Compensation	2012
Tanja Tamara Dreilich		146	133	0	0	279
Tim Alexander Lüdke		283	137	0	250	670
Total		429	270	0	250	949

The fixed compensation includes the fixed salary and other taxable salary components such as health and nursing insurance as well as a company car. The current profit-based (variable) compensation mainly depends on corporate objectives achieved, which are agreed between the supervisory board and executive board at the beginning of each fiscal year.

The non-current, performance-related (variable) compensation of the executive board depends on the achievement of defined corporate objectives with regard to the development of results and share price, such as those set out at the end of 2009 in the Long-Term Incentive Plan (LTIP). The period to be observed is always three fiscal years. With effect from the 2014 fiscal year the development of results and revenues are relevant as the bases. Participation of the executive board in the LTIP requires an appropriate nomination by the supervisory board at the annual balance sheet meeting of the supervisory board.

Tanja Tamara Dreilich, sole member of the executive board until August 26, 2013, received variable remuneration of EUR 2 thousand gross for the period from January 1, 2013 until she left.

Dr. Tobias Wagner was appointed to the executive board on August 29, 2013 on an interim basis. For the period from August 29 to December 31, 2013 no variable compensation was paid because of the purely interim nature of the post.

On November 1, 2013 Viktor Várkonyi, CEO of Graphisoft SE since 2009, and Sean Flaherty, CEO of Nemetschek Vectorworks Inc. since 2005, were appointed to the executive board of Nemetschek AG. In addition to the remuneration paid by Nemetschek AG Viktor Várkonyi received fixed remuneration of EUR 33 thousand gross from Graphisoft SE and a profit-based current remuneration of EUR 14 thousand gross. Sean Flaherty received from Nemetschek Vectorworks Inc. fixed remuneration of EUR 25 thousand gross and a profit-based current remuneration of EUR 28 thousand gross. The above-mentioned remuneration related to the management activities of the gentlemen Várkonyi and Flaherty in the period November 1 to December 2013 in the relevant subsidiary.

5 SUBSEQUENT EVENTS REPORT

There were no significant events after the end of the fiscal year 2013. With regard to the underlying conditions described, there were no further changes worthy of note after the end of the fiscal year.

6 CONCLUSION ON THE DEPENDENCY REPORT

The executive board declares that the company did not undertake or neglect any reportable legal transactions or measures in accordance with the conditions known to the executive board at the time of reporting in the period from December 30, 2013 to December 31, 2013.

7 FORECAST REPORT 2014

SOLID OVERALL ECONOMIC CONDITIONS

The German Council of Economic Experts expects in 2014 significant growth in the global gross domestic product of 3.0 %, which is based, above all, on an improved situation in Europe and in the USA. The recession in the Euro zone has been survived and the economy is expected to grow by 1.1 %. For Germany, the German Council of Economic Experts expects growth of 1.6 %, which is particularly relevant domestically.

The economy in the USA is expected to grow by 2.5 % in 2014, according to the German Council of Economic Experts, and to benefit from the expansive monetary policy. The recovery in the property and employment markets is expected to continue. In Latin America economic growth is likely to accelerate to 4.4 %, whereas in Brazil the increase is expected to remain constant at 3.0 %.

According to the German Council of Economic Experts Asia is again likely to develop even more dynamically in 2014, with an increase in GDP of 4.8 %. Japan is somewhat losing its impetus.

CONSTRUCTION INDUSTRY ON THE UPTURN

The economic situation of the construction industry is an influencing factor for the economic framework conditions for the Nemetschek Group, since most of the customers are directly or indirectly part of the construction industry. Many European countries will see a reversal in the trend in 2014, in the opinion of EuroConstruct, and will again achieve growth in building volume. On average, growth will reach 0.9 %. In Germany, building volume is expected to reach even 2.7 % in 2014. Above-average growth is also forecast for Belgium, Denmark, Great Britain, Ireland, Norway, Austria, Sweden, and Switzerland. Conversely France, Italy, Portugal and Spain, as well as the Czech and Slovak Republics, are expected to show decreasing construction volume in 2014. This decline is likely to be slower than in 2013, according to EuroConstruct.

The experts from Germany Trade & Invest are expecting a continued positive environment for the construction industry in the USA. They estimate that the investment in residential property in 2014 will grow in double digits, and the trade and industrial construction will benefit from the general recovery in the economy. However, the order situation in the public sector (e.g., in infrastructure) remains difficult due to tight public budgets. As already in 2013 the Brazilian construction industry will grow even more strongly in 2014 than the overall economy of the country. The medium-term prospects for the Japanese construction sector are favorable, according to Germany Trade & Invest, because of the Olympic Games 2020 in Tokyo. However, a decline in building investment of 2.3 % is expected for 2014. This is, among other things, due to the planned increase in consumption tax, which will lead to a decrease in residential construction. Overall, market experts are expecting further recovery in the construction industry. Particularly in the markets addressed by Nemetschek, positive growth impulses are expected.

Many European countries will see a reversal in the trend in 2014 and achieve growth again

GROWTH IN SIGHT

Based on the predominantly positive impulses of the construction industry and the assumption that the technological growth drivers in the AECM market, such as Building Information Modeling (BIM), process management, networking, collaboration, cloud computing, internet and mobile solutions will provide for further growth, Nemetschek is expecting successful business development for the year 2014. The objective is to grow organically above market average and to achieve further growth through acquisitions. Financial means are available for both.

INNOVATION AND CUSTOMER ORIENTATION

The main drivers of future growth are innovations. The objective of the Nemetschek Group is to gradually expand its portfolio of solutions and to constantly improve those products and solutions already present in the market. For the brand companies the focus of the development activities is on the close proximity to customers, which allows them to take advantage of market opportunities. The share of expenditure for research and development compared to revenues amounted to around 25 percent in previous years. For 2014 this expenditure shall remain at this level in order to secure the innovation ability of the company over the long term.

INTERNATIONALIZATION

Expanding established markets and securing new growth regions remains one of the challenges for Nemetschek in the coming years. Currently, there are great market opportunities, in particular outside of the central European core markets, above all in North and South America, in Asia and in eastern Europe and in the northern countries. The solutions, technology and know-how of the Nemetschek Group are in demand globally. Nemetschek will continually extend its geographical presence to gain and support customers and drive forward the expansion of its worldwide selling and marketing activities.

Solutions, technology and know-how of the Nemetschek Group are in demand globally

FINANCING, INVESTMENTS AND LIQUIDITY

With an extremely solid balance sheet the Nemetschek Group views itself as being well positioned for the planned growth in 2014. As in the prior years a high operating cash flow will strengthen liquidity and offer enough scope for planned investments in development, sales and marketing. These also include investments in property, plant and equipment.

In addition, Nemetschek is planning to make acquisitions.

Significant cost items within Nemetschek are personnel expenses and other operating expenses. In 2014 Nemetschek will also recruit additional experts and is thus planning a further moderate increase in personnel expenses. Other operating expenses include primarily selling expenses and are also expected to rise slightly in 2014 as a result of the unchanged international expansion.

DIVIDEND POLICY

Nemetschek follows a sustained dividend policy and allows its shareholders to share appropriately in the company's development both now and in the future. The company will also distribute a dividend for the fiscal year 2013, which will be related to the operating cash flow.

POSITIVE OUTLOOK AND FORECAST

Based on the assumption of positive growth impulses through technological trends in the AECM and multimedia industries as well as on the commitment of motivated employees – and considering the planned activities of the individual brand companies – Nemetschek can look forward confidently to the year 2014. A further increase in revenue and results is expected.

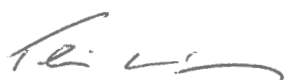
Due to the positive development of the maintenance contracts approximately 48 % of revenues are now recurring. This secures Nemetschek a stable basis for a sustainable development. Based on new releases and innovations, further internationalization and high customer satisfaction, Nemetschek expects an increase in revenues in all four segments. In the Design segment Nemetschek expects moderate growth in revenue in the year 2014, which will be supported by the continued development of the solutions portfolio and further internationalization. The acquisition of DDS as of November 30, 2013 will have a further positive effect on revenue growth. The Build segment is expected to benefit from the favorable development of the construction industry in the DACH region. Similarly, the continued expansion and marketing and internationalization of the new software shall have a positive effect. The successful development of revenue in the prior year is thus expected to continue in 2014. In the Manage segment the successful development will carry on in the year 2014. The expansion of the solutions business will contribute to this. In the Multimedia segment revenues will again improve as a result of, among other things, the strong internationalization.

For the fiscal year 2014 Nemetschek plans for an increase in revenue for the whole group, ranging from 11 % to 14 %. The EBITDA margin is expected to be between 23 % and 25 %.

NOTE ON FORECASTS

This management report contains statements and information about transactions and processes that are in the future. These forward-looking statements are identified from formulations such as "expect", "intend", "plan", "evaluate" or similar terms. Such 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 activity, success, business strategy, and its results. This can lead to the actual results, success, and performance of the Nemetschek Group materially deviating from the information on results, success, or performance explicitly or implicitly mentioned in these forward-looking statements.

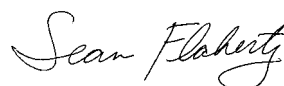
Munich, March 10, 2014



Dr. Tobias Wagner



Patrik Heider



Sean Flaherty




Viktor Várkonyi

As a result of rounding it is possible that the individual figures in these consolidated financial statements do not exactly add up to the totals given and that the percentage disclosures do not reflect the absolute values from which they are derived.

CONSOLIDATED
FINANCIAL STATEMENTS
OF NEMETSCHek AG (IFRS)

*Ìlhavo Maritime Museum, Ìlhavo, Portugal
Architecture office: ARXPortugal Arquitectos, realized with Vectorworks*



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CONSOLIDATED
FINANCIAL STATEMENTS
OF NEMETSCHEK AG (IFRS)

As a result of rounding it is possible that individual figures in these consolidated financial statements do not add up to the totals shown and that the percentages shown do not reflect the absolute values to which they relate.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the period from January 1 to December 31, 2013 and 2012

STATEMENT OF COMPREHENSIVE INCOME

Thousands of €	2013	2012 adjusted*	[Notes]
Revenues	185,940	175,089	[1]
Own work capitalized	1,673	1,893	[2]
Other operating income	2,230	2,629	[3]
Operating Income	189,843	179,611	
Cost of materials/cost of purchased services	- 8,678	- 7,710	[4]
Personnel expenses	- 78,666	- 76,827	[5]
Depreciation of property, plant and equipment and amortization of intangible assets	- 10,594	- 11,022	[6]
thereof amortization of intangible assets due to purchase price allocation	- 6,326	- 6,443	[6]
Other operating expenses	- 56,235	- 54,136	[7]
Operating expenses	- 154,173	- 149,965	
Operating results (EBIT)	35,670	29,916	
Interest income	487	217	[9]
Interest expenses	- 54	- 889	[9]
Income from associates	88	102	[8]
Earnings before taxes	36,191	29,346	
Income taxes	- 10,919	- 8,180	[10]
Net income for the year	25,272	21,166	
Other comprehensive income:			
Difference from currency translation	- 1,802	3,344	
Subtotal of items of other comprehensive income that will be reclassified to income in future periods:	- 1,802	3,344	
Actuarial gains/losses from pensions and related obligations	- 66	- 192	
Tax effect	19	52	
Subtotal of items of other comprehensive income that will not be reclassified to income in future periods:	- 47	- 140	
Subtotal other comprehensive income for the year	- 1,849	3,204	
Total comprehensive income for the year	23,424	24,371	
Net income for the year attributable to:			
Equity holders of the parent	24,011	19,514	
Minority interests	1,261	1,652	
Net income for the year	25,272	21,166	
Total comprehensive income for the year attributable to:			
Equity holders of the parent	22,202	22,768	
Minority interests	1,222	1,603	
Total comprehensive income for the year	23,424	24,371	
Earnings per share (undiluted) in euros	2.49	2.03	[11]
Earnings per share (diluted) in euros	2.49	2.03	
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.

* Some figures differ due to adjustments made from the amounts in the consolidated financial statement of fiscal year 2012.

For details, see "Accounting Policies"

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as of December 31, 2013 and 2012

STATEMENT OF FINANCIAL POSITION

ASSETS	Thousands of €	December 31, 2013	December 31, 2012 adjusted*	[Notes]
Current assets				
Cash and cash equivalents		48,553	44,283	[23]
Trade receivables, net		21,889	21,388	[13]
Inventories		728	738	[14]
Tax refunded claims for income taxes		694	1,994	[14]
Current financial assets		27	48	[14]
Other current assets		7,713	5,919	[14]
Current assets, total		79,604	74,370	
Non-current assets				
Property, plant and equipment		5,332	5,014	[12]
Intangible assets		30,948	29,821	[12]
Goodwill		60,112	49,083	[12]
Associates/investments		164	76	[12]
Deferred tax assets		1,492	627	[10]
Non-current financial assets		79	86	[14]
Other non-current assets		772	792	[14]
Non-current assets, total		98,899	85,499	
Total assets		178,503	159,868	

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

* Some figures differ due to adjustments made from the amounts in the consolidated financial statement of fiscal year 2012.

For details, see "Accounting Policies"

EQUITY AND LIABILITIES	Thousands of €	December 31, 2013	December 31, 2012 adjusted*	[Notes]
Current liabilities				
Trade payables		5,248	4,931	[19]
Provisions and accrued liabilities		14,823	14,051	[18]
Deferred revenue		23,464	21,617	[20]
Income tax liabilities		3,327	1,156	[19]
Current financial obligations		1,135	0	[19]
Other current liabilities		5,962	5,151	[19]
Current liabilities, total		53,959	46,906	
Deferred tax liabilities		4,078	1,833	[10]
Pensions and related obligations		1,203	901	[18]
Non-current financial obligations		1,098	3,513	[21]
Non-current liabilities, total		6,379	6,247	
Equity				
Subscribed capital		9,625	9,625	[16]
Capital reserve		41,360	41,360	[17]
Revenue reserve		52	52	[17]
Other comprehensive income		- 12,785	- 11,008	[17]
Retained earnings		78,315	65,378	
Equity (Group shares)		116,567	105,407	
Minority interests		1,598	1,308	
Equity, total		118,165	106,715	
Total equity and liabilities		178,503	159,868	

CONSOLIDATED STATEMENT OF CASH FLOWS

for the period from January 1 to December 31, 2013 and 2012

STATEMENT OF CASH FLOWS

Thousands of €	2013	2012	[Notes]
Profit (before tax)	36,191	28,547	
Depreciation and amortization of fixed assets	10,594	11,629	
Change in pension provision	51	87	
Other non-cash transactions	307	271	
Income from associates	- 88	- 102	
Losses from disposal of fixed assets	180	16	
Cash flow for the period	47,235	40,448	[23]
Interest income	- 487	- 217	
Interest expenses	54	889	
Change in other provisions and accrued liabilities	772	- 106	
Change in trade receivables	2	2,021	
Change in other assets	1,546	1,457	
Change in trade payables	207	- 741	
Change in other liabilities	- 2,593	- 437	
Cash received from distributions of associates	0	648	
Interest received	108	169	
Income taxes received	1,226	2,528	
Income taxes paid	- 7,829	- 10,183	
Cash flow from operating activities	40,241	36,476	[23]
Capital expenditure	- 5,373	- 6,203	
Cash paid for granted loans	0	- 500	
Cash received from disposal of minority shares	6	0	
Cash received from the disposal of fixed assets	32	13	
Cash paid for acquisition of a subsidiary, net of cash acquired	- 16,229	0	
Cash flow from investing activities	- 21,564	- 6,690	[23]
Dividend payments	- 11,069	- 11,069	
Minority interests paid	- 911	- 1,889	
Repayments of borrowings	0	- 4,700	
Interest paid	- 1,541	- 1,504	
Cash flow from financing activities	- 13,521	- 19,162	[23]
Changes in cash and cash equivalents	5,156	10,624	
Effect of exchange rate differences on cash and cash equivalents	- 886	158	
Cash and cash equivalents at the beginning of the period	44,283	33,501	
Cash and cash equivalents at the end of the period	48,553	44,283	[23]

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

For reasons of comparability the previous year figures were reclassified.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the period from January 1 to December 31, 2013 and 2012

STATEMENT OF CHANGES IN EQUITY

Thousands of €	Equity attributable to the parent company's shareholders						Minority interests	Total equity
	Subscribed capital	Capital reserve	Revenue reserve	Currency conversion	Retained earnings	Total		
As of January 1, 2012	9,625	41,360	52	-4,582	55,909	102,364	1,349	103,713
Corrections of previous periods*				-9,777	1,378	-8,399	0	-8,399
As of January 1, 2012, adjusted*	9,625	41,360	52	-14,359	57,287	93,965	1,349	95,314
Difference from currency translation				3,351		3,351	-7	3,344
Actuarial gains/losses from pensions and related obligations					-98	-98	-42	-140
Net income for the year					19,514	19,514	1,652	21,166
Total comprehensive income for the year	0	0	0	3,351	19,416	22,768	1,603	24,371
Share purchase from minorities						0	-11	-11
Dividend payments minorities					-256	-256	-1,633	-1,889
Dividend payment					-11,069	-11,069		-11,069
As of December 31, 2012, adjusted*	9,625	41,360	52	-11,008	65,378	105,407	1,308	106,715
As of January 1, 2013	9,625	41,360	52	-11,008	65,378	105,407	1,308	106,715
Difference from currency translation				-1,777		-1,777	-25	-1,802
Actuarial gains/losses from pensions and related obligations					-33	-33	-14	-47
Net income for the year					24,011	24,011	1,261	25,272
Total comprehensive income for the year	0	0	0	-1,777	23,978	22,202	1,222	23,424
Disposal to minorities					140	140	-134	6
Dividend payments minorities					-113	-113	-798	-911
Dividend payment					-11,069	-11,069		-11,069
As of December 31, 2013	9,625	41,360	52	-12,785	78,315	116,567	1,598	118,165

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

* Some figures differ due to adjustments made from the amounts in the consolidated financial statement of fiscal year 2012.

For details, see "Accounting Policies"

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CONSOLIDATED
FINANCIAL STATEMENTS

Monte Rosa Hut, Valais Alps, Switzerland

Architecture office: Bearth & Deplazes Architekten and Studio Monte Rosa, realized with Vectorworks



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Note to the Consolidated Financial Statements
Declaration of the Legal Representatives
Auditor's Report

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE FISCAL YEAR 2013

THE COMPANY

Founded in 1963 as the engineering office of Professor Georg Nemetschek, Nemetschek AG is today a leading global technology group with software solutions along the lifecycle of architecture and structures in the AECM sector (Architecture, Engineering, Construction, Management) as well as in the multimedia industry. The twelve brands, under the umbrella of Nemetschek AG, provide end-to-end solutions for architects, structural designers, civil and specialist engineers - ranging all the way to construction software for cost and schedule planning, tenders, awarding of contracts, invoicing and execution of building work. It also offers solutions for technical facility management and commercial property management as well as visualization software for architecture, film, animation and advertising.

The wide range of graphic, analytical and commercial solutions of the Nemetschek Group plays an important role in all phases and, thus, in the whole life cycle of architecture and structures - from the planning and visualization of a building to the actual construction process through to the management of property.

The central topic today in the planning process of building objects is the so-called Building Information Modeling (BIM). This is an integrated process of planning, building and administration of buildings – with the objective of improving quality and efficiency to a maximum using as much interdisciplinary cooperation as possible. As the pioneer of the BIM idea, the Nemetschek Group has been following this comprehensive direct approach for over 30 years. The very closely connected BIM software solutions of the Nemetschek group simplify the interdisciplinary cooperation between all those involved in the building process. The project work is then faster, cheaper and more efficient. Errors are reduced. Nemetschek represents an open approach here (Open BIM). The open standard guarantees that any Open BIM software from the Nemetschek Group can communicate with any other Open BIM software. Thanks to the open standard, Open BIM projects can be executed with a wide range of software solutions from leading worldwide manufacturers.

With its headquarters in Munich and more than 40 locations worldwide, the Nemetschek Group today, with its 12 brands, offers a wide range of software solutions for a heterogeneous market. The software solutions, some of which are closely interlinked, facilitate interdisciplinary collaboration among those involved in the building process and, thus, make the process itself more efficient. Globally more than 1.2 million customers from 142 countries work with software solutions from Nemetschek.

Nemetschek Aktiengesellschaft, as the ultimate group company, was founded by the conversion of Nemetschek GmbH on September 10, 1997, and has been quoted on the stock exchange in Frankfurt am Main since March 10, 1999. Today, Nemetschek is listed on the TecDAX. The annual report 2013 can be obtained there, or can be called up from www.nemetschek.com.

INFORMATION ON THE “GERMAN CORPORATE GOVERNANCE CODE“

The declaration of conformity was submitted on March 21, 2013. The relevant current version is available to the shareholders on the website 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 EUR k (€ k) unless otherwise specified.

The consolidated financial statements of Nemetschek Aktiengesellschaft, including previous 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 IFRS Interpretations 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 consolidated statement of financial position and consolidated statement of comprehensive income have been prepared in accordance with IAS 1 "Presentation of Financial Statements" (revised 2007). The statement of comprehensive income has been prepared using the "nature of expense method" as well in accordance with the definition of the "one statement approach". The consolidated financial statements are prepared on the basis of historical cost, to the extent that nothing else is disclosed under the section "Accounting policies". The statement of financial position has been classified by applying the current/non-current distinction.

ACCOUNTING POLICIES ADOPTED

Accounting policies adopted in the fiscal year 2013 are consistent with those policies adopted in the previous year with the following exceptions:

ADJUSTMENT FROM EARLIER PERIODS

In the fiscal year 2013 it was ascertained that the other intangible assets and goodwill purchased, as part of the Graphisoft acquisition as at December 31, 2006, were recorded in the currency Euro and appropriately carried forward in subsequent years. IAS 21.47, however, requires accounting in the functional currency of the foreign business. This leads to the following adjustments in the consolidated financial statements as at December 31, 2012. The effects on the opening balance sheet values as at January 1, 2012, due to the retrospective recording of foreign currency differences, are shown in the consolidated statement of changes in equity and in the statement of fixed assets.

CHANGES IN FINANCIAL POSITION

Thousands of €	Jan. 1, 2012			Dec. 31, 2012		
	Dec. 1, 2012 as reported	Correction of previous periods	Dec. 1, 2012	Dec. 31, 2012 as reported	Correction of previous periods	After adjustment
Assets						
Non-current assets, total	96,707	- 8,314	88,393	90,633	- 5,134	85,499
thereof intangible assets	36,226	- 3,201	33,025	31,396	- 1,575	29,821
thereof goodwill	52,728	- 5,113	47,615	52,642	- 3,559	49,083
			Jan. 1, 2012			Dec. 31, 2012
Equity and Liabilities	Dec. 1, 2012 as reported	Correction of previous periods	Dec. 1, 2012	Dec. 31, 2012 as reported	Correction of previous periods	After adjustment
Non-current liabilities	7,532	85	7,617	6,099	148	6,247
thereof deferred tax liabilities	2,459	85	2,544	1,685	148	1,833
Equity (Group shares)	102,364	- 8,399	93,965	110,683	- 5,276	105,407
thereof currency translation	- 4,582	- 9,777	- 14,359	- 3,810	- 7,198	- 11,008
thereof actuarial gains and losses	-	-	-	-	-	-
thereof retained earnings	55,909	1,378	57,287	63,456	1,922	65,378
Equity, total	103,713	- 8,399	95,314	111,998	- 5,283	106,715
thereof minority interests	1,349	-	1,349	1,315	- 7	1,308

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Thousands of €	Dec. 31, 2012			
	Before adjustment	Correction of previous periods	First-time adoption of new standards	After adjustment
Operating expenses	- 150,494	607	192	- 149,695
Total personnel expenses	- 77,019	0	192	- 76,827
Depreciation of property, plant and equipment and amortization of intangible assets	- 11,629	607	0	- 11,022
thereof amortization of intangible assets due to purchase price allocation	- 7,050	607	0	- 6,443
Earnings before taxes	28,547	607	192	29,346
Income taxes	- 8,065	- 63	- 52	- 8,180
Net income for the year	20,482	544	140	21,166
Other comprehensive income:				
Difference from currency translation	772	2,572	0	3,344
Subtotal of items of other comprehensive income that will be reclassified to profit or loss in future periods	772	2,572	0	3,344
Actuarial gains and losses from pension obligations	0	0	- 192	- 192
Deferred tax on actuarial gains and losses	0	0	52	52
Subtotal of items of other comprehensive income that will not be reclassified to profit or loss in future periods	0	0	- 140	- 140
Net income for the year attributable to:	20,482	544	140	21,166
equity holders of the parent	18,872	544	98	19,514
minority interests	1,610	0	42	1,652
Total comprehensive income for the year attributable to:	21,254	3,117	0	24,371
equity holders of the parent	19,644	3,117	7	22,768
minority interests	1,610	0	- 7	1,603
Earnings per share in €	1.96	0.06	0.01	2.03

APPLICATION OF NEW STANDARDS

Compared to the consolidated financial statements for the year ending December 31, 2012 the following standards and interpretations have changed or were applied for the first time as a result of being adopted by EU law or because they became mandatory for the first time:

IAS 1 "PRESENTATION OF FINANCIAL STATEMENTS"

In June 2011 the IASB published amendments to IAS 1 "Presentation of Financial Statements" under the title "Presentation of Items of Other Comprehensive Income". The amendments demand an analysis of the items illustrated in other comprehensive income (OCI) into those to be reclassified to the statement of income at a later time (so-called recycling), and those where this is not the case. The amendment to IAS 1 shall apply to financial years which begin or began on or after July 1, 2012. The application of the amendment had no material influence on the presentation of the financial statements.

IAS 19 "EMPLOYEE BENEFITS"

In June 2010 the IASB published amendments to IAS 19 "Employee Benefits". These are obligatory for financial years which begin or began on or after January 1, 2013. In addition to more comprehensive disclosures on employee benefits, the following amendments resulted from the revised standard in particular:

The previous version of IAS 19 gave a choice as to how unexpected changes in pension obligations, the so-called actuarial gains and losses, could be presented in the financial statements. These could either (a) be recorded in profit and loss, (b) in other comprehensive income or (c) delayed according to the so-called corridor method. With the revision of IAS 19 these options were abolished for a more transparent and comparable presentation so that in future only a direct and fully comprehensive recording in other comprehensive income will be permitted. Furthermore, the retrospective adjustment to past service cost is now to be recorded immediately in full, in profit or loss, in the year it arises.

Additionally, until now, at the beginning of the accounting period the expected income on plan assets has been calculated based on the expectations of management on the development of the value of the asset portfolio. With the application of IAS 19 (revised 2011) only a uniform interest component on plan assets amounting to the discount rate of the pension obligation at the beginning of the period is accounted for.

The expected amount of administration costs for plan assets was accounted for in net interest cost until now. According to the changes, the administration costs for plan assets shall be recorded in other comprehensive income as a part of the re-measurement component, whereas other administration costs are to be allocated to operative profit at the time they are incurred. The amendments to IAS 19 have led to the following material effects: On changing to the amended method, the profit and loss will, in future, remain free of effects from actuarial gains and losses (e.g. due to interest rate fluctuations) since these shall be immediately recorded in other comprehensive income. Furthermore, there are amendments with regard to accounting for the top-up payments as part of part-time early retirement agreements. In future, as a rule, these are to be allocated over a certain period of time.

The changes to the previous year amounts resulting from the adjustment to the new version of IAS 19 are shown above.

If the company had not applied IAS 19R as of January 1, 2013 the net group income would have been EUR 47 k lower. Accordingly, other comprehensive income for the period would have been higher by this amount. There would have been no effects on the earnings per share.

IFRS 13 "FAIR VALUE MEASUREMENT"

In May 2011 the IASB issued IFRS 13 "Fair Value Measurement". The standard is obligatory for financial years which begin or began on or after January 1, 2013. IFRS 13 contains uniform guidelines regarding fair value measurement as well as the related disclosures for monetary and non-monetary items.

There are no material effects from the first-time application of the standard.

FUTURE CHANGES IN ACCOUNTING POLICIES

PROSPECTIVE IFRS CHANGES 2014

The following IFRS were issued at the balance sheet date by the IASB 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.

IFRS 10 "CONSOLIDATED FINANCIAL STATEMENTS", IFRS 11 "JOINT ARRANGEMENTS", IFRS 12 "DISCLOSURE OF INTERESTS IN OTHER ENTITIES", IAS 27 "SEPARATE FINANCIAL STATEMENTS", IAS 28 "INVESTMENTS IN ASSOCIATES AND JOINT VENTURES"

In May 2011 a package of five standards was issued by the IASB which deals with consolidation (IFRS 10), with joint arrangements (IFRS 11), with disclosures of interests in other entities (IFRS 12), with separate financial statements (IAS 27 (2011)) and investments in associates and joint ventures (IAS 28 (2011)). These are obligatory for financial years which begin or began on or after January 1, 2014.

The major requirements of the new standard are as follows:

- III IFRS 10 "Consolidated financial statements" replaces the requirements of the previous IAS 27 Consolidated and Separate Financial Statements and the interpretation SIC-12 Consolidation - Special Purpose Entities. IFRS 10 establishes a uniform control concept which can be applied to all entities including special purpose entities. Additionally, in June 2012 the revised transitional rules of IFRS 10-12 were published which should simplify the first-time application of the new standards.
- III IFRS 11 "Joint Arrangements" replaces IAS 31 Interests in Joint Ventures and the Interpretation SIC-13 Jointly Controlled Entities — Non-monetary Contributions by Venturers. With IFRS 11 the previous option to apply proportionate consolidation for joint ventures has been removed. These entities will in future only be included in the consolidated financial statements at equity.
- III IFRS 12 "Disclosure of Interests in Other Entities" uniformly regulates the disclosure obligations for the area of consolidation accounting and consolidates the disclosures for subsidiaries which, until now, were set out in IAS 27, the disclosures for joint ventures and associated entities which were to be found until now in IAS 31 or IAS 28, as well as for structured entities.
- III IAS 27 (2011) "Separate Financial Statements" includes exclusively, after the amendment, the unchanged requirements for IFRS separate financial statements.
- III IAS 28 (2011) "Investments in Associated and Joint Ventures" was aligned to the new standards IFRS 10, 11 and 12.

The Nemetschek Group will apply the five standards for the first time in the consolidated financial statements for the fiscal year beginning on January 1, 2014. The company does not expect any material effects on the consolidated financial statements.

AMENDMENT OF IAS 32 – OFFSETTING OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

The amendment of IAS 32 and IFRS 7 was published in December 2011 and is to be applied for the first time in the financial year beginning on or after January 1, 2014. With the amendment existing inconsistencies should be removed through a supplement to the user guidelines. The existing basis conditions for offsetting financial instruments will, however, be maintained. With the amendment supplementary further disclosures will be defined. The company does not expect any material effects on the consolidated financial statements from the first-time application.

AMENDMENT OF IAS 39 – NOVATION OF DERIVATIVES AND CONTINUATION OF HEDGE ACCOUNTING

The amendment of IAS 39 and IFRS 9 was published in June 2013 and is to be applied for the first time in the financial year beginning on or after January 1, 2014. The amendment enables, under certain conditions, the continuation of hedge accounting in cases in which derivatives designated as hedging instruments based on legal or regulatory requirements are transferred to a central clearing place (novation). The amendment is to be applied retrospectively. The company does not expect any material effects on the consolidated financial statements from the first-time application.

IMPROVEMENTS TO IFRS 2010 - 2012

The improvements to IFRS 2010-2012 are included in a common standard which was published in December 2013, the objective of which was amendments to various IFRSs, the majority of which are to be applied to financial years which commence on or after July 1, 2014, subject to their outstanding adoption into EU law. The group has not yet applied the following changes:

- III IFRS 2: Clarification of the definition of exercise conditions with special definition of provisions of services conditions.
- III IFRS 3: Clarification of classification and measurement of a conditional consideration as part of business combinations. The classification of the obligation to pay a conditional consideration as a debt or as equity depends entirely on the conditions in IAS 32.11. The measurement of a conditional consideration shall be at fair value with the amendments being charged to profit and loss.
- III IFRS 8: Disclosures on the aggregation of business segments and reconciliation from the totals of the segment assets and liabilities to the company's assets and liabilities.
- III IFRS 13: Explanation to the change in IFRS 9 with regard to the evaluation of short-term receivables and payables as a result of the publication of IFRS 13.
- III IAS 16: Changes in the treatment of the cumulative depreciation on applying the revaluation method.
- III IAS 24: Clarification that entities providing significant planning, management and supervisory services (external management in key positions) to an entity, are deemed related parties to the receiving entity as defined in IAS 24, and the adoption of a simplification rule for disclosures of the remuneration paid by the external company to its employees for these management services.
- III IAS 38: Changes in the treatment of the cumulative depreciation on applying the revaluation method.

The company does not expect any material effects on the consolidated financial statements from the first-time application.

IMPROVEMENTS TO IFRS 2011 - 2013

The improvements to IFRS 2011-2013 are included in a common standard, which was published in December 2013, the object of which was the amendments in various IFRS, the majority of which are to be applied to financial years which commence on or after July 7, 2014. The group has not yet applied the following changes:

- III IFRS 1: Clarification of which version of the Standards and Interpretations should be applied or may be applied as part of the first-time application of IFRS;
- III IFRS 3: Clarification of the exclusion of the formation of joint agreements from the application scope of IFRS 3;
- III IFRS 13: Clarification of the scope of application of measurement on a portfolio basis in accordance with IFRS 13.48 et al;
- III IAS 40: Clarification of the application of IFRS 3 and IAS 40 in classifying properties as investment properties or as owner of own used assets.

The adjustments have no material effects on the consolidated financial statements of Nemetschek AG.

IFRS 9 FINANCIAL INSTRUMENTS: CLASSIFICATION AND MEASUREMENT

The first part of IFRS 9 Financial Instruments was published in November 2009. The standard includes new rules for the classification and measurement of financial assets. According to this, depending on their individual characteristics, debt instruments are either accounted for at carrying amounts or at fair value impacting profit and loss. Equity instruments are always accounted for at fair value. Deviations in value of equity instruments may, however, be included in other income/expenses due to the option specific to the instrument which is exercisable at the time the financial instrument is taken up. In this case only certain dividend income on equity

instruments is recorded to profit or loss. Financial assets which are held for trading and, which have to be measured at fair value through profit or loss, are the exception. In October 2010, the IASB concluded the second part of Phase I of the project. The standard was thus extended to include the requirements for financial liabilities and provides for the existing classification and measurement requirements for financial liabilities with the following exceptions: Effects from the change of own credit risk for financial liabilities, which were classified as being measured at fair value impacting profit or loss, shall be accounted for without affecting profit or loss and derivative liabilities on non-quoted equity instruments may no longer be measured at acquisition costs. IFRS 9 shall be applied for the first time in the financial year which begins on or after January 1, 2018.

IFRS 9 FINANCIAL INSTRUMENTS: HEDGE ACCOUNTING

On publication of the requirements for accounting for hedging in November 2013, the IASB continued its project work in developing the new IFRS 9 Financial Instruments. The standard, which is conceived as a supplement or amendment of the version of IFRS 9 published to date, formulates, in particular, new conditions regarding the designatability of instruments (or rather risks), the demands regarding effectiveness, the adjustment and reversal of hedging relationships and, partially, accounting for hedges. The standard replaces the IFRIC Interpretation 9 Reassessment of Embedded Derivatives and, furthermore, changes several existing standards, including IFRS 7, which deals with the disclosure requirements for financial instruments, and the conditions of versions of IFRS 9 already published but not yet applied in 2009 and 2010. The standard is applicable at the time of its publication. However, it presupposes the application of the whole of IFRS 9 and formulates comprehensive transitional conditions.

This project is expected to be completed in 2014. The application of the first part of Phase 1 will affect the classification and evaluation of group financial assets.

No material effects are expected on the net assets, financial position and results of the group from the second part of this project phase. The third phase of this project, completed in November 2013, relates to hedge accounting. In order to show a comprehensive picture of potential effects, the group will not quantify the effect until it is linked with other phases, as soon as these are published. As things stand, the entity does not expect any material effects on the consolidated financial statements of Nemetschek.

COMPANIES CONSOLIDATED AND BASIS OF CONSOLIDATION

SUBSIDIARIES

The consolidated financial statements comprise Nemetschek Aktiengesellschaft, Munich and all of the domestic and foreign subsidiaries. Subsidiaries are consolidated in full from the date of acquisition, i.e. from the date on which the group obtains control. Full consolidation ends when the parent ceases to have control.

Control exists if the group is able to govern the financial and operating policies of a subsidiary 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.

The financial statements of subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies. All inter-company balances, income and expenses and unrealized gains and losses from inter-company transactions are eliminated in full.

As part of the capital consolidation, business combinations are accounted for using the acquisition method. 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. The entities purchased during the year are included in the consolidated financial statements from the time of acquisition; those entities sold during the year are included until the time of loss of control in the consolidated financial statements. Transactions with minorities, which do not incur a loss of control, are recorded to comprehensive income as equity transactions.

ASSOCIATES / INVESTMENTS

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.

ASSOCIATES ACCOUNTED FOR USING THE EQUITY-METHOD

Name, registered office of the entity	Thousands of €	Shareholding in %	Equity Dec. 31, 2013	pro rata
DocuWare GmbH, Germering		22.41	2,332	523

ADDITIONAL DISCLOSURES ON DOCUWARE GMBH

	Thousands of €	Dec. 31, 2013	pro rata	Dec. 31, 2012	pro rata
Assets		11,376	2,549	11,258	2,523
Liabilities		9,044	2,027	9,319	2,088
Total assets		11,376	2,549	11,258	2,523
Revenue		9,310	2,086	8,164	1,830
Net income for the year		393	88	457	102

FINANCIAL ASSETS

Name, registered office of the entity	Thousands of €	Shareholding in %	Equity Dec. 31, 2013	Net income/loss for the year 2013
Sidoun International GmbH, Freiburg i. Breisgau*		16.27	796	311
NEMETSCHKEK EOOD, Sofia, Bulgaria		20.00	2,125	389
rivera GmbH, Karlsruhe via Nemetschek Bausoftware GmbH		20.00	24	10

* Fiscal year ends as of June 30, 2013

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 NEMETSCHKEK EOOD, Sofia, Bulgaria, or rivera GmbH, Karlsruhe, since influence is neither exercised within management nor in the form of a governing body. Similarly, there are neither material business relationships, nor is influence exercised, beyond the mere capital investment. The financial assets constitute mere capital investments.

AFFILIATED COMPANIES INCLUDED IN THE CONSOLIDATED FINANCIAL STATEMENTS

(Companies listed are fully consolidated in the group financial statements of Nemetschek Aktiengesellschaft)

AFFILIATED COMPANIES

Name, registered office of the entity	Shareholding in %
Nemetschek Aktiengesellschaft, Munich	
Direct equity investments	
Design segment	
Nemetschek Allplan Deutschland GmbH, Munich*	100.00
Nemetschek Allplan Systems GmbH, Munich*	100.00
NEMETSCHKEK Vectorworks Inc., Columbia, Maryland, USA	100.00
Nemetschek Allplan France S.A.R.L., Asnières, France	100.00
Nemetschek Allplan Schweiz AG, Wallisellen, Switzerland	93.33
Nemetschek Allplan Italia S.r.l., Trient, Italy	100.00
NEMETSCHKEK ESPANA S.A., Madrid, Spain	100.00
Nemetschek Allplan Česko s.r.o., Prag, Czech Republic	100.00
NEMETSCHKEK OOO, Moscow, Russia	100.00
NEMETSCHKEK DO BRASIL SOFTWARE LTDA, São Paulo, Brazil	99.90
Nemetschek Frilo GmbH, Stuttgart*	100.00
SCIA Group 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
Data Design System ASA, Klepp Stasjon, Norway	100.00
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 bim+ GmbH, Munich (formerly: Nemetschek Verwaltungs GmbH, Munich)	76.00

CONTINUED

Name, registered office of the entity	Shareholding in %
Indirect equity investments	
Design segment	
Nemetschek Vectorworks Training LLC, Columbia, Maryland, USA, via Nemetschek Vectorworks LLC, Columbia, Maryland, USA	100,00
Nemetschek Allplan Österreich 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 Engineering PTE LTD, Singapore, Malaysia via Nemetschek Engineering GmbH, Wals, Austria	100,00
Nemetschek Allplan Slovensko s.r.o., Bratislava, Slovakia, via NEMETSCHKEK Allplan GmbH	100,00
Via SCIA Group International nv, Herk-de-Stad, Belgium:	
Nemetschek Scia nv, Herk-de-Stad, Belgium	100,00
Nemetschek Scia B.V., Arnhem, Netherlands	100,00
Nemetschek Scia sarl, Roubaix, France	100,00
Nemetschek Scia s.r.o., Brno, Czech Republic	100,00
Nemetschek Scia s.r.o., Zilina, Slovakia	100,00
Online Projects bvba, Herk-de-Stad, Belgium	70,00
Via Graphisoft SE European Company Limited by Shares, Budapest, Hungary:	
Graphisoft Deutschland GmbH, Munich	100,00
Graphisoft USA Inc., Newton, Massachusetts, USA	100,00
Graphisoft Japan KK, Tokyo, Japan	100,00
Graphisoft UK Ltd., Surrey, UK	100,00
Graphisoft Hong Kong Ltd., Victoria, Hong Kong	100,00
Graphisoft Mexico S.A. de C.V., Mexico, North America	100,00
Via Data Design System ASA, Klepp Stasjon, Norway:	
DDS Building Innovation AS, Klepp Stasjon, Norway	100,00
Data Design System UK Ltd., Wiltshire, Great Britain	100,00
Data Design Systems GmbH, Ascheberg, Germany	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	70,00

* In fiscal year 2013, 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 THE FISCAL YEAR 2013

The group of companies consolidated is the same as at December 31, 2012, except for the following changes:

COMPANY ACQUISITIONS

DATA DESIGN SYSTEM ASA, KLEPP STASJON, NORWAY

On November 29, 2013, Nemetschek Aktiengesellschaft purchased 100 % of the shares in Data Design System ASA, Klepp Stasjon, Norway. On purchase of the shares payments (preliminary purchase price) were made on December 31, 2013, amounting to EUR 17,979 k. The final purchase price depends on changes in "Net working capital" as well as on "Net debt" at the time of acquisition compared with the threshold values agreed in the purchase contract. No material adjustments are expected from the final purchase price determination.

GRAPHISOFT MEXICO S.A. DE C.V., MEXICO, NORTH AMERICA

On April 1, 2013, Graphisoft SE European Company Limited by Shares, Budapest, Hungary, purchased 100 % of the shares in the Mexican sales Partner Anzix S.A. de C.V. Mexico, North America. The firm is now called Graphisoft Mexico S.A. de C.V. Mexico, North America. This purchase involved the payment of EUR 105 k. Furthermore, additional purchase price payments were agreed depending on future revenue developments, which were recorded at EUR 116 k as a liability on initial consolidation.

NEW FORMATIONS

NEMETSCHKEK ENGINEERING PTE. LTD, SINGAPORE

On September 21, 2012, the formation of Nemetschek Engineering PTE. LTD, Singapore, was completed on filing it in the commercial register. As the result of the taking up of operations in quarter 1, 2013, the company was included for the first time in the consolidated financial statements of Nemetschek AG as at March 31, 2013.

NEMETSCHKEK VECTORWORKS TRAINING LLC, COLUMBIA, MARYLAND, USA

On registration in the commercial register dated February 16, 2012, Nemetschek Vectorworks Training LLC, Columbia, USA, was founded. As the result of the taking up of operations in the 1st quarter 2013, the company was included for the first time in the consolidated financial statements of Nemetschek AG as at March 31, 2013.

SALE

GRAPHISOFT SPAIN SL, MADRID, SPAIN

In the fiscal year 2013 the company was sold. There were no material effects in the group.

CHANGES IN CONSOLIDATED COMPANIES IN THE FISCAL YEAR 2012

GRAPHISOFT CAD STUDIO KFT., BUDAPEST, HUNGARY

In the fiscal year 2012 the shares of the company were sold. There were no material effects in the group.

COMPANY ACQUISITIONS

Under the purchase contract dated November 29, 2013, the shares in Data Design System ASA, Klepp Stasjon, Norway (DDS Group) were taken over. The DDS Group is a leading supplier of CAD-Software for intelligent design of technical building equipment (TGA) and supplies highly functional software solutions for mechanical building systems, electrical and sanitary engineering (MEP). Through the acquisition the Nemetschek Group has extended its range of services with MEP solutions for the construction process. As part of the preliminary purchase price allocation mainly intangible assets of EUR 7,223 k have been recorded for customer relationships, technology and deferred tax liabilities amounting to EUR 2,055 k. The allocation to the individual intangible assets is shown under Note 12. Goodwill of EUR 11,268 k includes intangible assets that are not separable such as, e.g. technical knowledge of the employees and expected synergy effects. Since the time of initial consolidation on November 30, 2013, the DDS Group contributed to the consolidated financial statements of Nemetschek AG as at December 31, 2013, with revenues of EUR 796 k and a result of EUR 136 k. If the company purchased had been included in the consolidated financial statements since January 1, 2013, the effect on group revenues as at December 31, 2013 would have been EUR 8,724 k and on group profit after tax EUR 872 k.

Furthermore, on April 1, 2013, Graphisoft SE European Company Limited by Shares, Budapest, Hungary purchased 100% of the shares in the Mexican sales Partner Anzix S.A. de C.V., Mexico. The preliminary purchase price allocation mainly included intangible assets of EUR 234 k. Goodwill amounts to EUR 13 k. Since the time of initial consolidation on April 1, 2013, the company has contributed to the consolidated financial statements of Nemetschek AG as at December 31, 2013 with revenues of EUR 267 k and a result of EUR –34 k. If the company purchased had been included in the consolidated financial statements since January 1, 2013 the effect on group revenues as at December 31, 2013 would have been EUR 492 k and on group profit after tax EUR 0 k.

DDS GROUP

	Thousands of €	2013
Goodwill		11,268
Other intangible assets		7,223
Property, plant and equipment		231
Deferred tax assets		110
Inventories		21
Trade accounts receivable		800
Other current assets		841
Cash and cash equivalents		1,850
Total assets acquired		22,344
Accrued pension and similar obligations		185
Deferred tax liabilities		2,055
Other current provisions		183
Trade accounts payable		91
Other current non-financial liabilities		1,851
Total liabilities assumed		4,365
Net assets acquired		17,979
Preliminary Purchase price		17,979

GRAPHISOFT MEXICO

Thousands of €	2013
Goodwill	13
Other intangible assets	234
Property, plant and equipment	31
Deferred tax assets	0
Inventories	5
Trade accounts receivable	10
Other current assets	65
Cash and cash equivalents	6
Total assets acquired	364
Accrued pension and similar obligations	0
Deferred tax liabilities	67
Non-current financial debt	0
Other current provisions	33
Trade accounts payable	18
Other current non-financial liabilities	25
Total liabilities assumed	143
Net assets acquired	221
Purchase price	221

GOODWILL

Goodwill developed as follows:

GOODWILL DEVELOPMENT

Thousands of €	2013	2012*
Amount carried forward as of January 1	49,083	47,615
Additions	11,568	0
Currency differences	- 539	1,468
Balance as of December 31	60,112	49,083

* adjustment in accordance of IAS 8

The increase amounting to EUR 287 k resulted from the fair value measurement of the Dacoda put option.

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 represented by the group entity in each case.

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

GOODWILL ALLOCATION

Thousands of €	2013	2012
Graphisoft SE European Company Limited by Shares, Budapest, Hungary	21,604	21,941
Data Design System ASA, Klepp Stasjon, Norway	11,268	0
AUER – Die Bausoftware GmbH, Mondsee, Austria	6,486	6,486
Nemetschek Bausoftware GmbH, Achim	5,541	5,541
NEMETSCHKEK Vectorworks Inc., Columbia, Maryland, USA	4,184	4,373
MAXON Computer GmbH, Friedrichsdorf	3,007	3,007
SCIA Group NV, Herk-de-Stad, Belgium	2,785	2,785
Nemetschek CREM Solutions GmbH & Co. KG, Ratingen	2,028	2,028
Nemetschek Frilo GmbH, Stuttgart	1,293	1,293
DACODA GmbH, Rottenburg	1,007	720
Glaser isb cad Programmsysteme GmbH, Wennigsen	697	697
Other	212	212
Total goodwill	60,112	49,083

The carrying amounts of the goodwill allocable to Graphisoft SE European Company Limited by Shares, Budapest, Hungary, Data Design System ASA, Klepp Stasjon, Norway, AUER – Die Bausoftware GmbH, Mondsee, Austria, Nemetschek Bausoftware GmbH, Achim, and NEMETSCHKEK Vectorworks 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 based on the financial planning for a period of three years, approved by management. The discount rate underlying the cash flow forecasts ranges from 10,70 % to 16,03 % before tax (previous year: between 8.75 % and 13.65 %). After the detailed planning phase of three years sustainable cash flows are stated as perpetuity.

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 DEVELOPMENT / GROSS PROFIT MARGIN

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

Employee remuneration includes cost developments typical for the sector.

CAPITAL EXPENDITURE

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 amounts.

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 as 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 adjustment to the carrying amounts of the assets and liabilities concerned in the future. The most important assumptions concerning the future and other key sources of estimation uncertainty that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next fiscal year are analyzed 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 as well as intangible assets not yet available for use 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 loss carry forwards to the extent that it is probable that taxable profit will be available in the future so that the loss carry forwards can actually be utilized. Significant assessment 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.

TRADE ACCOUNTS RECEIVABLE

The provision for doubtful trade receivables includes estimates and evaluations of individual receivables which are based on the creditworthiness of the relevant customer, current economic development and analysis of the ageing structure of receivables.

PENSIONS

The cost of defined benefit plans is determined using actuarial valuations. The actuarial calculation is based on assumptions on discount rates. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty.

The assumptions are reviewed each balance sheet date.

DEVELOPMENT COSTS

Development costs are capitalized in accordance with the accounting policy presented in the 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.

CURRENCY TRANSLATION

The group's consolidated financial statements are presented in EUR, 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 environment 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 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 recorded to profit or loss.

Currency translation differences on foreign currency borrowings represent the exception to this where these are accounted for as hedges to a net investment in a foreign operation. Deferred taxes attributable to exchange differences on those borrowings are also dealt with in equity.

Non-monetary items that are measured at historical acquisition or production cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction. Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates applicable at the date when the fair value is determined.

The assets and liabilities of the foreign company are translated into EUR at the balance sheet date rate (including any hidden reserves realized as part of a purchase price allocation, as well as 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 expense or other operating income in the period in which they arose.

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

EXCHANGE RATES

Currency	Average exchange rate in 2013	Exchange rate as of December 31, 2013	Average exchange rate in 2012	Exchange rate as of December 31, 2012
EUR/USD	1.33	1.38	1.28	1.32
EUR/CHF	1.23	1.23	1.21	1.21
EUR/CZK	25.98	27.43	25.15	25.15
EUR/RUB	42.34	45.32	39.93	40.33
EUR/JPY	129.66	144.72	102.49	113.61
EUR/HUF	296.87	297.04	289.25	292.30
EUR/GBP	0.85	0.83	0.81	0.82
EUR/BRL	2.87	3.26	2.51	2.70
EUR/MXN	16.96	18.07	-	-
EUR/NOK	8.41	8.36	-	-
EUR/SGD	1.66	1.74	-	-



Residential and Office Building, Paris, France
Architecture office: Hamonic + Masson, realized with Vectorworks.



ACCOUNTING POLICIES

PROPERTY, PLANT AND EQUIPMENT

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 OF TANGIBLE ASSETS

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

Property, plant and equipment are de-recognized upon disposal or when no further economic benefits are expected from their continued use or sale. Gains or losses arising on de-recognition of the asset are calculated as the difference between the net sale proceeds and the carrying amount of the asset and are included in profit and loss in the period in which the asset is de-recognized. 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. There is no capitalization of borrowing costs since the production of qualified assets is not financed externally.

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 to the purchase price liability are included in goodwill and do not impact income.

After initial recognition, goodwill is measured at cost less 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 of the business combination, irrespective of whether other assets or liabilities of the company acquired 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 and intangible assets not yet ready for use 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 the 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 their fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization. At each balance sheet date a review is conducted to check whether the reasons for impairment still exist. The maximum amount for reversals of impairment losses is represented by acquisition costs less accumulated scheduled amortization.

Intangible assets not resulting from a purchase price allocation are amortized using the straight-line method over their normal useful lives of between three to seven years.

The intangible assets from the purchase price allocation are amortized as follows:

USEFUL LIFE OF INTANGIBLE ASSETS DUE TO PURCHASE PRICE ALLOCATION

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

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 recorded to profit or loss 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:

- III The technical feasibility of completing the intangible asset, so that it will be available for use or sale.
- III The intention to manufacture, use or sell the intangible asset.
- III The ability to manufacture, use or sell the intangible asset.
- III How the asset will generate future economic benefits.
- III The availability of resources to complete the asset.
- III 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. 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 (estimated 3 - 8 years). During the development phase the assets are tested for impairment once a year.

DEVELOPMENT SUBSIDIES

Development subsidies for basic research are granted on the basis of 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.

INVENTORIES

Inventories mainly 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 accounted for where appropriate. 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.

CASH AND CASH EQUIVALENTS

Cash and short-term deposits in the statement of financial position comprise cash in 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

At each reporting date the group assesses whether there are indications 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.

To the extent that no observable market value can be used as a basis, in order to determine value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market expectations with regard to the interest effect 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 measurement 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 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. Impairment losses relating to goodwill cannot be reversed in future reporting periods. The group performs its impairment test of goodwill at least once a year, at the latest by December 31.

INTANGIBLE ASSETS

Intangible assets with indefinite useful lives and intangible assets not yet ready for use are tested for impairment at least once a year, by December 31, depending on the individual case, at asset level or at the cash generating unit level. Testing is also carried out if circumstances indicate that a value may be impaired.

ASSOCIATED COMPANIES

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 within the scope of IAS 39 are classified as financial assets at fair value through 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. Financial assets are recognized initially at fair value plus, in the case of investments not at fair value through profit or loss, directly attributable transaction cost.

Purchases or sales of financial assets that require the delivery of assets within a period 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, receivables from loans granted and other receivables 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, whereby gains or losses are 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 and 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 the income statement. Reassessment only occurs if there is a change to 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 consolidated profit and losses when the loans and receivables are de-recognized 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 fiscal years ending December 31, 2013 and 2012.

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 de-recognized, the cumulative gain or loss recorded in equity is recognized in profit and loss. If such an investment is impaired, the cumulative loss previously recorded in equity is recognized in profit and loss.

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 instrument, which is substantially the same or 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

At each balance sheet date, the group assesses 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 and 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.

AMOUNTS DUE FROM CUSTOMERS

For amounts due from 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 impairment 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 an allowance account and the amount of the loss is recognized in profit or loss. Interest income continues to be accrued on the reduced carrying amount based on the original effective interest rate of the asset. Receivables, 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 reporting period, the amount of the impairment loss increases or decreases because of an event occurring after the impairment was recognized; the previously recognized impairment loss is increased or reduced in profit or loss by adjusting the allowance account. If a receivable written-off is later deemed recoverable due to an event that occurred after it was written off, the relevant amount is recognized directly in profit or loss.

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 representing 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 accounted for through profit or loss if the increase in fair value of the instrument can be objectively related to an event occurring after the impairment loss was recognized in profit or loss.

DE-RECOGNITION 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 de-recognized when one of the following three conditions is met:

- III The contractual rights to receive cash flows from the asset have expired.
- III 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.
- III The group has transferred its contractual rights to receive cash flows from the financial asset and either
 - (a) has transferred substantially all the risks and rewards connected with ownership of the asset, or
 - (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Where the group has transferred its contractual rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognized to the extent of the group's continuing involvement in the asset. Where continuing involvement guarantees, in terms of form, the asset transferred, the extent of the group's continuing involvement is the lower of the original carrying amount of the asset and the maximum amount of consideration that the group could be required to repay.

FINANCIAL LIABILITIES

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 and borrowings less directly attributable transaction costs.

The group's financial liabilities include trade and other payables, bank overdraft facilities, loans and borrowings, 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 in the income statement when the liabilities are de-recognized as well as through the amortization process.

De-recognition of Financial Liabilities

A financial liability is de-recognized 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 de-recognition of the original liability and the recognition of a new liability. 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 its 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 twelve 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 from changes in fair value on derivatives during the year that do not qualify for hedge accounting are taken directly to profit or loss.

The fair value of forward exchange contracts is determined by referring to the current foreign exchange rates for forward exchange contracts. The fair value of interest rate swap contracts is determined by discounting expected future cash flows over the remaining term of the contract.

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 1 to 24 months. Such derivatives do not qualify for hedge accounting. At the balance sheet date there were no open currency forward contracts.

OFFSETTING OF FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are offset and the net amount reported in the consolidated balance sheet 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 income is income received before the balance sheet date that relates to a certain period after that date.

PROVISIONS

Provisions are recognized when the group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made as to the amount of the obligation. Provisions and accrued expenses which do not already lead to an outflow of resources in the subsequent year are measured at their discounted settlement amount at the balance sheet date where the interest effect is material. 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 profit or loss net of any reimbursement.

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 SIMILAR OBLIGATIONS

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 the provision in the balance sheet. Actuarial gains and losses are recorded without an effect on results in other comprehensive income. Effects relevant to interest are disclosed accordingly in interest result. Additionally, the group introduced a part-time pre-retirement contract during 2010 under the block model, as well as long-term incentive plans which are also accounted for under IAS 19.

RESERVES

Reserves are set up in accordance with statutory requirements and the articles of association.

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 as to 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 the arrangement conveys a right to use the asset.

THE GROUP AS LESSEE

Finance leases, which transfer substantially all the risks and rewards incidental to ownership of the leased asset to the group, 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. A liability item of the same value is recorded as a lease liability. The lease liability is reduced and carried forward in subsequent years according to the effective interest method.

Operating lease payments are recognized as an expense in the income statement on a straight-line basis over the lease term. Operating leases comprise office buildings, motor vehicles and other technical equipment.

THE GROUP AS 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 profit or loss.

DEFERRED TAX

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 instances:

(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, carry forwards of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilized,

except for the following instances:

(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 at least 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 similarly 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 instances:

(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, 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):

- III The significant risks and rewards incidental to ownership of the goods and merchandise sold have been transferred (transfer of title).
- III The entity does not retain control over the goods and merchandise sold.
- III The amount of revenue can be measured reliably.
- III The cash flow from the economic benefit of the sale is reasonably certain (receipt of receivable).
- III The costs incurred in respect of the sale can be measured reliably.

Revenue from the provision of services must be recognized when (IAS 18.20):

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

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.

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.

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).

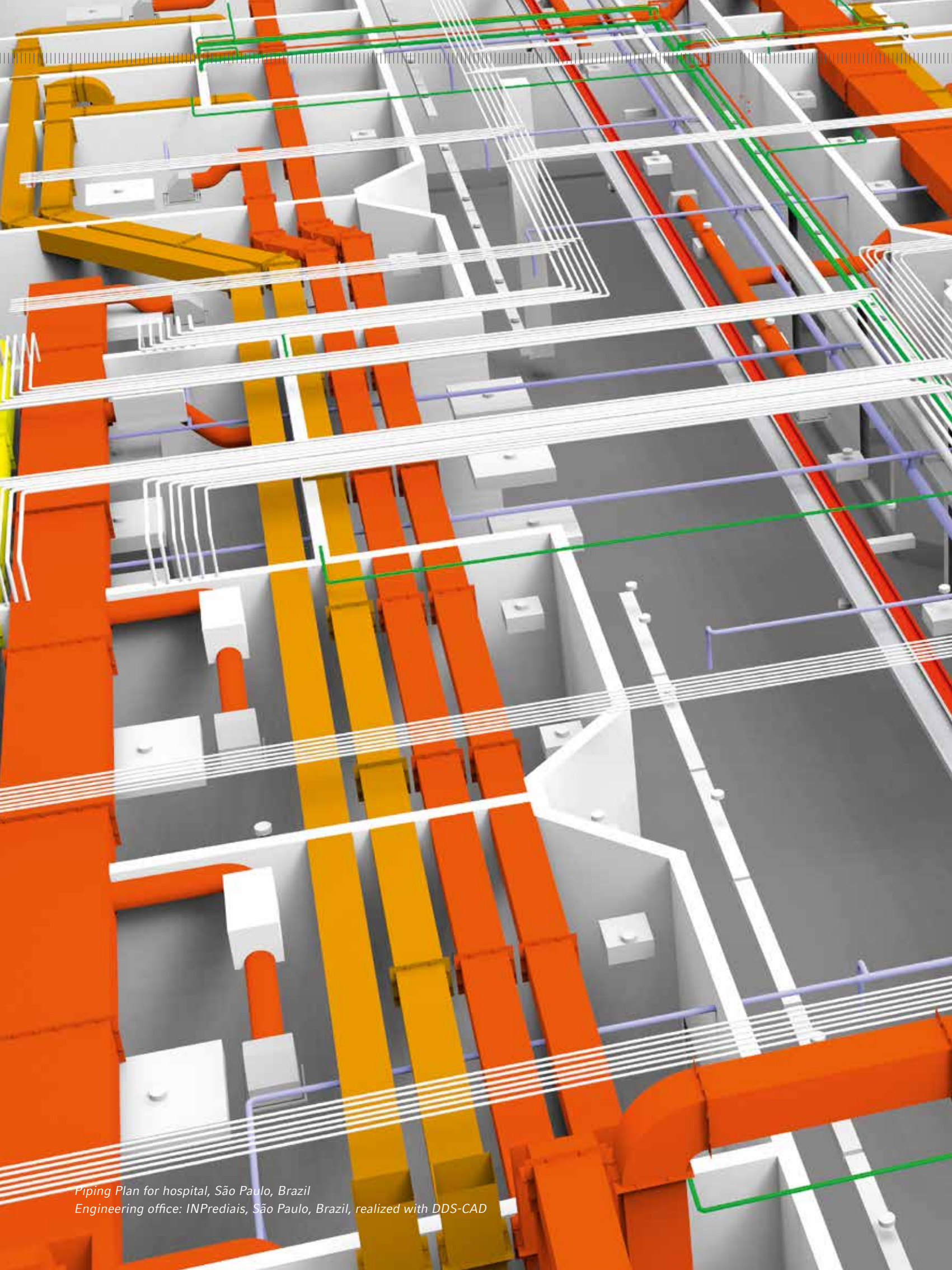
3 Consulting

3.1 Contract for Services

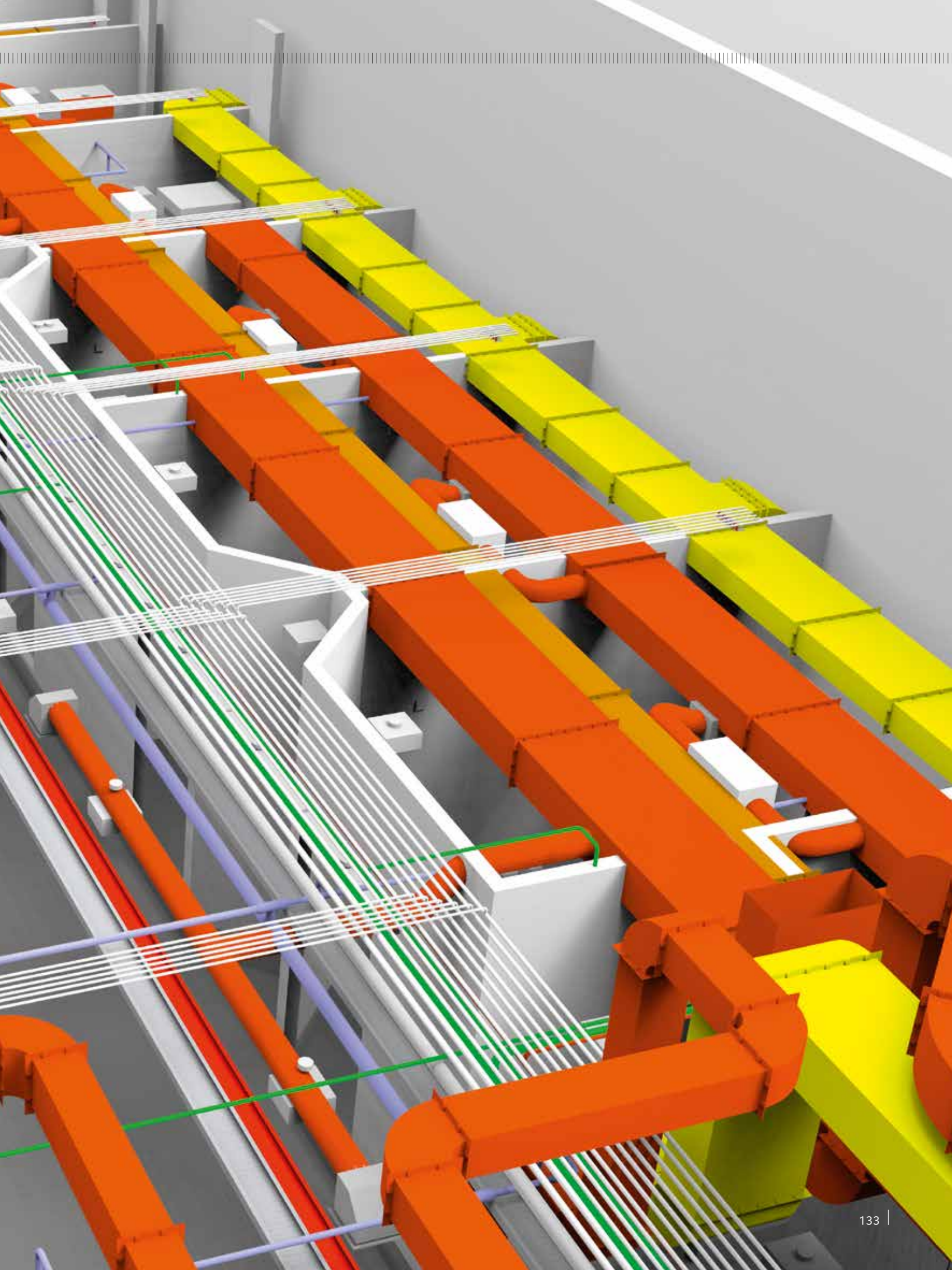
The aforementioned criteria for the sale of services generally apply. Revenue is recognized using the percentage of completion method.

3.2 Service Contract

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



*Piping Plan for hospital, São Paulo, Brazil
Engineering office: INPrediais, São Paulo, Brazil, realized with DDS-CAD*



4 Maintenance/software service agreements

The aforementioned criteria for the sale of services generally apply, i.e. revenue from maintenance contracts or services is recognized straight-line over the period in which the service is rendered.

5 Training

The aforementioned criteria for the sale of services generally apply, 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 through 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. The geographic segments represent the secondary segmental reporting format. The operating business segments 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 segments and has four reportable segments worldwide: Design, Build, Manage and Multimedia. The business segments 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

REVENUES

Thousands of €	2013	2012
Software and licenses	87,047	85,802
Maintenance (software service agreements)	89,125	80,129
Services (consulting and training)	9,594	8,978
Hardware	174	180
	185,940	175,089

[1] Revenues

Revenues include EUR 31 k (previous year: EUR 366 k) relating to the application of the percentage of completion method. These revenues are matched by expenses amounting to EUR 13 k (previous year: EUR 111 k). In the fiscal year 2013 profit from projects based on application of the percentage of completion method amounts to EUR 18 k (previous year: EUR 255 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 appropriate for the market is accounted for. At the closing date customer contracts with an asset balance amounted to EUR 37 k (previous year: EUR 0 k).

The breakdown of revenue by segment, as well as the regional allocation can be seen under segment reporting (Note 25).

The group capitalized its own work during the fiscal year amounting to EUR 1,673 k (previous year: EUR 1,893 k). Of this in the fiscal year 2013 EUR 1,639 k (previous year: EUR 1,579 k) related to internally developed software and EUR 34 k (previous year: EUR 314 k) to other own work capitalized in connection with the implementation of an ERP system at a subsidiary. Amortization starts upon commercial exploitation of the development results in the year the costs were incurred using the straight-line method.

[2] Own work capitalized

OTHER OPERATING INCOME

Thousands of €	2013	2012
Foreign exchange rate gains	1,057	1,124
Development subsidies	351	455
Offsetting other services	322	305
Income from disposal of fixed assets	32	11
Income from subletting property	24	25
Other	444	709
	2,230	2,629

[3] Other operating income

[4]
Cost of materials/
Cost of purchased
services

COST OF MATERIALS

	Thousands of €	2013	2012
Cost of purchased materials		7,552	6,940
Cost of purchased services		1,126	770
		8,678	7,710

Cost of merchandise mainly includes purchased software licenses.

[5]
Personnel expenses

PERSONAL EXPENSES

	Thousands of €	2013	2012
Wages and salaries		64,101	62,236
Social security, other pension costs and welfare		14,565	14,591
		78,666	76,827

The headcount developed as follows:

HEADCOUNT

	Number of employees	2013	2012
Sales/marketing/hotline		556	520
Development		575	572
Administration		133	129
Average headcount for the year		1,264	1,221
Headcount as of December 31		1,355	1,229

[6]
Depreciation and
amortization

DEPRECIATION AND AMORTIZATION

	Thousands of €	2013	2012
Amortization of intangible assets		2,302	1,672
Depreciation of property, plant and equipment		1,927	1,860
Depreciation of financial assets		39	1,047
Depreciation/amortization of tangible, intangible and financial assets		4,268	4,579
Amortization due to purchase price allocated intangible assets		6,326	6,443
Total depreciation and amortization		10,594	11,022

In the previous year, write-downs on financial assets included impairment of a long-term loan amounting to EUR 1,047 k.

OTHER OPERATING EXPENSES

Thousands of €	2013	2012
Commissions	10,924	10,334
Expenses for third-party services	10,313	8,952
Rents	7,412	7,180
Marketing expenses	6,396	6,769
Legal and consulting costs	4,710	4,009
Travel expenses	3,978	3,974
Vehicle costs	2,410	2,543
EDP equipment	1,832	1,844
Communication expenses	1,402	1,293
Currency translation expenses	1,557	2,063
Other	5,301	5,175
	56,235	54,136

[7]
Other operating
expenses

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

Contractually fixed rental expenses are offset by income from subletting office space of EUR 24 k (previous year: EUR 25 k) (see note 3 – Other operating income).

The income from associates amounting to EUR 88 k (previous year: EUR 102 k) includes income of associates consolidated at equity.

[8]
Income from
associates

INTEREST INCOME / EXPENSES

Thousands of €	2013	2012
Other interest and similar income	487	217
Interest and similar expenses	- 54	- 889
	433	- 672

[9]
Interest income/
Expenses

The major components of the income tax expense are as follows:

INCOME TAXES

Thousands of €	2013	2012
Income from deferred tax	- 11,540	- 8,225
Expenses from deferred tax	621	45
Total deferred tax result (income)	-10,919	-8,180

[10]
Income taxes

The tax expense for the fiscal year 2013 includes tax income from previous years amounting to EUR 657 k (previous year: EUR 263 k). Furthermore, deferred taxes were recorded with no impact on profit in the fiscal year 2013 amounting to EUR 19 k (previous year EUR 52 k).

The income tax rates of the individual entities range from 10.0 % and 37.27 % (previous year: from 10.0 % and 42.8 %). The income tax rate of Nemetschek Aktiengesellschaft is calculated as follows:

INCOME TAX RATES

in %	2014		2013		2012	
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 tax 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 are 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 2013 applied by Nemetschek Aktiengesellschaft is 32.6 % (fiscal year 2012: 32.6 %).

Deferred tax assets and deferred tax liabilities are offset for each tax-paying entity, if a legally enforceable right exists to offset 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 taxes at the balance sheet date are as follows:

DEFERRED TAXES

Thousands of €	Consolidated balance sheet		Consolidated income statement	
	2013	2012	2013	2012
Deferred tax assets				
Unused tax losses	3,305	3,540	- 235	849
Measurement differences, goodwill	37	57	- 20	- 20
Elimination of intercompany profits spin-off				- 86
Software development costs				- 373
Measurement of receivables	121	83	34	- 8
Deferred revenue	4	15	- 11	- 58
Potential losses from rent	20		20	
Vacation provision	138	151	- 13	
IFRS pensions	260	170	58	6
Elimination of intercompany profits on non-current assets	130	102	12	- 14
Prepaid rent	19	27	- 8	- 3
Measurement of liabilities	94	137	- 43	- 12
Provision for archiving costs	16	16		
Interest hedge	369		369	
Compensations				- 17
Other	76		62	
Offsetting	- 3,098	- 3,671	573	- 903
Total deferred tax assets	1,491	627		
Deferred tax liabilities				
Measurement difference from purchase price allocation				
– Non-current assets of Graphisoft	1,736	2,330	594	615
– Non-current assets of SCIA	278	367	89	89
– Non-current assets of DDS	2,039		16	
Measurement differences, goodwill	605	599	- 6	
Warranty provision	80	81	1	
Measurement of liabilities	793	787	- 6	- 490
Non-current assets	340	277	- 63	- 1
Recognition of internally developed software	1,237	1,020	- 217	- 449
Measurement of receivables	45	45		42
Other	23	- 2	- 12	- 25
Offsetting	- 3,098	- 3,671	- 573	903
Total deferred tax liabilities	4,078	1,833		
Deferred tax income			621	45

A reconciliation between the reported income tax expense and the expected income tax expense (measured using the tax rate for 2013) for the fiscal years ended December 31, 2013 and 2012 is as follows:

INCOME TAX RECONCILIATION

Thousands of €	2013	2012
Earnings before taxes	36,191	29,346
Theoretical tax rate 32.6 %	11,809	9,576
Differences between German and foreign tax rates	- 424	- 1,027
Tax effects on:		
At-equity consolidation of associates	- 29	178
Use of unrecognized deferred taxes on unused losses carried forward	- 2,573	- 577
Change of deferred taxes on losses carried forward	1,963	- 665
Change of deferred taxes on permanent differences	1,506	0
Effect of taxes, previous years	- 657	263
Non-deductible expenses	297	771
Tax-free income	- 1,193	- 386
Tax rate changes and adaptation	- 4	- 9
Other	224	56
Effective tax expense	10,919	8,180
Effective tax rate	30.2 %	27.9 %

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

DEFERRED TAX ON TAX LOSSES

Thousands of €	2013	2012
Losses according to entities	60,289	62,794
Deferred tax assets, gross	9,038	10,687
Allowances on tax losses carried forward	- 5,733	- 7,147
Deferred tax assets on unused tax losses, net	3,305	3,540

The items contain deferred taxes on unused tax losses which are likely to be realized in the future. The deferred tax assets on unused tax losses were recognized on the basis of the income and expense budgeting of the Nemetschek Aktiengesellschaft (parent) and its subsidiaries for the fiscal years 2014-2016. The company's detailed budgeting relates to a one-year period. The deferred tax assets on losses brought forward in the sub-consolidation Graphisoft are now equivalent to, in terms of their amounts, the deferred tax liabilities recognized in connection with the purchase price allocation as at December 31, 2013.

The temporary differences in connection with the shares in subsidiaries amounting to EUR 1,067 k (5 % of EUR 21,340 k), for which no deferred tax liabilities have been provided, would lead to a tax charge of EUR 320 k in future.

There were no income tax consequences attached to the payment of dividends in 2013 by Nemetschek Aktiengesellschaft to its shareholders.

EARNINGS PER SHARE

Basic undiluted earnings per share are calculated by dividing the net income for the period attributable to shares by the average number of shares during the period.

At the balance sheet date, as in the previous year, there were no items requiring a dilution of the earnings per share result.

[11]

Earnings per share

EARNINGS PER SHARE

	2013	2012
Net income attributable to the parent (in thousands of EUR)	24,011	19,514
Weighted average number of ordinary shares outstanding as of December 31	9,625,000	9,625,000
Weighted 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	2.49	2.03
Earnings per share in EUR, diluted	2.49	2.03

NOTES TO THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

[12] Fixed assets

A statement of fixed assets is presented on the last page of these notes to the consolidated financial statements. The carrying values of internally generated software amount to EUR 4,991 k (previous year: EUR 4,232 k). Subsidies specifically for internally generated intangible assets amount to EUR 202 k in the fiscal year and are recorded as a reduction against acquisition costs.

Pursuant to IAS 38, development costs must be capitalized unless they are incurred for basic research or are not related to projects, provided that the prerequisites of IAS 38.57 are fulfilled (see also Accounting Policies). The group was involved in non-project related product development in the fiscal year 2013. This included direct personnel costs plus directly allocable overheads. The development costs of projects that have not satisfied the criteria of IAS 38.57 are recorded as an expense amounting to EUR 45,736 k (previous year: EUR 43,198 k).

The preliminary fair values of the intangible assets determined for the DDS Group as part of the purchase price allocation can be summarized as follows:

INTANGIBLE ASSETS DUE TO PPA DDS GROUP

Thousands of €	Fair value at time of acquisition Nov. 30, 2013	Useful life in years	Amortization Dec. 2013	Net book value as of Dec. 31, 2013
Software	5,325	12	43	5,282
Customer relationships	1,899	15	13	1,886
Intangible assets	7,224		56	7,168

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

INTANGIBLE ASSETS DUE TO PPA SCIA GROUP

Thousands of €	Fair value at time of acquisition Feb. 28, 2006	Useful life in years	Annual amortization	Net book value as of Dec. 31, 2013	Net book value as of Dec. 31, 2012
Software	1,000	3	0	0	0
Customer relationships	2,700	10	270	585	855
Intangible assets	3,700		270	585	855

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

INTANGIBLE ASSETS DUE TO PPA GRAPHISOFT GROUP

Thousands of €	Fair value at time of acquisition Dec. 31, 2006	Useful life in years	Amortization 2013	Net book value as of Dec. 31, 2013	Net book value as of Dec. 31, 2012
Brand name	5,300	15	299	2,393	2,736
Trademarks	2,800	10	237	711	964
Software	27,100	7	3,280	0	3,331
Customer relationships	27,300	12	2,148	10,551	13,220
Intangible assets	62,500		5,964	13,656	20,251

[13]
Trade receivables

TRADE RECEIVABLES

Thousands of €	2013	2012
Trade receivables (before bad debt allowances)	25,515	24,727
Specific bad debt allowance	- 3,626	- 3,339
Trade receivables	21,889	21,388

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 > 360 days are 100 % provided for. The carrying amount of trade receivables corresponds to their fair values.

Bad debt allowances developed as follows:

DEVELOPMENT OF BAD DEBT ALLOWANCES

Thousands of €	January 1	Utilization	Release	Charges	December 31
Bad debt allowances 2013	- 3,339	632	369	- 1,288	- 3,626
Bad debt allowances 2012	- 3,072	560	121	- 948	- 3,339

The ageing structure of trade accounts receivable is as follows:

AGEING STRUCTURE OF TRADE RECEIVABLES

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
Gross Trade receivables 2013	12,709	6,174	1,404	609	1,080	613	2,926	25,515
Reduced specific allowance for bad debts	- 8	- 89	- 29	- 15	- 234	- 325	- 2,926	- 3,626
Net Trade receivables 2013	12,701	6,085	1,375	594	846	288	0	21,889
Trade receivables 2012	12,371	5,820	1,322	549	643	683	0	21,388

[14]

Inventories/
Tax refund claims/
Other assets/
Financial assets

ASSETS

	Thousands of €	2013	2012
Inventories		728	738
Tax refunded claims		694	1,994
Current financial assets		27	48
Other current assets		7,713	5,919
Non-current financial assets		79	86
Other non-current assets		772	792
		10,013	9,577

Inventories mainly consist of hardware EUR 661 k (previous year: EUR 691 k) as well as foreign licenses of EUR 56 k (previous year: EUR 0 k) and finished goods and work in process of EUR 12 k (previous year: EUR 47 k). As in the previous year no allowances were recorded as an expense.

Tax refund claims for income taxes will lead to cash inflows in the next six months. Current financial assets mainly consist of prepaid expenses of EUR 4,985 k (previous year: EUR 4,508 k), which will be reclassified to expenses in the next twelve months.

Other non-current assets mainly include rental security deposits.

[15]

Equity

The development of subscribed capital, the capital reserve, the revenue reserve, foreign currency translation reserve and the retained earnings/accumulated losses of the group, and 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 still amounts to EUR 9,625,000.00 (unchanged compared to the previous year) and is divided into 9,625,000 bearer shares. Each share is attributed with EUR 1.00 of share capital. The capital is fully paid up.

[17]

Capital reserve/
Revenue reserve/
Foreign currency
translation/Dividend

The **capital reserve** mainly comprises the share premium from the IPO.

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

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

Dividends

In the fiscal year 2013 a dividend of EUR 11,068,750.00 was paid out to the shareholders. This represents EUR 1.15 per share.

[18]

Provisions, Accrued
liabilities, Pensions
and related obligations

As a company with international operations working in various business fields, the Nemetschek Group is exposed to a whole range of legal risks. This is especially true of risks for warranties and other legal disputes. The outcome of currently pending or rather of 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:

PROVISIONS AND ACCRUED LIABILITIES

Thousands of €	2013	2012
Compensation/Commission/bonuses for employees	7,969	7,538
Outstanding invoices	3,222	2,822
Vacation accrued by employees	1,959	2,005
Legal and consulting fees	466	416
Guarantees and liability risks	141	168
Other accrued liabilities	1,066	1,102
	14,823	14,051

Provisions for employee remuneration/commissions/bonuses are slightly higher in the fiscal year than in the previous year. Outstanding invoices mainly relate to subsequent commission calculations due to achievement of targets. The warranty and liability provisions were set up based on an individual assessment per company. In the fiscal year 2013 EUR 1 k (previous year: EUR 25 k) was utilized for these, EUR 74 k (previous year: EUR 111 k) released and EUR 48 k (previous year: EUR 168 k) added. The additions include EUR 11 k due to the acquisitions in 2013. Other provisions and accrued liabilities contain other individual items under EUR 100 k.

OTHER OBLIGATIONS IN ACCORDANCE WITH IAS 19

Other obligations in accordance with IAS 19 include a part-time early retirement agreement. The provisions resulting from this amount to EUR 178 k.

PROVISIONS FOR PENSIONS

DOMESTIC

The obligation resulting from pension plans to a subsidiary's general managers is determined using the projected unit credit method. On first-time application of IAS 19 (2011) from January 1, 2013, actuarial gains and losses are recorded without impacting profit/loss. The previous year's amounts were aligned accordingly. In the year ended December 31, 2013, there were no curtailments to the plan. The plans were continued beyond this period. The pension plans provide a benefit after reaching 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 term of the pension obligation is 23 years. Plan assets from these benefit plans have been invested in life insurances. Plan assets include any reinsurance plans entered into which are assigned to the pension beneficiary entitled to these.

FOREIGN COUNTRIES

As part of the acquisition of the DDS Group, defined obligation pension plans were taken over for its Norwegian subsidiaries. The defined benefit plans include a total of 29 active persons eligible for benefit and one pensioner. The amount of the individual pension benefit is measured based on the wage or salary level as well as on the length of service. Actuarial gains and losses have been recorded neutrally since the time of acquisition.

The duration of the pension obligations varies from 3 to 21 years. The weighted average term of the DBO of the defined benefit plans of DDS amounted to 6 years.

The tables below show the development of the pension obligations and of plan assets.

PENSION PROVISIONS

Thousands of €	January 1	Changes	December 31
Defined Benefit Obligation 2013	1,143	1,338	2,481
Plan asset 2013	415	1,042	1,457
Status of coverage (Pension provisions) 2013	728	296	1,024
Defined Benefit Obligation 2012	875	268	1,143
Plan asset 2012	387	28	415
Status of coverage (Pension provisions) 2012	488	240	728

Thousands of €	2013	2012
Change in defined benefit obligations (DBO):		
DBO at beginning of fiscal year	1,143	875
Service cost	52	36
Interest cost	45	39
Actuarial gains/losses	46	193
Acquisitions/divestitures	1,196	–
Settlements	– 1	–
DBO at end of fiscal year	2,482	1,143
Change in plan assets:		
Fair value of plan assets at beginning of fiscal year	415	387
Expected return on plan assets	18	16
Actuarial gains/losses	– 12	– 13
Acquisitions/divestitures	1,012	–
Employer contributions	25	25
Benefit payments	– 1	–
Fair value of plan assets at end of fiscal year	1,457	415

SENSITIVITY

Thousands of €	2013	2012
Changes in actuarial assumptions		
Present value of pension obligation for the reporting date	2,482	1,143
Discount rate		
increase by 0.5 percent	2,269	1,124
decrease by 0.5 percent	2,722	1,281

As part of the acquisition in the fiscal year 2013 there were additions to pension obligations from changes in companies consolidated amounting to EUR 1,196 k, additions to plan assets from changes in companies consolidated amounted to EUR 1,012 k.

The “mortality tables 2005 G” from Dr. Klaus Heubeck were applied to the domestic pension commitments in the same way as last year. The local actuarial measurement parameters were applied abroad. The principal actuarial assumptions used to determine pension obligations were as follows as of December 31:

ASSUMPTION

	in %	2013		2012
		Domestic	Foreign Countries	Germany
Discount rate		3.37	4.10	3.60
Future pension increases		1.00	0.20	1.00
Compensation increase		0.00	3.75	0.00

The group expects pension expenses for the fiscal year 2014 of EUR 164 k, as well as capital income of EUR 48 k, the contributions to plan assets amount to EUR 226 k.

In the next ten fiscal years the following payments are expected from the pension plans:

ESTIMATED FUTURE PENSION BENEFIT PAYMENTS

	in €	Domestic	Foreign Countries	Total
(for fiscal year)				
2014		583	28,411	28,994
2015		1,933	42,545	44,478
2016		3,464	52,163	55,627
2017		5,216	53,521	58,737
2018		7,232	53,521	60,753
2019 - 2023		78,937	267,603	346,540
Total		97,365	497,763	595,128

The **liabilities** categorized by due date comprise the following:

LIABILITIES

2013	Thousands of €	Total amount	Less than 1 year	1 to 5 years	More than 5 years
Trade payables		5,248	5,248	0	0
Tax liabilities		3,327	3,327	0	0
Other liabilities		5,962	5,962	0	0
thereof taxes		2,946	2,946	0	0
thereof relating to social security		997	997	0	0
December 31, 2013		14,537	14,537	0	0

[19]
Liabilities

2012	Thousands of €	Total amount	Less than 1 year	1 to 5 years	More than 5 years
Trade payables		4,931	4,931	0	0
Tax liabilities		1,156	1,156	0	0
Other liabilities		5,151	5,151	0	0
thereof taxes		2,908	2,908	0	0
thereof relating to social security		789	789	0	0
December 31, 2012		11,238	11,238	0	0

Trade payables are subject to the customary retention of title relating to the supply of movable fixed assets and inventories. Liabilities from 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 to fair value.

[20] Deferred revenue

DEFERRED REVENUE

Deferred revenue amounts to EUR 23,464 k (previous year: EUR 21,617 k). The total amount will led to revenue in the first half of 2014.

[21] Other current financial obligations

OTHER CURRENT FINANCIAL OBLIGATIONS

Within the contractually agreed syndicated credit facility with WestLB AG, Düsseldorf, as part of the Graphisoft acquisition, Nemetschek Aktiengesellschaft has purchased an interest hedge which will be measured at fair value impacting profit and loss. 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 net interest in the income statement. The negative market value of EUR 1,135 k of this interest hedge as of December 31, 2013, is presented under other current financial obligations (previous year: EUR 2,672 k, disclosed as other non-current obligation). The change in market value (EUR –1,537 k) was offset against the payments made for the interest derivative (EUR 1,211 k). The remaining amount (EUR 326 k) was recorded in interest income. The following table shows the conditions agreed and the current carrying value, which is equal to fair value:

SWAP-CONDITIONS

Thousand of €	Reference amount	Date of agreement	Date of closing	Base interest rate/factor	Interest limit (for differences)	Interest cap/floor	As of Dec. 31, 2013
Participation interest rate swap	30,000	January 29, 2007	July 15, 2014	3-Months-Euribor/ 0.95	5.25%	5.53% / 3.17%	-1,135

The conditions of the interest swap are described in the agreement with WestLB AG, Düsseldorf as follows: Nemetschek Aktiengesellschaft receives a variable amount equivalent to the base rate for each calculation period (January 15, April 15, July 15, and 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.

FINANCIAL COMMITMENTS

Thousands of €	Total	Less than 1 year	1 to 5 years	More than 5 years
Rental agreements	12,501	5,835	6,352	314
Leases	2,461	1,197	1,258	6
Total financial commitments as of December 31, 2013	14,962			
Rental agreements	16,418	5,780	10,297	341
Leases	2,889	1,275	1,560	54
Total financial commitments as of December 31, 2012	19,307	7,055	11,857	395

[22]

Financial commitments/Contingent liabilities

The rent agreements consist almost exclusively of rent agreements for office space with limited terms. The leases are subject to the customary escalation clauses and renewal options.

The lease obligations mainly consist of leases for vehicles, office and telecommunications equipment.

Furthermore, there are guarantee obligations amounting to EUR 1,565 k in total. Rental guarantees were predominantly issued.

CONTINGENT LIABILITIES

At the balance sheet date there are no contingent liabilities.

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.

[23]

Notes to the cash flow statement

Cash flow from **operating activities amounts** to EUR 40,241 k (previous year: EUR 36,476 k).

The cash flow from **investing activities** amounts to EUR –21,564 k (previous year: EUR –6,690 k). In the current fiscal year this mainly consists of payments for the purchase of the DDS Group.

The cash flow from financing activities of EUR –13,521 k (previous year: EUR –19,162 k) mainly results from the payments of dividends to shareholders of Nemetschek AG amounting to EUR 11,069 k (previous year: EUR 11,069 k) and payments of profit shares to minority interests of EUR –911 k (previous year: EUR 1,889 k). Further cash outflows were recorded from interest from the interest swap amounting to EUR –1,541 k (previous year: EUR –1,504 k). Additionally, the previous year included the repayment of a bank loan amounting to EUR 4,700 k. The **group's cash and cash equivalents comprise cash** and short-term deposits and break down as follows:

CASH AND CASH EQUIVALENTS

Thousands of €	2013	2012
Bank balances	45,241	41,524
Fixed term deposits (contract period up to 3 months)	3,312	2,759
Cash and cash equivalents	48,553	44,283

Bank balances earn interest at the 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 generally correspond with fair value.

FINANCIAL INSTRUMENTS

The financial assets and liabilities are presented in the following table according to their measurement categories and classes:

FINANCIAL INSTRUMENTS

2013	Thousands of €	Carrying value per balance sheet Dec. 31, 2013	Measurement in accordance with IAS 39			Fair value Dec. 31, 2013
			Amortized cost	Fair value impac- ting profit/loss	Fair value not impacting profit/loss	
Trade receivables (excluding finance leases)		21,889	21,889			21,889
Loans and receivables			21,889			21,889
Other financial assets		106	106			106
Loans and receivables			106			106
Cash and cash equivalents		48,553	48,553			48,553
Total financial assets		70,548				
thereof in accordance with measure- ment categories of IAS 39:						
Loans and receivables			70,548			70,548
Financial liabilities (excluding finance leases)						
Financial liabilities measured at amortized cost						
Trade payables		5,248	5,248			5,248
Other financial liabilities		2,318	1,183	1,135		2,318
Financial liabilities measured at amortized cost		1,183	1,183			
Derivatives without balance sheet hedging relationship (financial liabilities held for trading)		1,135		1,135		1,135
Total financial liabilities		7,566				
thereof in accordance with valuation categories of IAS 39:						
Financial liabilities measured at amortized cost		5,248	5,248			5,248
Derivatives without balance sheet hedging relationship (financial liabilities held for trading)		1,135		1,135		1,135

2012	Thousands of €	Carrying value per balance sheet Dec. 31, 2012	Measurement in accordance with IAS 39		
			Amortized cost	Fair value impac- ting profit/loss	Fair value not impacting profit/loss
Trade receivables (excluding finance leases)		21,388	21,388		21,388
Loans and receivables			21,388		21,388
Other financial assets		134	134		134
Loans and receivables			134		134
Cash and cash equivalents		44,283	44,283		44,283
Total financial assets		65,805			
thereof in accordance with measure- ment categories of IAS 39:					
Loans and receivables			65,805		65,805
Financial liabilities (excluding finance leases)					
Financial liabilities measured at amortized cost					
Trade payables		4,931	4,931		4,931
Other financial liabilities		3,568	896	2,672	3,568
Financial liabilities measured at amortized cost		896	896		896
Derivatives without balance sheet hedging relationship (financial liabilities held for trading)		2,672		2,672	2,672
Total financial liabilities		8,499			
thereof in accordance with valuation categories of IAS 39:					
Financial liabilities measured at amortized cost		5,827	5,827		5,827
Derivatives without balance sheet hedging relationship (financial liabilities held for trading)		2,672		2,672	2,672

For the trade receivables, other current receivables as well as cash and cash equivalents carrying values are equal to fair values.

For trade payables the carrying value is equal to fair value. The fair value of the interest swap is calculated using recognized financial mathematical models based on market data available at the date of valuation.



*Budapest Music Center, Budapest, Hungary
Architecture office: art1st Design Studio, realized with ArchiCAD*



Financial liabilities (there are no financial assets), measured at fair value can be classified in the following three-tier measurement hierarchy:

THREE-TIER MEASUREMENT HIERARCHY

2013	Thousands of €	Year-end Dec. 31, 2013	Level 1	Level 2	Level 3
Financial liabilities at fair value					
Fair value impacting profit/loss					
Derivatives without balance sheet hedging relationship (financial liabilities held for trading)		1,135		1,135	
Derivatives with balance sheet hedging relationship (hedge accounting)					
Fair value not impacting profit/loss					
Derivatives with balance sheet hedging relationship (hedge accounting)					
Total		1,135		1,135	

2012	Thousands of €	Year-end Dec. 31, 2012	Level 1	Level 2	Level 3
Financial liabilities at fair value					
Fair value impacting profit/loss					
Derivatives without balance sheet hedging relationship (financial liabilities held for trading)					
		2,672		2,672	
Derivatives with balance sheet hedging relationship (hedge accounting)					
Fair value not impacting profit/loss					
Derivatives with balance sheet hedging relationship (hedge accounting)					
Total		2,672		2,672	

The measurement hierarchy reflects the significance of the factors included in the determination of fair values. At Level 1 financial instruments are recorded, the fair value of which is calculated based on quoted market prices on active markets. Fair values at Level 2 are determined based on observable market data. At Level 3 financial instruments are recorded, the fair value of which is calculated using non-observable market data.

DERIVATIVE FINANCIAL INSTRUMENTS

Depending on their maturity, the derivatives used as hedging instruments with positive (or negative) fair values are either classified as other current assets (or other current financial liabilities) or as other non-current financial assets (or other non-current financial liabilities). Derivative financial instruments not used as hedging instruments are classified as financial assets held for trading and 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 in a forced sale or liquidation. Depending on the situation 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 due to the relatively short-term maturity of these financial instruments.

Where no quoted market prices are available, the fair value of publicly traded financial instruments is estimated based on market prices for the same or similar investments. For all other instruments for which there are no 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 group 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 business activities.

CREDIT RISK RELATED TO FINANCIAL INSTRUMENTS AND CASH DEPOSITS AT BANKS

The credit risk from balances with banks and financial institutions of group companies is managed in accordance with the group's policy and in agreement with group headquarters. The limits are set to minimize the concentration of risks and therefore mitigate financial loss through potential default of a business partner. 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 group's policy is to eliminate or contain these risks by entering into hedging transactions. The currency risks of the group occur due to the fact that the group operates and has production sites and sales establishments in different countries worldwide. All hedging measures are centrally agreed and coordinated with Group Treasury.

Due to its international business operations, the Nemetschek Group is exposed to exchange rate fluctuations on the international money and capital markets. Group-wide foreign currency policy is governed by instructions which are guided by the minimum requirements for bank trading issued by the German Federal Financial Supervisory Agency (BaFin). 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 companies enter into various types of foreign exchange contracts to manage its 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 fluctuation in the US Dollar and the Hungarian Forint exchange rates. All other variables remain constant.

SENSITIVITY OF USD / EUR

Thousands of €	Change of exchange rate USD	Sensitivity effect on Revenues	Sensitivity effect on EBIT
Fiscal year 2013			
(average USD/EUR exchange rate = 1.33)	+5 %	- 1,796	- 632
	- 5 %	1,985	699
Fiscal year 2012			
(average USD/EUR exchange rate = 1.28)	+5 %	- 1,629	- 581
	- 5 %	1,801	643

SENSITIVITY OF HUF / EUR

Thousands of €	Change of exchange rate HUF	Sensitivity effect on Revenues	Sensitivity effect on EBIT
Fiscal year 2013			
(average HUF/EUR exchange rate = 296.87)	+5 %	- 842	32
	- 5 %	930	- 36
Fiscal year 2012			
(average HUF/EUR exchange rate = 289.25)	+5 %	- 814	- 7
	- 5 %	899	8

Foreign currency financial assets mainly exist in a subsidiary in Hungary. As at the balance sheet date December 31, 2013 this company had euro-foreign currency trade receivables of EUR 3,281 k based on the closing rate of EUR/HUF 297.04. If the EUR/HUF rate changed by +5 % to EUR/HUF 311.9 the effect would be EUR -157 k. If the EUR/HUF rate changed by -5 % to EUR/HUF 282.2 the effect would be EUR +172 k.

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 their obligations to the Nemetschek Group under normal trading conditions. The credit rating of the group allows sufficient cash to be procured. At the closing date of December 31, 2013 the group holds liquid funds amounting to EUR 48,553 k (previous year: EUR 44,283 k). This amount comprises credit bank balances amounting to EUR 45,241 k (previous year: EUR 41,524 k) as well as fixed term deposits with a term of up to 3 months of EUR 3,312 k (previous year: EUR 2,759 k). In addition, the group had unused credit lines totaling EUR 6,500 k as of December 31, 2013.

To manage this risk the company periodically assesses the credit rating of its customers. 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, i.e. the risk of contractual parties not meeting their payment obligations, are managed by means of credit approvals, maximum limits and monitoring procedures. Where appropriate, the company obtains additional collateral in the form of rights to securities.

The company does not expect that any of its business partners, deemed highly creditworthy, will fail to meet their obligations. The Nemetschek Group has no significant concentration of credit risks with any single customer or specific customer group. The maximum credit risk can be calculated from the amounts shown in the balance sheet. The terms of payment fall within the 30 to 90 days customary 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, 2013, and as of December 31, 2012. The group meets externally imposed minimum capital requirements.

The group monitors its capital based on the gearing and equity ratios.

DEBT/EQUITY 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. Thus, external and internal key indicators have been met. In the group there is no net debt at the balance sheet date.

Shareholders' equity ratio

The equity ratio is the ratio of equity to total equity and liabilities. Accordingly, the Nemetschek Group's equity ratio amounts to 66.2% (previous year: 66.8%). Thus, external and internal key indicators have been met.

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 prior approval. There is no significant concentration of default risks within the group.

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

INTEREST RISK AND RISK MANAGEMENT

As a result of the current group financing structure there are no material interest risks.

SUMMARY OF INTEREST RISKS

The following table shows the sensitivity of consolidated net income to a potential reasonable change in the interest rates. All other variables remain constant.

INTEREST RATE RISKS

2013	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 (0.13%)	+ 0.10% / 0.23%	487	376
			- 0.10% / 0.03%		- 376
Sensitivity interest expenses		3-month EURIBOR (0.22%)	+ 0.10% / 0.32%	54	- 24
			- 0.10% / 0.12%		24

2012	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 (0.33%)	+ 0.10% / 0.43%	217	67
			- 0.10% / 0.23%		- 67
Sensitivity interest expenses		3-month EURIBOR (0.57%)	+ 0.10% / 0.67%	889	- 155
			- 0.10% / 0.47%		155

[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. Furthermore, the group's Multimedia business segment is involved in the field of multimedia software, visualization and animation.

The following tables present segment revenue and results and certain assets and liability information according to the group's business segments.

STATEMENT OF COMPREHENSIVE INCOME DISCLOSURES

SEGMENT REPORTING

2013	Thousands of €	Total	Elimination	Design	Build	Manage	Multimedia
Revenue, external		185,940	0	149,518	15,403	5,044	15,975
Intersegment revenue		0	-702	3	1	7	691
Total revenue		185,940	-702	149,521	15,404	5,051	16,666
EBITDA		46,264		33,086	5,546	1,133	6,499
Depreciation/Amortization		-10,594		-9,624	-702	-39	-229
Segment Operating result (EBIT)		35,670		23,462	4,844	1,094	6,270
Interest income		487					
Interest expenses		-54					
Income from associates		88					
Income tax		-10,919					
Net income for the year		25,272					

2012	Thousands of €	Total	Elimination	Design	Build	Manage	Multimedia
Revenue, external		175,089	0	141,761	14,346	4,198	14,784
Intersegment revenue		0	-707	6	26	7	668
Total revenue		175,089	-707	141,767	14,372	4,205	15,452
EBITDA		40,938		28,837	5,258	521	6,322
Depreciation/Amortization		-11,022		-10,325	-305	-53	-339
Segment Operating result (EBIT)		29,916		18,512	4,953	468	5,983
Interest income		217					
Interest expenses		-889					
Income from associates		102					
Income tax		-8,180					
Net income for the year		21,166					

Some figures differ due to adjustments made from the amounts in the consolidated financial statement of fiscal year 2012.
For details, see "Accounting Policies".

Depreciation/amortization of the Design segment includes amortization of the purchase price allocation amounting to EUR 6,326 k (previous year: EUR 6,443 k).

The secondary segment reporting format for financial reporting relating to the balance sheet that is used for the group's internal organizational and management purposes does not show a geographical breakdown between Germany and other countries. 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. These transfers are eliminated in consolidation.

Segment reporting by geographical region is as follows:

SEGMENT REPORTING – GEOGRAPHICAL REGION

Thousands of €	Revenues 2013	Fixed assets 2013	Additions to fixed assets 2013	Revenues 2012	Fixed assets 2012	Additions to fixed assets 2012
Germany	75,875	17,441	2,016	70,299	16,844	1,696
Abroad	110,065	78,951	3,605	104,790	67,074	5,007
Total	185,940	96,392	5,621	175,089	83,918	6,703

The group's geographical secondary segment assets are based on the location of the group's assets. Correspondingly, the German segment held total assets of EUR 47,327 k (previous year: EUR 52,755 k) and the foreign segment held total assets of EUR 131,176 k (previous year: EUR 107,113 k).

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

BALANCE SHEET DISCLOSURES

2013	Thousands of €	Total	Design	Build	Manage	Multimedia
Trade receivables		21,889	18,873	1,784	591	641
Inventories		728	582	67	0	79
Other assets		5,865	5,615	131	12	107
Fixed assets		96,392	73,750	16,975	2,113	3,554
thereof additions to fixed assets		5,621	3,655	1,643	57	266
thereof additions to business combinations		19,314	19,314	0	0	0
Segment assets		124,874	98,820	18,957	2,716	4,381
Cash and cash equivalents		48,553				
Financial assets, associates		164				
Non-allocated assets*		4,912				
Total assets		178,503				
Liabilities		13,443	12,032	777	260	374
Provisions and accrued liabilities		14,824	12,707	841	440	836
Pensions and related obligations		1,203	363	0	0	840
Deferred revenue		23,463	21,414	132	62	1,855
Segment liabilities		52,933	46,516	1,750	762	3,905
Non-allocated liabilities**		7,405				
Total liabilities		60,338				

* Not allocated: Income tax assets (EUR 694 k), Other assets (EUR 2,726 k), and Deferred tax assets (EUR 1,492 k)

** Not allocated: Deferred tax liabilities (EUR 4,078 k), tax liabilities (2,960 k) and income tax liabilities (EUR 367 k)

2012	Thousands of €	Total	Design	Build	Manage	Multimedia
Trade receivables		21,388	18,241	1,676	630	841
Inventories		738	614	10	0	114
Other assets		5,434	5,162	154	9	109
Fixed assets		83,918	62,251	16,037	2,096	3,534
thereof additions to fixed assets		6,170	4,110	1,716	29	315
Segment assets		111,478	86,268	17,877	2,735	4,598
Cash and cash equivalents		44,283				
Financial assets, associates		76				
Non-allocated assets*		4,032				
Total assets		159,868				
Liabilities		13,595	11,969	632	244	750
Provisions and accrued liabilities		14,051	12,122	870	399	660
Pensions and related obligations		901	173	0	0	728
Deferred revenue		21,617	19,493	213	48	1,863
Segment liabilities		50,164	43,757	1,715	691	4,001
Non-allocated liabilities**		2,989				
Total liabilities		53,153				

Some figures differ due to adjustments made from the amounts in the consolidated financial statement of fiscal year 2012.

For details, see "Accounting Policies"

* Not allocated: Income tax assets (EUR 1,994 k), Other assets (EUR 1,411 k), and Deferred tax assets (EUR 627 k)

** Not allocated: Deferred tax liabilities (EUR 1,833 k) and Other liabilities (EUR 1,156 k)

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

The group enters into transactions with its associates and related parties. These transactions are part of ordinary activities and are treated at arm's length. Related parties are defined as parties who can at least be significantly influenced by the company or over whom the company can at least exercise significant influence. In addition to the management and supervisory boards, these also include also family members and partners of the relevant people.

Transactions of the group companies include the following:

- (1) Rental of space as well as repairs from Concentra GmbH & Co. KG, Munich, amounting to a total of EUR 1,561 k (previous year: EUR 1,533 k).
- (2) Use of services from Singhammer IT Consulting GmbH & Co. KG, Munich, amounting to a total of EUR 163 k (previous year: EUR 178 k).
- (3) Use of services from DocuWare GmbH, Germering, amounting to a total of EUR 302 k.

Trade accounts payable due to Concentra GmbH & Co. KG, Munich, amount to EUR 21 k at the balance sheet date. In addition to these, the balance sheet does not contain any material open items relating to significant transactions with associates and related parties.

[26]

Subsequent events

[27]

Related party disclosures

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 themselves or by related parties in the fiscal year.

DISCLOSURE REQUIREMENTS UNDER § 21 (1) WPHG

The direct and indirect voting rights of the following persons/institutions in Nemetschek Aktiengesellschaft as of December 31, 2013 were as follows:

Professor Georg Nemetschek, Munich: 53.57 % (previous year: 25.11 %)
 Nemetschek Vermögensverwaltungs GmbH & Co. KG, Grünwald: 53.57 %
 Nemetschek Verwaltungs GmbH, Grünwald: 53.57 %
 Universal-Investment-Gesellschaft mbH, Frankfurt am Main: 3.00 % (previous year: 3.00 %).
 Allianz SE, Munich: 5.08 %

The disclosures are based on the information reported to Nemetschek Aktiengesellschaft under §§ 21 ff. WpHG. The actual number of shareholder voting rights can deviate from the number disclosed due to interim, non-reportable or unreported trading.

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:

REMUNERATION OF THE SUPERVISORY BOARD

2013	Thousands of €	Fixed components	Variable components	2013
Kurt Dobitsch		30.0	79.5	109.5
Prof. Georg Nemetschek		22.5	79.5	102.0
Rüdiger Herzog		15.0	79.5	94.5
Total		67.5	238.5	306.0

2012	Thousands of €	Fixed components	Variable components	2012
Kurt Dobitsch		30.0	53.0	83.0
Prof. Georg Nemetschek		22.5	53.0	75.5
Rüdiger Herzog		15.0	53.0	68.0
Total		67.5	159.0	226.5

MANAGING BOARD

Remuneration of the managing board of Nemetschek AG breaks down as follows:

REMUNERATION OF THE MANAGING BOARD

2013	Thousands of €	Fixed components	Variable components (short-term)	Variable components (long-term)	2013
Dr. Tobias Wagner		84	0	0	84
Viktor Várkonyi		16	0	0	16
Sean Flaherty		16	0	0	16
Tanja Tamara Dreilich		143	2	0	145
Total		259	2	0	261

2012	Thousands of €	Fixed components	Variable components (short-term)	Variable components (long-term)	Compensation	2012
Tanja Tamara Dreilich		146	133	0	0	279
Tim Alexander Lüdke		283	137	0	250	670
Total		429	270	0	250	949

The fixed compensation includes the fixed salary and other taxable salary components such as health and nursing insurance as well as a company car. The current profit based (variable) compensation mainly depends on corporate objectives achieved which are agreed between the supervisory board and managing board at the beginning of each fiscal year. With effect from November 1, 2013 Viktor Várkonyi, CEO of Graphisoft SE since 2009, and Sean Flaherty, CEO of Nemetschek Vectorworks Inc. since 2005, were appointed to the managing board of Nemetschek AG. In addition to the remuneration paid by Nemetschek AG Viktor Várkonyi received fixed remuneration of EUR 33 k gross from Graphisoft SE and a profit based current remuneration of EUR 14 k gross. Sean Flaherty received from Nemetschek Vectorworks Inc. fixed remuneration of EUR 25 k gross and a profit based current remuneration of EUR 28 k gross. The above-mentioned remuneration related to the management activities of the gentlemen Várkonyi and Flaherty in the period November 1 to December 31, 2013 in the relevant subsidiaries. Claims still exist from the former managing board member Tanja Tamara Dreilich for variable salary components amounting to EUR 12 k paid in advance. The detailed summary of and explanations to managing board remuneration can be seen in the management report of the company.

The following fees for the auditors of the consolidated financial statements were recorded as expenses in the fiscal year:

[28]
Auditors' fees

AUDITORS' FEES

	Thousands of €	2013	2012
Financial statements audit services		170	190
Other assurance services		0	0
Tax advisory services		48	0
Other services		0	72
Total		218	262

The managing board approved the consolidated financial statements on March 10, 2014 to be passed on to the supervisory board.

[29]
Date of approval

[30] SUPERVISORY BOARD

Disclosures of the members of the Supervisory board and the Managing board of the company

Mr. Kurt Dobitsch (entrepreneur)
Chairman

Member of the following supervisory boards:

- III United Internet AG (Chairman)
- III United Internet Ventures AG (Chairman), since March 2013
- III Bechtle AG
- III 1&1 Telecommunication AG, since March 2013
- III 1&1 Internet AG
- III Graphisoft SE
- III Singhammer IT Consulting AG

Mr. Prof. Georg Nemetschek (engineering degree, entrepreneur)
Deputy Chairman

Mr. Rüdiger Herzog (lawyer)

Member of the following supervisory boards:

- III DF Deutsche Finance Holding AG (Chairman)
- III Kaufhaus Ahrens AG (Chairman)

MANAGING BOARD

Dr. Tobias Wagner

(Dr. Phil., business degree)

Executive Board (until March 31, 2014)

Member of the following supervisory boards:

III AIS Energy Advisors AG, Munich
(Chairman)

III mapolis AG, Munich
(until August 29, 2013)

III Graphisoft SE, Budapest, Hungary
(from November 16, 2013)

III DF Deutsche Finance Holding AG, Munich
(from January 01, 2014)

Mr. Patrik Heider

(Business Degree FH)

CFOO and Spokesman for the Executive Board
(from March 01, 2014)

Mr. Sean Flaherty

Executive Board (from November 01, 2013)

CEO Nemetschek Vectorworks, Inc.

Member of the following supervisory boards:

III Vectorworks, Inc., USA

Mr. Viktor Várkonyi

Executive Board (from November 01, 2013)

CEO Graphisoft SE

Member of the following supervisory boards:

III Graphisoft SE, Hungary

III Data Design System ASA, Norway
(from February 17, 2014)

Mrs. Tanja Tamara Dreilich

(business degree)

Executive Board (until August 26, 2013)

Member of the following supervisory boards:

III SCIA International NV, Belgium
(until August 26, 2013)

III Graphisoft SE, Hungary (until August 26, 2013)

Munich, March 10, 2014

Nemetschek Aktiengesellschaft

Dr. Tobias Wagner

Patrik Heider

Sean Flaherty

Viktor Várkonyi

STATEMENT OF FIXED ASSETS OF THE GROUP

as of December 31, 2013 and as of December 31, 2012

2013	Thousands of €	Development of historic costs					As of Dec. 31, 2013
		As of Jan. 1, 2013	Translation differences	Additions from business combinations	Additions	Disposal	
I. Intangible assets							
Software, industrial and similar rights		73,609	- 1,792	7,489	1,550	560	80,297
Internally generated software		4,922	0	0	1,474	0	6,396
Goodwill		49,083	- 539	11,282	286	0	60,112
		127,614	-2,331	18,771	3,310	560	146,804
II. Property, plant and equipment							
Other equipment, furniture and fixtures		16,664	- 344	543	2,311	826	18,348
		16,664	-344	543	2,311	826	18,348
III. Associates/ Investments							
Associates/Investments		11,348	0	0	39	0	11,387
		11,348	0	0	39	0	11,387
Total fixed assets of the group		155,626	-2,675	19,314	5,660	1,386	176,539

2012	Thousands of €	Development of historic costs					As of Dec. 31, 2012	
		As of Jan. 1, 2012	adjustment in accordance with IAS 8	As of Jan. 1, 2012 after adjustment	Translation differences	Additions		Disposal
I. Intangible assets								
Software, industrial and similar rights		77,535	- 8,182	69,353	2,540	1,819	103	73,609
Internally generated software		2,895	0	2,895	0	2,027	0	4,922
Goodwill		52,728	- 5,113	47,615	1,468	0	0	49,083
		133,158	-13,295	119,863	4,008	3,846	103	127,614
II. Property, plant and equipment								
Other equipment, furniture and fixtures		14,995	0	14,995	267	2,324	922	16,664
		14,995	0	14,995	267	2,324	922	16,664
III. Associates/ Investments								
Associates/Investments		10,815	0	10,815	0	533	0	11,348
		10,815	0	10,815	0	533	0	11,348
Total fixed assets of the group		158,968	-13,295	145,673	4,275	6,703	1,025	155,626

Development of accumulated depreciation/amortization

As of Jan. 1, 2013	Translation differences	Additions from business combinations	Additions	Equity method	Disposal	As of Dec. 31, 2013
48,021	- 1,097	15	7,913	0	512	54,339
690	0	0	715	0	0	1,405
0	0	0	0	0	0	0
48,711	-1,097	15	8,628	0	512	55,744
						0
11,650	- 238	339	1,927	0	662	13,016
11,650	-238	339	1,927	0	662	13,016
						0
11,272	0	0	39	88	0	11,223
11,272	0	0	39	88	0	11,223
71,633	-1,335	354	10,594	88	1,174	79,983

Carrying amount

As of Dec. 31, 2013	As of Dec. 31, 2012
25,957	25,589
4,991	4,232
60,112	49,083
91,060	78,903
5,332	5,014
5,332	5,014
164	76
164	76
96,556	83,993

Development of accumulated depreciation/amortization

As of Jan. 1, 2012	adjustment in accordance with IAS 8	As of Jan. 1, 2012 after adjustment	Translation differences	Additions	Equity method	Disposal	As of Dec. 31, 2012
43,730	- 4,981	38,749	1,475	7,899	0	102	48,021
474	0	474	0	216	0	0	690
0	0	0	0	0	0	0	0
44,204	-4,981	39,223	1,475	8,115	0	102	48,711
10,454	0	10,454	232	1,860	0	896	11,650
10,454	0	10,454	232	1,860	0	896	11,650
9,679	0	9,679	0	1,047	- 546	0	11,272
9,679	0	9,679	0	1,047	-546	0	11,272
64,337	-4,981	59,356	1,707	11,022	-546	998	71,633

Carrying amount

As of Dec. 31, 2012	As of Dec. 31, 2011
25,589	33,805
4,232	2,421
49,083	52,728
78,903	88,954
5,014	4,541
5,014	4,541
76	1,136
76	1,136
83,993	94,631

DECLARATION OF THE LEGAL REPRESENTATIVES

"I hereby confirm that, to the best of my knowledge, in accordance with the applicable financial reporting framework, the consolidated financial statements give a true and fair view of the net assets, financial position and results 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 of the anticipated development of the group."

Munich, March 10, 2014



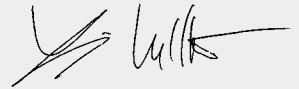
Dr. Tobias Wagner



Patrik Heider



Sean Flaherty



Viktor Várkonyi

AUDIT OPINION

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

“We have audited the consolidated financial statements prepared by the Nemetschek AG, Munich, comprising the statement of financial position, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows and the notes to the consolidated financial statements, together with the group management report for the fiscal year from 1 January 2013 to 31 December 2013. The preparation of the consolidated financial statements and the group management report in accordance with IFRSs as adopted by the EU, and the additional requirements of German commercial law pursuant to Sec. 315a (1) HGB [“Handelsgesetzbuch”: “German Commercial Code”] 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 Sec. 317 HGB and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the consolidated financial statements in accordance with the applicable financial reporting framework and in the group management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Group and expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the consolidated financial statements and the group management report are examined primarily on a test basis within the framework of the audit. The audit includes assessing the annual financial statements of those entities included in consolidation, the determination of entities to be included in consolidation, the accounting and consolidation principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements and the group management report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

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

Munich, March 10, 2014

Ernst & Young GmbH

Wirtschaftsprüfungsgesellschaft

Bostedt
Wirtschaftsprüfer
[German Public Auditor]

Heiduczek
Wirtschaftsprüferin
[German Public Auditor]

FINANCIAL STATEMENTS

OF NEMETSCHKE AG (HGB)



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Balance Sheet
Profit and Loss Account



Bergwelt Grindelwald, Bern Alps, Switzerland
Visualization: raumgleiter, realized with CINEMA 4D

FINANCIAL STATEMENTS

OF NEMETSCHEK AG (HGB)

BALANCE SHEET OF NEMETSCHEK AG (HGB)

as of December 31, 2013, and as of December 31, 2012 (Statutory Accounts – German GAAP)

ASSETS	in €	Dec. 31, 2013	Dec. 31, 2012
A. FIXED ASSETS			
I. Intangible Assets			
Purchased franchises, industrial rights and similar rights and assets and licenses in such rights and assets		274,732.78	349,118.37
II. Property, plant and equipment			
1. Leasehold improvements		10,941.64	16,412.50
2. Fixtures, fittings and equipment		46,586.06	92,400.32
		57,527.70	108,812.82
III. Financial assets			
1. Shares in affiliated companies		157,526,231.57	132,887,264.16
2. Loans due from affiliated companies		1,950,000.00	0.00
3. Investments		2,025,303.93	2,025,303.93
		161,501,535.50	134,912,568.09
TOTAL FIXED ASSETS		161,833,795.98	135,370,499.28
B. CURRENT ASSETS			
I. Accounts receivable and other assets			
1. Accounts receivable from trading		3,232.04	1,013.19
2. Accounts due from affiliated companies		648,688.23	3,036,092.86
3. Other assets		171,736.47	1,986,331.28
		823,656.74	5,023,437.33
II. Cash and cash equivalents		8,439,152.35	17,769,226.42
TOTAL CURRENT ASSETS		9,262,809.09	22,792,663.75
C. DEFERRED AND PREPAID EXPENSES			
		59,852.00	51,290.80
		171,156,457.07	158,214,453.83

EQUITY & LIABILITIES	in €	Dec. 31, 2013	Dec. 31, 2012
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		28,585,721.39	28,585,721.39
IV. Retained earnings		63,059,122.95	46,854,159.70
TOTAL EQUITY		150,674,701.24	134,469,737.99
B. PROVISIONS AND ACCRUED LIABILITIES			
1. Accrued tax liabilities		1,531,748.32	0.00
2. Other provisions and accrued liabilities		2,299,216.75	4,489,183.27
TOTAL PROVISIONS AND ACCRUED LIABILITIES		3,830,965.07	4,489,183.27
C. LIABILITIES			
1. Trade accounts payable		166,543.06	205,515.80
2. Accounts due to affiliated companies		15,694,082.79	17,860,100.49
3. Other liabilities			
– thereof taxes:			
EUR 774,561.93 (previous year: EUR 867,917.23)		790,164.91	1,189,916.28
TOTAL LIABILITIES		16,650,790.76	19,255,532.57
		171,156,457.07	158,214,453.83

PROFIT AND LOSS ACCOUNT OF NEMETSCHKEK AKTIENGESELLSCHAFT

for the period from January 1 to December 31, 2013 and 2012 (Statutory Accounts – German GAAP)

in €	Jan. 1 - Dec. 31, 2013	Jan. 1 - Dec. 31, 2012
1. Revenues	2,069,439.55	2,004,070.66
2. Other operating income	8,034,138.44	1,610,619.05
Operating Income	10,103,577.99	3,614,689.71
3. Personnel expenses		
a) Wages and salaries	- 1,510,245.90	- 2,766,405.27
b) Social security, pension and other benefit costs – thereof for pension: EUR 3,991.20 (previous year: EUR 6,473.20)	- 218,336.80	- 261,837.14
4. Depreciation and amortization of intangible assets, property, plants and equipment	- 115,325.00	- 240,963.23
5. Other operating expenses	- 4,640,465.00	- 4,576,850.19
Operating expenses	- 6,484,372.70	- 7,846,055.83
Operating results	3,619,205.29	- 4,231,366.12
6. Income from investments – thereof from affiliated companies: EUR 14,440,882.70 (previous year: EUR 25,264,272.17)	14,440,882.70	25,264,272.17
7. Income from profit and loss transfer agreements	11,724,092.01	7,072,699.10
8. Income from marketable securities and loans	38,890.00	33,212.78
9. Other interest and similar income	413,177.31	42,614.29
10. Depreciation on financial assets	- 45,130.00	- 1,047,284.53
11. Interest and similar expenses – thereof from affiliated companies: EUR 36,511.52 (previous year: EUR 78,619.47)	- 41,943.74	- 914,181.72
12. Profit from ordinary operations	30,149,173.57	26,219,965.97
13. Taxes on income	- 2,875,460.32	- 728,024.93
14. Net income	27,273,713.25	25,491,941.04
15. Profit carried forward from previous year	35,785,409.70	21,362,218.66
16. Allocation to other Revenue Reserves according to Section 58 (IIa) AktG	0.00	0.00
17. Retained earnings	63,059,122.95	46,854,159.70





*Versamertobel Bridge, Canton of Graubünden, Switzerland
Engineering office: dsp Ingenieure & Planer AG, realized with Alplan Engineering*

PICTURE CREDITS

Cover and Pages 4 – 5

Metropol Parasol, Sevilla, Spain
Architect: J. Mayer H. and Partner
Photo: David Franck
Portrait: Paul Green

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Museum of Bavarian History,
Regensburg, Germany
Architect: wörner traxler richter
Visualization: Levin Dolgner

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Health Center University Tübingen,
Tübingen, Germany
Architect: wörner traxler richter
Photo: Dieter Leistner
Portrait: Frank Blümner

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Rabo-Bank Competence Center ,
Roermond-Echt, The Netherlands
Engineering office: van der Werf en Nass
Photo: Harry Segers

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Residence CC01 House,
Columbia County, NY, USA
Architect: LEVENBETTS
Photo: Michael Moran
Portrait: Michael Moran

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Gas Station, Matúškovo, Slovakia
Engineering office: Visia
Photo: Tomáš Soucek

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Sports Facility, Eindhoven, The Netherlands
Architect: LIAG architecten en bouwadviseurs
Photo: Ben Vulkers Photography

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“De Grote Post” Cultural Center,
Oostende, Belgium
Engineering office: Studiebuero Mouton
Photo: Christophe Van Couteren

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Ilhavo Maritime Museum,
Ilhavo, Portugal
Architect: ARXPortugal Arquitectos
Photo: FG + SG – Architectural Photography

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Monte Rosa Hut, Valais Alps, Switzerland
Architect: Bearth & Deplazes
Architects and Studio Monte Rosa
Photo: Tonatiuh Ambrosetti
courtesy of the Holcim Foundation

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Residential and Office Building,
Paris, France
Architect: Hamonic + Masson
Visualization: Hamonic + Masson

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Piping Plan for hospital,
São Paulo, Brazil
Engineering office: INPrediais,
São Paulo, Brazil
Image: INPrediais

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Budapest Music Center,
Budapest, Hungary
Architect: art1st Design Studio
Photo: Peter Kis

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Bergwelt Grindelwald,
Bern Alps, Switzerland
Visualization: raumgleiter

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Versamertobel Bridge,
Canton of Graubünden, Switzerland
Engineering office:
dsp Ingenieure & Planer AG

FINANCIAL CALENDAR

March 28, 2014

Publication
Annual Report 2013

April 30, 2014

Publication
Quarterly Statement
1st Quarter 2014

May 20, 2014

Annual
General Meeting,
Munich

July 31, 2014

Publication
Quarterly Statement
2nd Quarter 2014

October 30, 2014

Publication
Quarterly Statement
3rd Quarter 2014

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