NEMETSCHEK

BUILDING THE FUTURE

Annual Report 2005

Growth

Key Figures

€ million	2005	2004	Change
Sales revenue	98.8	96.6	2.2 %
Operating income	100.3	98.4	1.9 %
Gross profit	90.1	87.8	2.6 %
as % of sales revenue	91.2 %	90.8 %	
EBITA	13.1	11.0	18.6 %
as % of sales revenue	13.2 %	11.4 %	
EBIT	13.1	7.8	67.7 %
as % of sales revenue	13.2 %	8.1 %	
Net income (Group shares)	11.7	5.4	114.6 %
per share in €	1.21	0.57	
Net income (Group shares) before goodwill amortisation	11.7	8.7	34.7 %
per share in €	1.21	0.90	
Cash flow for the period	17.3	15.7	10.4 %
Cash and cash equivalents	29.0	39.0	– 25.8 %
Equity	48.1	59.9	– 19.7 %

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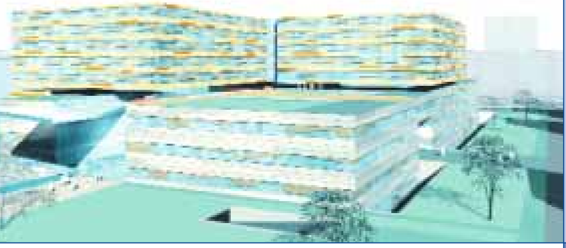


Foreword by the Management Board

Dear Sir or Madam,
dear Shareholders,

Gerhard Weiß
(Chairman of the board)

A mood of buoyancy continues to reign in the Nemetschek Group at the start of 2006. In the past financial year, we were again able to improve our sales and earnings over the previous year. The share price development is excellent, and our products and services are in demand in renowned construction projects all over the world. This makes the company optimistic and gives employees confidence for their future tasks.

Let me quote an astute management principle: “The best way to predict the future is to create it.” In other words: In recent years, we laid the foundations for Nemetschek's success. We can be proud of that. Our task is now to bring the company forward.

The group anchored and strengthened its market position in 2005. Our software specialists are developing new, intelligent products that enable the whole value-adding process for the design, construction, and management of buildings and real estate to be organized more efficiently and productively. Our sales team supports customers across the world with its skills, experience, and knowledge. Today, Nemetschek is a global provider of information technology and services. Airports and bridges, tunnels and sports stadiums, museums, company offices and residential complexes are being designed, built, and managed with IT solutions and expertise from our company.

We are all actively working for Nemetschek's future and are playing our part in shaping it. This year, management and employees will again pursue ambitious goals with great dedication. We will not rest on our laurels, but will instead aim to further improve all areas. We will be rewarded with attractive orders, international renown in the industry, and an increase in the value of our shares. This is a compliment for us all, but also an incentive and obligation for 2006.

Gerhard Weiß (Chairman)

Dr. Peter Mossack
(Member)

Michael Westfahl
(Member)

Management Board Interview: "Nemetschek's success continues"

Mr. Weiß, what is your assessment of the 2005 financial year?

Weiß: We can be extremely pleased with the results. We have anchored our role as market leader in Germany, and further built on our strong position abroad. The group has continued the positive development in sales and earnings of the three years - and that in an economic situation in Germany that is still difficult. We have thus primarily made gains in the foreign markets. This was possible mainly because of the good development of all western European subsidiaries, particularly in France, Spain, and Italy. We now generate 53% of sales with customers outside Germany. Positive growth and a good net result were seen above all in Friedrich + Lochner, NEMETSCHEK NORTH AMERICA, AUER, and MAXON. We have a healthy balance sheet structure with an excellent equity basis, good liquidity, and a solid operating result. Nemetschek therefore enjoyed continued success in 2005.

What are the objectives for the coming years?

Weiß: We want to develop from a tool provider to a strategic IT partner. And to make Nemetschek the leading IT solution provider in Europe with the claim of optimizing processes in the area of design, construction, and management. We want to offer customers the maximum benefit, and further extend our product portfolio. Important steps towards this include a greater degree of internationalization, while at the same time systematically exploiting our existing market potential. We will also be looking for suitable partners, either through joint ventures with other technology leaders or through acquisitions.

Dr. Mossack, what are the product highlights?

Dr. Mossack: At Nemetschek, research and development are critical areas; as a technology company, we want to have a leading edge. Our technological advantage is clear: we are pioneers of the intelligent building model, of graphic quantity takeoff for increased efficiency in costing and we have a patented method for photogrammetry. The basis for this is still our leading CAD model, which we have developed into a state-of-the-art and forward-looking platform.

With our software solutions, we offer considerable added value for our customers' business processes. Efficiency is the key element of our new mobile solutions. With them, users can accomplish a lot of tasks directly on site. We are also focusing on the issue of "collaboration". We want to provide our customers with a web-based data basis for all stages of the design, construction, and management of real estate, and thus interlink the processes at a technical and organizational level in an optimal manner. These innovations are the basis for further growth and underpin Nemetschek's technology leadership.

Dr. Peter Mossack
(Member of the management board)

Mr. Westfahl, how will the markets develop?

Westfahl: Experts agree that the construction industry in Europe will continue to grow in the coming years. Significant growth is expected primarily in eastern Europe, as well as in France, Great Britain, Spain, and the Netherlands. We will therefore continue with our systematic expansion in these markets of tomorrow, and will focus particularly on western, southern, and eastern Europe. In Germany, building in the existing fabric and environmentally compatible buildings and buildings for particular age groups are gaining in importance for our customers. At the same time, accurate costing and quantity takeoff are of central importance. For these target groups and markets, we, as an innovation leader, will be offering optimum software solutions and technologies via our strong sales team.

How do you think the share price will develop?

Weiß: Nemetschek AG shares were very successful, and developed much better than all benchmarks. Trading activity increased considerably. Nemetschek is now part of the GEX, the new SME index of the German Stock Exchange. The development of the share price shows that the experts in banks, research departments, and financial media are rewarding our efforts and active capital market communication. Three banks – HypoVereinsbank, Berenberg Bank and Sal. Oppenheim – recommended the purchase of our shares in 2005. On the Equity Capital Forum at the end of November, and at numerous road shows and individual meetings at home and abroad, there has been great interest in our presentations. We are also fulfilling the principles of corporate governance better with each year. This should convince other investors that our work is serious and of lasting impact. We also want to continuously improve sales and earnings. All this makes us optimistic that the shares will continue to develop well.

Michael Westfahl
(member of the management board)

Corporate Governance

Nemetschek follows international and national standards for good and responsible corporate governance, and sees corporate governance as an ongoing process. The principles are regularly checked and adapted in the light of new experiences, legal requirements, and the further development of national and international standards. In accordance with the Act on the Integrity of Companies and Modernization of Rescission Rights (UMAG), which came into force on November 1, 2005, we have, for the coming AGM, changed over to the customary international standard for the registration and identification procedure, for example, and have thus created an incentive for foreign shareholders to take part in our AGM. In the 2006 fiscal year, Nemetschek Aktiengesellschaft (AG) will publish the individual board member salaries for the first time. The article was changed in 2005 to allow the supervisory board to receive a performance-based remuneration. Procedural improvements will mean that, in future, the interim reports will be published within 45 days from the end of the reporting period. As a result of these changes, Nemetschek AG will in future also comply with the German Corporate Governance Code Items 4.2.4, 5.4.5 Clauses 2 and 7.1.2, which were included in the declaration of conformity in 2005.

Nemetschek is following the recommendations of the "Government Commission on the German Corporate Governance Code" version dated June 2, 2005, with the following exceptions:

- ☐ The D&O insurance does not include excess insurance for board members (Code Item 3.8 Clause 2). Nemetschek AG does not believe that excess insurance would improve the motivation and responsibility of the members of the management board and supervisory board.

- ☐ The management board participates in the stock option scheme and thus also receives a variable remuneration with risk character and a long-term incentive effect. This stock option scheme does not include a cap for exceptional, unplanned developments (Code Item 4.2.3 Clause 2).

- ☐ An age limit for members of the management board and supervisory board has not been explicitly set and is not currently planned (Code Item 5.1.2 Clause 2 and 5.4.1). An age limit of this kind would generally restrict the company in its selection of suitable management board and supervisory board members. Selection is based on business competence and experience alone. The company is therefore not following this recommendation.

- ☐ The code recommendation on the formation of qualified committees will not be followed (Code Item 5.3), as the supervisory board only has three members. The tasks for which the Code recommends the formation of committees are all carried out by all members of the Nemetschek AG supervisory board.

Munich, March 22, 2006

Management board and supervisory
board of Nemetschek Aktiengesellschaft

The Nemetschek AG's declaration of conformity in accordance with § 161 of the Stock Corporation Act can be viewed on the company's website at www.nemetschek.de The complete text of the Code can be found on the internet at www.corporate-governance-code.de.

The structure of the system of remuneration for management board and supervisory board and information on the ownership, purchase, or sale of Nemetschek AG shares and explanations of the stock option plan are described in detail in the notes on the consolidated financial statements. To avoid repetitions, we refer at this point to the information on pages 66 and 68 of the notes on the consolidated financial statements.

Building the Future

Towards Stronger International Growth with Leading Technology

International Group

In recent years, international expansion has gained in importance for Nemetschek. The company was founded by Georg Nemetschek as a German engineering office, but in the past four decades has grown into an international company. With over 500 sales partners, we offer Nemetschek solutions on many international markets – be it in America, Europe, Russia, Asia, or Australia. Our employees and partners across the world are dedicated to providing Nemetschek's customers with the best information technology the market has to offer, because we can only be satisfied if our customers are successful. Almost 170,000 customers worldwide now trust in Nemetschek's technological development, which has done pioneer work in many areas and sets the highest quality standards.

Leading Technology

Our vision, that our customers using Nemetschek solutions to design, build, and manage buildings efficiently, from the initial sketch right through to building management, continues to provide the impetus for our innovations. International prizes for our flagship product Allplan at the BATIMAT in Paris or several awards for our multimedia solutions CINEMA 4D and BodyPaint underline the quality of our solutions. Nemetschek offers an exceptionally broad portfolio of one-stop IT solutions and services for architects, engineers, multimedia designers, building contractors, facility and real estate managers. We are pioneers of the intelligent building model, known as the Building Information Model (BIM), which has revolutionized building design. BIM technology has made it possible to design buildings in three dimensions, to visualize them realistically before construction work begins, and to manage their costs from the very start. Where other providers have been slow to realize the importance of integrated costing, we, with our customers as partners, have long integrated expert knowledge into our software solutions.

Our aim is to provide Nemetschek customers with integrated IT solutions – so that they can perform their tasks efficiently, because we are only satisfied if our customers are successful.

As a result, we were the first software vendor to receive German TÜV certification for quantity takeoff for specifications and costing in accordance with official rules. With our expertise and many years of experience, we offer every Nemetschek customer a significant competitive edge. And we are always looking to future developments, too: In the coming months, we will be driving forward with more new solutions for mobile working and projects, such as the subject of collaboration to promote networked working, for example.

Improvement in International Markets

We are systematically pursuing our aim of encouraging the growth of the Nemetschek Group by extending our solution portfolio. Continued growth in North America and western Europe is a testament to our success in 2005. And we have taken further steps: With acquisitions such as SCIA International, we are strengthening our position in the Benelux countries, for example. At Nemetschek, the focus is always on profitable growth and increased earnings, and our international activities never lose sight of this.

Our technology development is also geared towards the international markets, and we are increasingly offering integrated IT systems that transcend borders. Our customers across the world can rest assured that all their work processes will be supported by Nemetschek systems, because the future security and competitive advantage of our customers is what drives us: Nemetschek - Building the Future.

There's a lot going on at Nemetschek. Our employees are highly qualified architects, civil engineers, computer scientists and MBAs, dedicated to using their expertise to drive Nemetschek forward.

Design Business Unit – Expert Systems for Efficient Design

The use of intelligent information technology is becoming increasingly important for the success of building design. Only planners who can master the numerous tasks quickly while both maintaining quality and keeping an eye on costs will still be successful in the coming years. With its integrated and comprehensive IT solution offering, Nemetschek provides architects, engineers, multidisciplinary consultants, and construction companies with efficient support for all their tasks relating to building design.

Expert Systems

With the 2006 generation, we have turned our innovative solutions into expert systems – a logical development for CAD systems, based on Nemetschek's four decades of experience. Our aim is not to support individual tasks with IT solutions, but rather to further planners' overall success: from the initial draft with full creative freedom, planning and construction in the existing fabric, modern reinforcement technology, and structural design right through to efficient costing. The Tool Content Method concept is the latest development in our expert solution for building design: this involves using integrated software (tool), while at the same time accessing expert knowledge (content), to achieve efficient work processes (method). Content relates to the business-specific content and rules such as wall definition, building materials, dynamic building data, comparative objects for costing, price lists, regional standards and tariffs, tender texts, and much more. The optimized work process is based on improved methodology: for example round-trip engineering or the independent but still coordinated work of designers, tenderees, and those who plan the construction steps. With these innovations, we will be able to extend our leadership further in the Design business unit in the coming years.

We see ourselves as designers' strategic IT partner, and are also developing new ideas in the area of service, such as our new online training courses, which have been extremely well received.

Technological Advantage

Nemetschek is the pioneer of the intelligent building model, known as the Building Information Model (BIM), which has revolutionized building design. A room drawn on a computer does not just consist of four lines; intelligent software technology makes it possible to record several pieces of information simultaneously in a 3D view. This has many advantages: costs are more transparent and secure – an extremely important factor. Our new TÜV certificate is one thing that demonstrates the high quality of our quantity takeoff as the basis for cost planning. We are the first software vendor on the market to receive this certificate. But changes in the design and construction process are also less risky with BIM technology, and building visualization is more impressive. The Nemetschek Group also offers innovations in new spheres of activity: our Allplan Photo software for digital building dimensioning came first in the 2005 innovation awards at the leading international construction exhibition BATIMAT in Paris.

We have developed our CAD systems into expert systems and continuously increased the benefit for our customers. In 2005, we were particularly successful with these systems in western Europe and the United States.

But practical benefit is just as important as innovation in our technological development. Every day, our customers can profit from the complete integration of the Nemetschek solutions, which is unrivaled on the market. With the majority interest in SCIA International, we can now offer the only 3D-based, end-to-end architecture, civil engineering, and structural design solution. With the integrated Nemetschek method, time-consuming, error-prone multiple entries are a thing of the past, and you can produce structures easily, efficiently and cost-effectively. As a result, we are number one in Europe for integrated civil engineering software (CAE/CAD) - an area in which we intend to intensify our efforts even further in 2006.

The structural analysis programs from Friedrich + Lochner GmbH, which was able to win numerous new customers in 2005, are always up-to-date with the latest standards. In 2006, the company plans to exploit the opportunity of marketing these products outside Germany, for example in Italy, where there have been changes to the standard for wood construction work. GLASER - isb cad - Programmsysteme GmbH also extended its product range in order to win new customers. The company now offers specialized solutions for building in the existing fabric, which are essential tools for planning old buildings and creating the energy certificates required by EU legislation as of 2006.

Strong Western Europe

In western Europe, we were able to further strengthen and expand our leading position. After successes in the mature German market with new customers such as Max Bögl, Hochtief, or Henn-Architekten, we also executed many successful projects in France, Italy, Austria, and Spain. Thus in France we were able to make significant advances with new solutions in the areas of designing and building in the existing fabric, and for software for quantity takeoff and costing. In Italy, we won many new customers with a new call center concept, among other things. The addition of mobile IT solutions, technical building equipment, and enhanced civil engineering to our portfolio means we can expect further growth in the coming years. In Austria, we won a renowned new customer in the shape of furniture company XXXLutz, and enjoyed success in the area of costing. The prospering construction industry in Spain also resulted in considerable growth. Among other things, the Spanish City of Salamanca was a new customer, which will be using Nemetschek's Allplan to plan its historical refurbishment of old buildings and its social housing complexes in future.

NEMETSCHEK NORTH AMERICA: 20 Years of Success

NEMETSCHEK NORTH AMERICA, which celebrated its 20th anniversary in 2005, was also particularly successful. With a new market approach, the new Version 12 of VectorWorks made a significant contribution to this continued growth, and made December the most successful month in the whole of the company's history. Worldwide, it is the CAD solution used most for Macintosh, and in Japan and Belgium is the leading architecture solution. VectorWorks is one of the leaders in the United Kingdom and Switzerland – all in all, international successes that we will continue to build on.

Build Business Unit – Group Synergies for Higher Growth

Nemetschek Bausoftware GmbH, which has already made a very good name for itself in Germany, has become increasingly successful abroad in recent years. For example, the company has already gained a 50 % market share in the high-end SME segment in Switzerland. The company aims to achieve the same position in Austria in the next three years. In a group with the Austrian ING. AUER - Die Bausoftware GmbH and national subsidiary Nemetschek Österreich, initial steps have been taken to drive this growth in the whole GSA region (Germany, Switzerland and Austria). In Austria, the three Nemetschek subsidiaries are organizing their market approach jointly. In future, the software solutions AUER Success and 'BAU financials' will be more tightly integrated. Overall, Nemetschek Bausoftware GmbH was able to win 15 new customers with the 'BAU financials' industry solution alone. With greater interlinking of the IT solutions, we will be able to further strengthen our position as a strategic IT partner for our customers.

Total Solution Offering Across National Boundaries

Nemetschek Bausoftware GmbH was able to record a particular success with the large "Swietelsky" project. With initially 350 networked PC work stations in all national and international business premises, this was the largest individual success in 2005. Swietelsky-Baugesellschaft m.b.H. in Linz is one of the most important companies in the Austrian construction industry. This customer also shows how well the Nemetschek total solution offering has been received on the market: as a sister company of ING. AUER – Bausoftware GmbH and Nemetschek Ges.m.b.H Österreich, Nemetschek Bausoftware GmbH provides the commercial IT element in the concerted software range of the Nemetschek Group for Austria. Allplan, AUER Success, and 'BAU financials' with a special component for billing coated materials were provided to Swietelsky as a total, integrated IT package with the DocuWare documentation management system (also from Nemetschek). This large order also results in program versions for Poland, Hungary, and the Czech Republic, markets in which Nemetschek aims to intensify its activities in the Build business unit in 2006.

Innovative Information Platform

A project with forward-looking growth opportunities is currently under way with Nemetschek Bausoftware GmbH involvement at wheel-rail specialists Schreck-Mieves. In future, an intranet portal will support all phases of project management as a comprehensive employee information system at the leading provider for rail transport. This takes account of employees' need for more and more information.

We are the only provider on the market to offer end-to-end solutions for the design, construction, and management of buildings and real estate. With this technology advantage we will be able to grow further.

It is accessed directly on the integrated BAU financials industry solution: on the commercial and technical construction elements as well as the iPunkt information manager and DocuWare archive system. Employees no longer need to search through records, folders, and file systems to find the information they need. Via the intranet, each project team member sees the project-related and personalized data on screen in seconds.

Advantage: Total Technical and Commercial Solution

The Knoll GmbH & Co. KG construction company, with almost 50 years' experience in earthworks, construction engineering, road construction, industrial construction, landfill construction and reconstruction of contaminated sites, and cultivation as well as environmental technology and hydraulic engineering is increasingly using solutions from Nemetschek Bausoftware GmbH. The company has long been using the commercial part of the 'BAU financials' industry solution, and in 2005 decided to implement our costing software from this package as well. The main reason for choosing the Nemetschek solution was the integration of the technical and commercial modules of the total solution.

Willke GmbH rail construction from Wittorf also chose to implement the commercial part of the 'BAU financials' industry solution. For a quarter of a century, the company has specialized in the design, construction, and maintenance of track systems and the associated civil engineering work.

Because the functionalities of the integrated 'Bau für Windows' industry system best matched its fields of activity and working methods, Jaeger Beteiligung GmbH + Co. KG with headquarters in Dortmund chose this Nemetschek software system for the restructuring of its IT systems at the end of 2005, following a detailed analysis of the market. Extensive custom modifications were carried out to meet the additional requirements of the company, which specializes in interior construction across Europe.

Market Position in Austria Expanded

ING. AUER – Die Bausoftware GmbH can again look back on a successful year in which it was able to expand its market position. The Austrian company won several large companies over with the leading Nemetschek technology. Energy supplier Salzburg AG installed our costing, tendering, and accounting software on 35 workstations, and the German-based construction company Rädlinger changed over to AUER Success to support tendering, accounting, and the site journal. However, the largest success was with the ÖBB (Austrian Railways), where AUER Success modules were installed on over 300 work stations, and just as many people participated in a training marathon in November and December to learn how to use the Nemetschek solutions. Another new customer in 2005 was RedBull GmbH, which now also uses the Nemetschek solution AUER Success.

Manage Business Unit – Information Technology for Modern Facility and Real Estate Management

Nowadays, it is impossible to conceive of modern facility and real estate management that does not use information technology. Our IT solutions map the complete life cycle of a building from design through construction to management. A product and solution portfolio this comprehensive is unique on the market. Our technological advantage can also be seen in the Manage business unit, where we have been offering our customers a one-stop complete package for years: solutions for technical, infrastructure, and commercial real estate management. Our solutions from Nemetschek CREM Solutions GmbH & Co. KG help investors, operators, and users to achieve maximum returns. With Nemetschek technology, buildings cannot just be designed efficiently, but also operated and managed economically. We believe there are opportunities for growth in the Manage business unit, and also want to strengthen our market position through acquisitions.

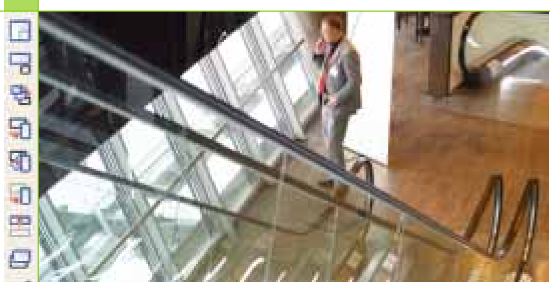
Further expansion of Industry-Specific Solutions

The solutions from Nemetschek CREM Solutions GmbH & Co. KG are particularly well represented in the public sector, where we have won new large customers and expanded the customer base in recent years. We are now increasingly concentrating on expanding in the area of industry-specific solutions and services by intensifying sales activities and increasing new customer business. Our focus here is on industrial customers, the public sector (municipalities), ministries, and insurance companies, as well as hospitals and care homes. Our strategy is not the sale of individual products, but rather the project business associated with our consulting services for demanding customers, since we are far ahead of the competition: with our comprehensive range of solutions and services, we offer our customers extensive support for everything modern facility and real estate management requires.

Optimized Building Management with Allfa

Building management and area management are becoming increasingly demanding tasks. Precisely because there are always changes in how buildings are used, it is important to learn from the past, in order to develop a suitable and economical management concept for the future. With the new Version 18 of IT solution Allfa, users are able to represent the history of a property and thus optimize building management by evaluating real estate changes. Past factors for success can therefore easily be identified and reproduced. At the same time, Allfa's new scenario planning feature enables changes, designs, or ground plans of buildings to be represented. Even if companies are restructured and departments move or are merged, our IT solutions provide a very good basis for decision-making for highly efficient space occupancy.

There are also new building controlling features in Allfa Version 18. The IT solution from Nemetschek CREM Solutions GmbH & Co. KG enables management of inquiries and requirements relating to space and resources, and provides support for equipment and for the reservation of communication technology (beamers, microphones, flipcharts, etc.), provides checklists for catering organization, and takes accounts of postponements and cancellations.



New Business Opportunities Business Unit – Visualization and Animation at the Highest Level

It is amazing how realistically objects, the environment, and people can be modeled today on the computer. Our high-end 3D modeling, animations, and rendering software CINEMA 4D and painting program BodyPaint 3D are among the leading software solutions available in this area. The products from MAXON Computer GmbH are used across the world in areas such as architecture, design, advertising, film, television, and science. They have won several awards; among other things, MAXON received a recommendation from the UK's Computer Arts Magazine in 2005 on the basis of a comparison of the five most important software solutions for 3D computer graphics. CINEMA 4D won thanks to its combination of performance and ease of use.

Technological Advantage

In 2005, MAXON again demonstrated with innovations the good quality and high technology standard of our software. As the world leader in the manufacture of 3D animation tools, the company presented its software as a finalized 64-bit version for Windows 64-bit operating systems. Other new features included the engineering package and new "HAIR" module, which enables hair and fur to be generated at previously unheard-of speed and quality. "HAIR" thus perfectly rounds out the MAXON offering, enabling character designers to breathe life into digital figures. The new engineering package is specially adapted to the needs of the market. For the first time, print- or film-ready visualizations can thus be produced in just a few minutes, even by those who are not graphic designers. With this, MAXON again impressively demonstrates our technological advantage, and we are sure that further prizes await.

International Market with Growth

The foreign market has once again provided MAXON with new impetus too, with particular success seen in the United States, as well as Great Britain and Japan. The company, which is operating in a growth market generally, will also launch further activities in Australia and Asia. These will be based on the new versions of CINEMA 4D and BodyPaint 3D, which MAXON showcased in August at Siggraph, the world's largest exhibition for 3D computer graphics in Los Angeles, USA. CINEMA 4D, already in its ninth generation, enables users to model even highly complex forms in a short space of time and with a clear structure.

Award-Winning Films with CINEMA 4D

Numerous films using CINEMA 4D technology won awards. The Sehsucht company, for example, used the MAXON solution for Springer & Jacoby to produce the new Mercedes advert "Sound of Summer", which was awarded numerous international prizes such as the Golden Lion at Cannes. Film-maker Rosto A. D. also won at the Cannes Film Festival Critic's Week with the short film "Jona/Tomberry", produced with CINEMA 4D.

MAXON Computer GmbH also won numerous new large customers in 2005: Bosch Siemens Hausgeräte, ProSieben-SAT1 Produktion GmbH, ThyssenKrupp, WebZen (Korea), MediaCorp Studios (Singapore), Framestore CFC (England), Cinesite (England), Digic Pictures (Hungary), Philips Design (The Netherlands), Electronic Arts (USA/Japan), and many more.

We place particular value on the quality and future security of our IT solutions and services. The market has repaid this with innovation prizes and awards, which in turn inspire us to new heights.

The Share

Nemetschek Share Price up 40 %

2005 was a successful year for the stock market. The Dax closed the year at 5,408 and an increase of 27 %. Development of the MDax (+ 36 %) and SDax (+ 35 %) was even better. Only the TecDax was not able to quite match the other indexes, but still saw a rise of + 15 %.

With an advancement of 41 %, the Nemetschek AG stock was extremely successful and developed better than all benchmarks. The share price reached its peak in April with 19.49 euros. The reasons for this were the company's good development in 2004 and the announcement of a special dividend of 2 euros. After dividend payout on May 23, 2005, the price fluctuated between 15 and 17 euros. In mid September, the free float increased to 47.5 % following the over-the-counter placement of a parcel of shares of the principle shareholding family. Compared to the previous year, the trading activity for the Nemetschek stock has also increased considerably. While the average daily sales were around 5,000 units in 2004, the trading volume in 2005 reached around 18,000 units per day, almost four times as high. In euros, the daily trading volume increased from an average of around 37,000 euros in 2004 to 275,000 euros in 2005. At the end of the year, the Nemetschek share price was 14.10 euros.

Inclusion in the GEX

Since January 3, 2005, Nemetschek AG has belonged to the GEX, the new SME index of the German Stock Exchange. The GEX contains all "owner-dominated" companies listed in the Prime Standard on the Frankfurt Stock Exchange that have gone public in the last 10 years. Owner-dominated means: management board members, supervisory board members, or their families own between 25 % and 75 % of the voting rights. In 2005, the GEX rose by 34 %.

Three Recommendations to Buy Nemetschek Shares

The overall positive share price development was accompanied by active investor relations work. In 2005, the HypoVereinsbank, Berenberg Bank, and Sal. Oppenheim included research coverage for the Nemetschek shares and gave investors the recommendation to buy them. In addition, communication with institutional investors was intensified. Over the year, road shows were held in Frankfurt, Düsseldorf, Munich, London, Brussels, and Zurich with numerous one-to-one meetings. At four investor conferences, the management presented the company to a national and international audience.

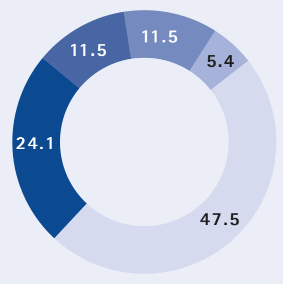
Share Price Development since January 1, 2004

Development of the Nemetschek share compared to the TecDAX (indexed)

The analyst conference at the German Equity Forum in November 2005 was extremely well received again this year. For the first time, Nemetschek AG had its own stand at the Munich Stock Exchange Day, where private investors and interested parties made full use of the opportunity to put questions to Nemetschek's management.

Free Float Increased from 30.9 to 47.5 %
The Nemetschek family has been following the long-term requirements of the capital market and in mid September transferred 16.6 % of the Nemetschek AG capital stock to institutional investors. As a result of this transaction, the free float increased from 30.9 % to around 47.5 %. With the sale, the Nemetschek family supports the development of the company to a public company. With 52.5 %, the Nemetschek family remains the main shareholder of Nemetschek AG.

Shareholder Structure in %



24.1 % Prof. Georg Nemetschek
11.5 % Dr. Ralf Nemetschek
11.5 % Alexander Nemetschek
5.4 % Ingrid Nemetschek
47.5 % Free float

Key Figures on the Nemetschek Share

		2005	2004	2003
Earnings per share*	in €	1.21	0.57	0.41
Earnings per share before goodwill amortization*	in €	1.21	0.90	0.75
Cash flow for the period per share*	in €	1.80	1.63	1.35
Equity per share*	in €	5.00	6.23	5.64
Highest price	in €	19.49	10.39	7.40
Lowest price	in €	9.00	5.50	1.20
Share price on December 31	in €	14.10	10.00	6.10
Market capitalization on December 31	in million €	135.66	96.25	58.71
Price/sales ratio		1.37	1.00	0.61
Price/earnings ratio		11.65	17.70	14.79
Price/earnings ratio (before goodwill amortization)		11.65	11.11	8.09
Price/equity ratio		2.82	1.61	1.08

* Basis for calculation: 9.625 million average number of outstanding shares in 2005

Shares Owned by Board Members on December 31, 2005

	Stock portfolio	Stock rights
Management board		
Gerhard Weiß	26,092	0
Dr. Peter Mossack	1,000	50,000
Michael Westfahl	0	50,000
Supervisory board		
Kurt Dobitsch	0	0
Prof. Georg Nemetschek	2,314,497	0
Rüdiger Herzog	0	0

Financial calendar 2006

March 23	Press briefing on the results
May 12	Quarterly statement 1/2006
May 23	AGM
August 11	First-half report 2006
November 10	Quarterly statement 3/2006
November 27 – 29	Analyst conference at German Equity Forum

State-of-the-art IT solutions for greater efficiency in design, construction and management

The Nemetschek Group is one of the world's leading IT companies for the design, construction and management of buildings and real estate. Its software solutions, available in 16 languages, are used by more than 170,000 companies in 142 countries. IT solutions from Nemetschek optimize the overall building creation and management process in terms of quality, cost and time.

The importance of information technology in the building industry is constantly increasing. Be it architects, construction engineers, building companies or facility and real estate managers: everybody will be able to integrate the information they receive from others into their workflow – anywhere and anytime – leading to better efficiency than ever before in achieving one's goals. Nemetschek supports this with fully integrated IT solutions for all phases of the building design, construction and management process.

At Nemetschek, we work together in international teams to make the group even more successful and promote even higher growth, true to our motto: Nemetschek – Building the Future.

Consolidated Financial Statements

Group Management Report for the Fiscal Year 2005

Business and Background Conditions

Nemetschek in a brief

The Nemetschek Group is one of the leading suppliers of information technology, mainly in the fields of designing, constructing and managing buildings and real estate. The Nemeschek Group develops and markets innovative software products and services to meet the challenges of the future with 735 employees in more than 142 countries. Our range comprises high-quality integrated solutions for the whole property life cycle.

The Nemetschek Group is the market leader in Germany, but is also well positioned in the international markets. Already 53.0 % of our sales come from customers outside Germany, mainly in Western Europe and North America. We are continuing to expand consciously in the markets of tomorrow, in particular in Western, Eastern and Southern Europe.

Overview: Strong International Business

The Nemetschek Group continues to grow in terms of both sales and results, although economic conditions vary considerably from one area of the world to another. As expected, group sales grew considerably in markets abroad. In Germany, our home market, however, we were unable to reach our ambitious targets and business was down. Sales as a whole grew by 2.2 % compared to last year, and net income increased significantly for the third year in a row. The operating result (EBITA) increased by 18.6 %, with net income for the year up 26.2 % (last year before amortization on goodwill). Given our healthy income and liquidity situation, we are planning to pay dividends again.

The Sector Market

Whether our customers are prepared to invest in information technology depends mainly on economic conditions generally, prospects in the construction and real estate industry and expenditure on information technology (IT) overall.

The global economy continued to grow in 2005. Economic researchers estimate it grew by slightly more than 4,0 %. North America and Asia grew best; Western Europe was more restrained, with growth varying considerably from one country to another.

The European construction industry grew also. In November 2005, the Euroconstruct research association estimated European construction business to be up 1.3 % overall in the past fiscal year, as against 2.2 % the year before. Experts are predicting strong growth in 2000 to 2008, especially in Eastern Europe. Of the major markets, France, the UK, Spain and the Netherlands are expected to grow above average. Germany is the largest market in Europe, but growth was below average in 2005. The HDB´s (Hauptverband der Deutschen Bauindustrie: German construction industry federation) estimates from January this year found construction industry sales in Germany were down 6.5 %, compared with 5.2 % last year. The HDB's experts are quietly optimistic for 2006, and believe the construction industry in Germany will finish the year 'just into the black' in sales. This could be the start of a fundamental change in the industry.

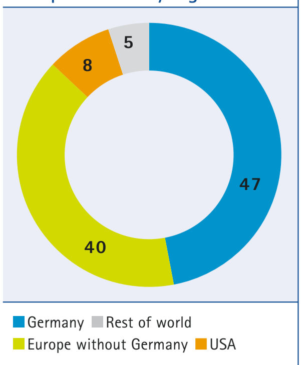
Investment in the IT sector was up on last year for the second consecutive year. The European Information Technology Observatory (EITO) believes investment will grow 3.4 % in Western Europe, as against 2.7 % last year. For 2006, the EITO's experts expect 4,0 % growth in Western Europe, with 3.6 % in Germany.

Divisions

Design

Our Design division did well in 2005. Sales increased by 3.5 % and operating income (before amortizing goodwill) increased by 21.7 % compared to the prior year. Design is the Nemetschek Group's largest division, accounting for around three-quarters of group sales, and is present in 142 countries in all, with its own sales companies and partners. Its clients are architects and structural engineers. With our new generation of products for 2006, which were presented at end 2005, Nemetschek is creating more added value for the financial processes of architects and structural engineers.

Group revenues by regions in %



This new generation software is a CAD-based integrated construction expert system covering everything architects and engineers do, from creative freedom through intelligent tools for designing and constructing portfolios, time-saving structural design, the latest reinforcement methods through to quantity and cost tracing. The focus of Nemetschek Technology GmbH's development activities for 2005 was on coordinating and optimizing working procedures and methods, providing expert know-how and certainty on costs.

High Customer Loyality in German Market

Germany is the Design division's number one market, with around 47 % of sales. The CAD market in Germany is mature. Potential sales come mainly from product innovation, i.e., from repeat sales to existing clients, from competitors pulling out or being pushed out, and from newcomers to the profession. The German construction industry is not providing any spurs to growth, but a survey commissioned by Nemetschek Aktiengesellschaft entitled "New business potential for architects and engineers" found architects and structural engineers are more optimistic about the future than how their businesses stand at present. 34.2 % of respondents thought their prospects for the next three years were good to very good. The Nemetschek Group's sales in this market decreased slightly in Germany in the fiscal year 2005. The proportion of software service agreements was up on last year, which has helped keep growth consistently stable and shows clients' satisfaction with the Nemetschek Group's products.

High Competence in Civil Engineering

In engineering, Friedrich + Lochner GmbH, Stuttgart, which is involved in structural load software, increased its sales in Germany by 12.1 %, with the operating result much improved. The main growth drivers in particular were sales to existing customers and demand holding up well on account of new standards. Design engineering company Glaser ISB CAD Programmsysteme GmbH, Wennigsen, recorded a stable growth in sales, even though investment was down in the German market.

At the beginning of the year, Nemetschek Engineering GmbH, Wals, near Salzburg, Austria, was founded to tackle the design software market more specifically. Sales here used to be handled by Nemetschek Deutschland GmbH, Munich, and our own international sales employees. In acquiring a majority holding in SCIA International nv, Herk-de-Stad, Belgium, in early 2006, the Nemetschek Group is expanding its product range in design, and aims with SCIA International nv to become the number one in integrated engineering software (CAD/CAE) in Europe.

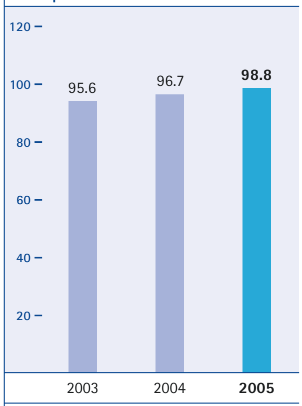
International Companies with Growth

Our US group company NEMETSCHEK NORTH AMERICA Inc., Columbia, Maryland, USA, continued its success of last year, with both sales and net income recording double-digit growth figures once more. The new Version 12 of the VectorWorks software was a major factor here. NEMETSCHEK NORTH AMERICA Inc., Columbia, Maryland, USA, is the group's second largest design company, after Nemetschek Deutschland GmbH, Munich. Our Western European sales companies did well, with growth of 4.2 % overall. France, Italy and Spain performed particularly well.

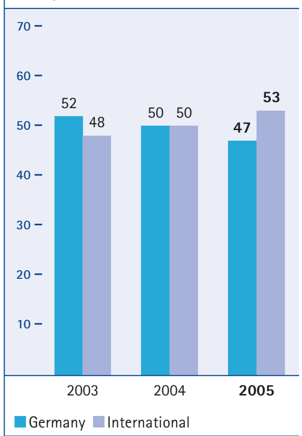
Build

Our Build division comprises the companies Nemetschek Bausoftware GmbH, Achim, and ING. AUER - Die Bausoftware GmbH, Mondsee, Austria, which offer commercial and technical/financial solutions for small and medium-sized construction companies and designers in German-speaking countries. The Build division's sales increased slightly on last year. ING. AUER - Die Bausoftware GmbH, Mondsee, Austria, which is mainly operating in Austria, saw its sales grow by 12.1 % and operating income to EUR 3.5 million. It owes its success to a broad base of smal and medium-sized clients and some major projects. One event of particular note was the creation of 300 jobs at Austrian Federal Railways (ÖBB) this year. The sales of Nemetschek Bausoftware GmbH, Achim, decreased due to the difficult German market.

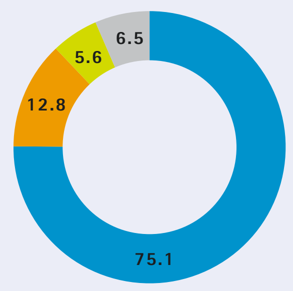
Group revenues in million €



Group revenues in %



Group revenues
Business Units in %



Design Build Manage NBO

EBITA Group in million €

However, the company is already earning around 42 % of its sales abroad, and will continue to expand its activities internationally.

Manage
Our Manage division comprises the group's activities in commercial property management and technically oriented facility management bundled in Nemetschek CREM Solutions GmbH & Co. KG, Ratingen. Sales and profits growth fell short of budget this year. A new management was put in place, which continued reorganizing the company in 2005. The focus here was on strengthening sales activities, improving quality of service and intensifying new customer business, especially in the public sector and with insurance and industrial clients. Our new Allfa Version 18 launched in 2005 includes a key innovation, enabling users to document changes to their properties in terms of space and time.

New Business Opportunities
Our New Business Opportunities (NBO) division increased its sales by 7.2 % on last year. The new versions CINEMA 4D R 9.5 and BodyPaint 3D R2.5, which are already amongst the top five products in the 3D market for visualization and animation worldwide, were a major factor in this increase in sales.

Once again, net income is up on the previous year. New subject-specific content offers for CINEMA 4D let us access new customer groups in 2005. Thus our move into the engineering market has been a success. We expanded our range to clients in architecture, high-end film and text animation. The NBO division comprises MAXON Computer GmbH in Germany and its subsidiaries in the USA and Britain.

Corporate Management at Group Level
Nemetschek Aktiengesellschaft is a holding company, based in Munich, which manages and controls the decentralized Nemetschek Group. Our four divisions – Design, Build, Manage and New Business Opportunities – cover 14 companies in Germany and 18 companies and holdings internationally. The individual divisions are managed in accordance with the group's strategic orientation overall. There is an overall plan which includes the annual budgets of group companies. Budgeting is handled at revenue type level, product and profit center level and the associated costs by sales and the cost of production cost method. Interim reports are issued monthly, showing sales, earnings and costs for each area, with a detailed analysis of variations from budget and the previous year and prospects to the year end, updated monthly. Specific business-based key indicators are used as controls and are reflected in a management information system, with the main indicators being sales by revenue type and EBITA. One central control variable is return on sales and profit contribution.

Earnings, Finance and Asset Situation

Strong International Growth in Sales
Sales increased by 2.2 % in this fiscal year to EUR 98.8 million, due mainly to strong business abroad. Foreign sales rose by 9.2 % to EUR 52.4 million (last year: EUR 48.0 million). The share of sales earned abroad rose to 53.0 % (last year: 49.7 %). Domestic sales were down 4.6 % at EUR 46.4 million (last year: EUR 48.6 million).

Design division sales amounted to EUR 74.1 million (last year: EUR 71.6 million). Build division sales came to EUR 12.6 million (last year: EUR 12.5 million), and Manage division sales amounted to EUR 5.5 million (last year: EUR 6.5 million). NBO division sales rose to EUR 6.5 million (last year: EUR 6.0 million).

Sharp Rise in Operating Result and Net Income
The positive trend in net income for recent years continued in 2005. The Nemetschek Group as a whole recorded an operating result of EUR 13.1 million, compared with EUR 7.8 million last year. This was an 18.6 % increase in operating income if we allow for the loss of goodwill amortization in the fiscal year 2005. Following the changes in reporting rules under IFRS 3, the last goodwill amortization was recorded in the fiscal year 2004 and amounted to EUR 3.2 million. Labor and material costs were on a par with last year. Amortization and depreciation on intangible assets and property, plant and equipment decreased by EUR 0.9 million. Other operating expenses increased by EUR 0.8 million.

In the Design division, the operating result increased significantly to EUR 9.4 million (last year before goodwill amortization: EUR 7.7 million). The Build division's operating result amount to EUR 4.1 million (last year before goodwill amortization: EUR 4.3 million). The Manage division managed to reduce its loss to EUR – 1.4 million (last year before goodwill amortization: EUR – 1.9 million). NBO improved its operating result before goodwill amortization by EUR 0.1 million to EUR 1.0 million.

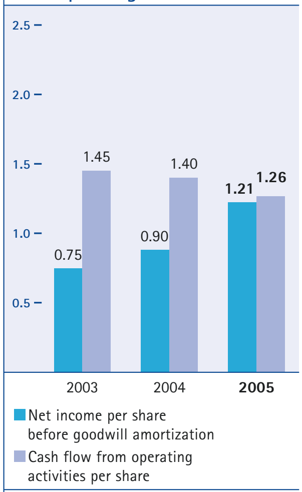
The financial result was EUR 1.0 million (last year: EUR 0.8 million). The tax burden was EUR 1.9 million (last year: EUR 2.2 million). Tax rate levels at 13.0 % (last year: 26.0 %) were well down on last year's level, which is attributable to non-recurrent effects from the dissolution of tax provisions and the inspection results of German companies. The net income for the year rose from EUR 6.4 million to EUR 12.1 million, a rise of 26.2 % if one eliminates goodwill amortization. The share of minority shareholders in the net income for the year came to EUR 0.5 million, as against EUR 1.0 million in 2004. This fall is attributable to the acquisition of the remaining shares in ING. AUER - Die Bausoftware GmbH, Mondsee, Austria.

Well-endowed with Cash and Cash Equivalents
In the fiscal year 2005, as in previous years, the Nemetschek Group earned a positive cash flow from operating business. After paying dividends of EUR 19.3 million in May 2005, cash and cash equivalents stood at EUR 29.0 million at the year end (last year: EUR 39.0 million). This satisfactory development is due mainly to the high cash flow for the period of EUR 17.3 million (last year: EUR 15.7 million). Investment expenses were EUR 2.1 million (last year: EUR 2.3 million), which include EUR 1.3 million in non-current assets (unchanged) and EUR 0.8 million (last year: EUR 1.1 million) in intangible assets.

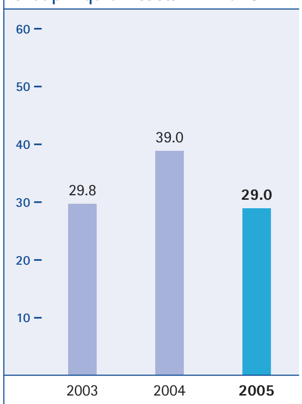
Equity Capital Ratio around 60.0 %
The Nemetschek Group's balance sheet structure continues to be extremely sound. After paying dividends of EUR 19.3 million, the equity capital ratio is still very high at 59.5 % (last year: 68.5 %). Total assets as of December 31, 2005 stood at EUR 81.0 million (last year: EUR 87.5 million). Around 62.7 % of the total assets were current assets, mainly cash and cash equivalents and trade payables, and around 37.3 % were non-current assets, including goodwill at EUR 23.7 million. On the liabilities side, non-current liabilities stood at EUR 1.8 million (last year: EUR 1.4 million). Cash and cash equivalents of EUR 29.0 million almost entirely cover current liabilities at EUR 31.0 million. The increase in current liabilities of EUR 4.8 million includes purchase price liabilities from the acquisition of the remaining 25 % of the shares in ING. AUER – Die Bausoftware GmbH, Mondsee, Austria, at EUR 5.3 million.

Ongoing Dividend Policy
As business has been good, and we are well-endowed with cash and cash equivalents, the management board will propose to the supervisory board that a dividend will be paid for the fiscal year 2005, as announced already in the AGM 2005, allowing the shareholders to share in the company's success.

Net income and cash flow from operating activities in €



Group Liquid Assets in million €



Research and Development

We offer unique solutions with high customer benefit to ensure that we will continue to be the innovation leader in our spheres in future.

Quantity, cost, and schedule transparency – customers can expect more from Nemetschek products than just CAD.

Separate Board Responsibility as of 2005

Research and development (R&D) plays a major role in our company's success, and this is reflected by increasing the number of management board members from January 2005 to include Dr. Peter Mossack, who will be responsible exclusively for R&D. We invested EUR 18.0 million in R&D in 2005 (last year: EUR 18.7 million), which represents a research ratio of around 18 %. Around one third of all employees in the Nemetschek Group are involved in R & D in Germany and at the international development locations in the Slovak Republic, the USA and Austria. Our R & D activities will now be coordinated centrally under the new management board member. Further development of the Allplan product family is the responsibility of Nemetschek Technology GmbH, Munich. While some group companies have their own development departments, the group company Nemetschek Slovensko s.r.o., Bratislava, acts as the group's internal R&D service provider.

New Solutions: Integrated and Mobile

Our R&D activities focus on developing new standard software and optimizing existing versions. All our divisions continued developing their current products in terms of functionality, userfriendliness and openness. One of the main themes in our research work in the fiscal year 2005 was "collaboration", where we created a comprehensive web-based database for the whole process of designing, constructing and managing buildings and real estate for better networking, both technically and organizationally.

We made considerable progress in terms of efficient data flows in the ArKoS project ("Architecture for managing collaborative scenarios") supported by the Federal Ministry of Research. This project aims to enable project managers to share their skills digitally, optimizing information exchange between architects, clients, construction companies and project managers. For the first time, linking geometrical, time and financial information enables total transparency on quantities, costs and deadlines.

Using Nemetschek products on an integrated basis throughout the design and build process as a whole creates a level of synergies undreamed of before, and a massive competitive advantage for our clients.

We are pushing ahead with the development of mobile solutions under the product name of "On-Site Solutions" On-Site ProgressManager monitors construction progress on a mobile basis, On-Site Inspektor is a mobile tool for recording defects. Both of these products will be launched in 2006. We made a start on optimizing engineering products in 2005, and will intensify this in 2006. The Nemetschek Group has many years' experience and a high level of skills in the field of engineering products. The most important new versions in the past fiscal year include Allplan 2006, Allright 2006, VectorWorks 12, CINEMA 4D R9.5 and Allfa Version 18. Major individual customer-specific developments in precast components were made by Nemetschek Engineering GmbH, Wals, near Salzburg, demerged 2005, and Nemetschek Bausoftware GmbH, Achim.

External Recognition

The performance and innovativeness of our R & D employees have also been recognized outside the Nemetschek Group once again. Our Allplan Photo product was the winner in the "Tools, Methods and IT" category of the BATIMAT innovation prize for 2005, the leading international construction exhibition in Paris. The high quality of Allright, our solution for calculating quantities and costs, was certified by TÜV-Süd. MAXON Computer GmbH was the first animation tool maker to publish its products as final 64-bit versions, which met with wide acclaim in the industry.

Our R & D side developed extremely satisfactorily in 2005. We achieved our goals and made products of outstanding quality on time. This is also reflected by the great deal of positive feedback from clients on new solutions. For 2006, we have planned to integrate our clients still closer in the development process via advisory boards. Coordinating R & D centrally at board level will enable us to access synergies within the group even more actively, creating added value beyond the performance of individual products. R & D aims to find integrated solutions for complex processes, not to develop independent software products. We are constantly improving our organization and R & D processes towards this end. Our aim is to remain number one in our specific market in terms of technology and expert competence.

Employees

Up Slightly at International Level

To succeed in the longterm, the Nemetschek Group has to have highly qualified structural engineers, architects, IT people and business managers interested in information technology. To ensure this happens, we put great value on offering attractive jobs with pay to match performance and a range of social benefits. What matters to us is that there should be continuous dialog between management and staff to make our corporate strategy verifiable and transparent to everyone. As our staff statistics show, we are internationally based and are still growing. At the fiscal year end, the Nemetschek Group had 735 full-time employees, including management board members, compared with 749 last year. More than half of all employees in the Nemetschek Group work outside Germany. NEMETSCHEK NORTH AMERICA Inc., Columbia, Maryland, USA, saw its employee numbers rise slightly, while there were personnel adjustments at Nemetschek CREM Solutions GmbH & Co. KG, Ratingen. The headcount at other group companies remained on a par with last year.

Risk Report

Risk Management

The business of Nemetschek Aktiengesellschaft involves both opportunities and risks. We operate a management control system to detect, assess and deal with business risks at an early stage. Our group-wide risk management system is designed to recognize changing risk situations promptly, counteract negative developments and take advantage of market opportunities.

Responsibility for detecting risks and dealing with them generally rests with the management board. In performing its duties in this area, it is assisted by the management, defined risk owners and the risk manager. The risk manager is responsible for planning, providing information, monitoring and controlling risks. The 'risk owners' are responsible for continuously identifying and assessing risks in their respective operational areas. A risk inventory is performed each year by surveying and recording the group's current risk position. Risks are assessed every six months. Regular risk reporting can be supplemented by ad hoc information during the year.

Risks in Future Development

In pursuing our business, we have to deal with strategic risks which tend to be more of a medium- to long-term nature and which relate to changes in environmental factors and management processes, such as development, marketing, organizational and management processes. These areas also include operating risks that are more short-term in nature, which can cause losses, both directly and indirectly, if internal processes, systems or external events are not managed properly or human error occure.

The main risks that could undermine the Nemetschek Group's financials lie in the market and industry environment. Especially in the Design and Build divisions, the Nemetschek Group's success depends on how healthy the construction and property industries are. If the economies of the markets in which the Nemetschek Group is involved in Western and Eastern Europe, the USA and Asia are sluggish, this can have a negative effect on our assets, financial and earnings position. Risks are diversified through involvement in markets in different countries, which is generally also characterized by different economic and competition risks. Having a broad client base and a wide-ranging product portfolio also spreads our risks.

Our employees' performance and innovation are reflected in the high quality of our products.

We take advantage of market opportunities without losing sight of the risks.

One risk to corporate strategy in the divisions we are involved in comes from the speed at which technology is changing. One of the basic risks is that the lead the Nemetschek Group has achieved in terms of innovation and/or the particular characteristics of its products could be lost through our competitors copying them or making their own innovations, or if we fail to adjust to changing client requirements and technological innovation in time or at all. Nor can we rule out the possibility that we may fail to recognize clients' new needs in time to turn them into development goals and so bring new and improved products to the market quickly enough.

Recruiting highly qualified employees and making sure they stay with the Company is therefore a major success factor for the Nemetschek Group. If managers or other qualified employees leave the Nemetschek Group and we cannot find suitable replacements, this may affect how our business develops – especially if this also means losing know-how and specific company data through a lack of documentation and security. To avoid this risk, the Nemetschek Group offers attractive, state-of-the-art jobs and is improving knowledge management processes continuously.

Financial risks may arise because some of the Nemetschek Group's business is conducted in foreign currencies. In the US dollar zone in particular, foreign currency fluctuations can have a major impact on sales and operating results. The dividends to be expected are hedged partly by foreign exchange futures.

Taken as a whole, we are confident that the risks identified above will not endanger the group's continued existence, either individually or collectively, and that the Nemetschek Group will successfully meet the challenges facing it once again in 2006. We see our opportunities of doing well and expanding our market position as a leading supplier of integrated software solutions over the whole property life cycle in continuing to expand internationally and targeted acquisitions and strategic partnerships. We also intend to exploit our potential in existing markets with our innovative software solutions to the full.

Note on Forecasts

This group management report includes forward-looking statements and information, i.e., statements about events that lie in the future. Such forward-looking statements can be recognized by the fact that they use words such as 'expect', 'intend', 'plan' and 'estimate', and other similar terms. They are based on our current expectations and certain assumptions which inevitably involve a certain amount of risk and uncertainty. There are many different factors, some of them outside the Nemetschek Group's control, which affect our business, success, business strategy and results. These factors may result in the Nemetschek Group's actual results, success and performance varying significantly from statements made on results, success and performance in such forward-looking statements, either expressly or implicitly.

Subsequent Events

Nemetschek Aktiengesellschaft sold its 100%-owned subsidiary acadgraph CAD STUDIO GmbH, Munich, under contract on January 31, 2006, effective as of December 31, 2005 (12 p.m.). acadgraph CAD STUDIO GmbH designs and markets AutoCAD-based software, and had been part of the Nemetschek Group since 1997.

On February 14, 2006, Nemetschek Aktiengesellschaft acquired a 79% holding (approximately) in SCIA International nv, Herk-de-Stad, Belgium. This increases the Nemetschek Group's range of services in the Design division, and puts it and SCIA International amongst the leaders in integrated engineering construction software (CAD/CAE) in Europe.

There have been no changes of note to background conditions since the fiscal year ended. The economic environment has not changed to such an extent that it had any major effect on our business activity, nor is the situation in the industry significantly different from what it was as at December 31, 2005.

Forecast Report

Experts believe the global economy will do well in 2006. In the software industry, too, market research organizations are forecasting rising demand for products and solutions worldwide in the field of Computer Aided Design and Engineering (CAD/CAE). Conditions in the German construction market are not expected to improve, however.

In these economic conditions, the management board expects the Nemetschek Group will continue to do well. Now that the Nemetschek Group is in profit, the group aims to grow faster than in previous years through organic growth, entering new markets, marketing new solutions and gaining new users. We expect international growth to come mainly from Western and Eastern Europe, and from our group company NEMETSCHEK NORTH AMERICA Inc., Columbia, Maryland, USA, which serves not only the American market but also Japan and some countries in Europe. The Nemetschek Group's 2006 budget assumes foreign business sales will continue to rise. We expect our German business to remain stable, but sales as a whole are expected to fall slightly due to the loss of sales since selling acadgraph CAD STUDIO GmbH, Munich. The German market is expected to recover again slightly in 2007. Based on current prospects, conditions in the international markets are not expected to change significantly.

Along with organic growth, the Nemetschek Group also aims to grow through acquisitions. In February 2006, the group reinforced its position in the engineering construction software market through the acquisition of the Belgium-based SCIA International nv. Further acquisitions could follow in the next years. Having now achieved profitability, we aim not just to stay there but improve matters still further in 2006. Another basic aim is to improve our EBITDA margin still further in 2007, depending on acquisitions achieved.

Munich, March 7, 2006

The management board

Gerhard Weiß (Chairman)

Dr. Peter Mossack

Michael Westfahl

Report of the Supervisory Board on Nemetschek AG's 2005 fiscal year

During the past 2005 fiscal year, Nemetschek AG's supervisory board fulfilled the tasks and duties it is legally mandated to perform. The board met four times during the year to confer on the company's strategic and business developments and to debate current results and fundamental questions.

Nemetschek AG's managing board has presented the supervisory board with comprehensive quarterly reports about the business situation, including sales, revenue and liquidity developments, as well as the company's overall situation. In addition, the supervisory board kept itself informed about important business processes, intended business plans, as well as about the company's strategic orientation. The respective reports were presented to all supervisory board members and were debated in joint sessions of the managing board and the supervisory board. With the assistance of Nemetschek AG's reports, the supervisory board monitored and supported the managing board's work. Approval was given for projects requiring approval. The supervisory board did not form any committees. The full supervisory board and managing board attended all supervisory board meetings. The chairman of the supervisory board was also in regular contact with the managing board outside the supervisory board meetings. The managing board discussed important business matters with and advised the supervisory board chairman and informed him of the current development of the business situation and important business transactions.

Topics debated at individual supervisory board meetings included the following:

- Meeting in March 2005: During this meeting, the supervisory board discussed the annual financial statements presented by the managing board, Nemetschek AG's annual report, consolidated financial statements and consolidated annual report, as well as the auditors' reports and audit results.

  During this supervisory board meeting, which was also attended by the appointed auditor, the board established Nemetschek AG's annual financial statement for 2004 and approved the consolidated statement for 2004, which had also been audited, and a decision was made on the appropriation of profits. The two new members of the managing board then gave a detailed presentation of their evaluation and action plans for their areas of responsibility. Other topics included business development in the first quarter of 2005, the 2005 business plan, and reports on the situation and outlook regarding the Nemetschek subsidiaries CREM Solutions GmbH & Co. KG and acadgraph CAD STUDIO GmbH following the measures in 2004. Two other central topics were activities abroad and the capture of new markets. Preparations for the 2005 AGM were also discussed.

- Meeting in May 2005: This supervisory board meeting dealt with the managing board's report on business developments during the first quarter and additional business outlook prospects. Measures to increase productivity and optimize costs were discussed in depth. The business development of key western and eastern European subsidiaries was also discussed. A further topic was the product and development strategy of the group and central technology decisions. The growth strategy for the Nemetschek Group was then discussed in detail.

- Meeting in July 2005: This supervisory board meeting dealt with the managing board's report on business developments during the second quarter and additional business outlook prospects. It also covered the managing board's report on the status of the strategy projects from 2004, reports on the development of subsidiaries, and the current measures to increase profits. The central elements of the growth strategy were also discussed in detail. Another topic was the implementation of the German Corporate Governance Code and a recent investigation into the efficiency of the supervisory board.

- Meeting in October 2005: This supervisory board meeting dealt with the managing board's report on business development in the third quarter and the business prospects for 2005, as well as key planning data for 2006. The supervisory board was also again informed in detail of the development of the subsidiaries Nemetschek CREM Solutions and acadgraph. The "collaboration" project, which aims to optimize the basic data for the complete process of designing, constructing, and managing real estate, was discussed thoroughly. The managing board also gave a report on further details for implementation of the growth strategy and explained the acquisition plans.

The annual financial statements prepared by the management board in accordance with the principles of HGB ["Handelsgesetzbuch": German Commercial Code], together with the bookkeeping system, and the management report of Nemetschek Aktiengesellschaft for the fiscal year 2005 as well as the consolidated financial statements prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the EU, and the additional requirements of German commercial law pursuant to Sec. 315a (1) HGB and the group management report for the fiscal year 2005 have been audited by Ernst & Young AG Wirtschaftsprüfungsgesellschaft, Munich, and issued with an unqualified audit opinion. The supervisory board has satisfied itself of the auditor's independence.

The supervisory board has examined the annual financial statements, the management report, the consolidated financial statements and the group's management report, too. The supervisory board approves the result of the auditors' examinations based on its own examinations and raises no objections. The supervisory board explicitly endorses the annual financial statements of Nemetschek AG and the consolidated financial statements for fiscal year 2005 The annual financial statements of the Nemetschek AG for fiscal year 2005 are thus final.

In the 2005 fiscal year, the managing board increased from two to three members. Effective from January 1, 2005, Michael Westfahl was appointed to the managing board with responsibility for Marketing and Sales, and Dr. Peter Mossack was appointed with responsibility for Research and Development. The members of the supervisory board remain unchanged.

The supervisory board would like to thank the managing board and all Nemetschek Group employees for their dedication and work performance during the past fiscal year.

Munich, March 22, 2006

Kurt Dobitsch
Chairman of the supervisory board

Consolidated Balance Sheet

as of December 31, 2005 and as of December 31, 2004

Assets (Thousands of €)	December 31, 2005	December 31, 2004	[Notes]
Current assets			
Cash and cash equivalents	28,966	39,033	[23]
Trade receivables, net	14,435	13,406	[13]
Receivables from associates	148	133	
Inventories	481	587	
Tax refunded claims for income taxes	1,917	316	[14]
Prepaid expenses and other current assets	2,777	2,359	[14]
Non-current assets classified as held for sale	2,075	0	[14]
Current assets, total	**50,799**	**55,834**	
Non-current assets			
Property, plant and equipment	2,811	3,589	[12]
Intangible assets	1,166	2,742	[12]
Goodwill	23,734	23,273	[12]
Shares in associates/financial assets	387	409	
Deferred taxes	1,835	1,153	[10]
Other non-current assets	230	495	[14]
Non-current assets, total	**30,163**	**31,661**	
Total assets	**80,962**	**87,495**	

The accompanying notes to these balance sheets are an integral part of these consolidated financial statements.

Equity and liabilities Thousands of €	December 31, 2005	December 31, 2004	[Notes]
Current liabilities			
Short-term loans and current portion of long-term loans	702	1,403	[19]
Trade payables	3,615	4,288	[19]
Payments on account	64	48	[19]
Provisions and accrued liabilities	8,780	9,026	[18]
Deferred income	6,807	6,840	[20]
Income taxes	1,118	669	
Other current liabilities	9,181	3,934	[19]
Liabilities directly associated with non-current assets classified as held for sale	763	0	[19]
Current liabilities, total	**31,030**	**26,208**	
Non-current liabilities			
Deferred taxes	1,215	948	[10]
Pension provisions	583	413	[18]
Non-current liabilities, total	**1,798**	**1,361**	
Equity			
Subscribed capital	9,625	9,625	[16]
Capital reserves	41,354	46,345	[17]
Revenue reserve	52	0	[17]
Currency translation	– 1,851	– 3,037	
Retained earnings/accumulated loss	– 2,083	5,496 [1)]	
Minority interests (restated)	1,037	1,497 [1)]	
Equity, total	**48,134**	**59,926**	
Total equity and liabilities	**80,962**	**87,495**	

The accompanying notes to these balance sheets are an integral part of these consolidated financial statements.
1) revised, for further information see notes on "General"

Consolidated Income Statement

for the period from January 1 to December 31, 2005 and 2004

Thousands of €	2005	2004	[Notes]
Sales	**98,776**	**96,636**	[1]
Other operating income	1,555	1,787	[3]
Operating income	**100,331**	**98,423**	
Cost of materials/cost of purchased services	– 8,663	– 8,884	[4]
Personnel expenses	– 44,071	– 43,839	[5]
Depreciation of property, plant and equipment and amortization of intangible assets	– 3,179	– 4,086	[6]
Goodwill amortization	0	– 3,223	[6]
Other operating expenses	– 31,365	– 30,607	[7]
Operating expenses	**– 87,278**	**– 90,639**	
Operating result	**13,053**	**7,784**	
Interest income	865	664	[9]
Interest expenses	– 117	– 101	[9]
Income from associates	223	268	[8]
Earnings before taxes	**14,024**	**8,615**	
Income taxes	– 1,876	– 2,210	[10]
Net income for the year	**12,148**	**6,405**	
Of this amount: Equity of the parent company	11,668	5,438	
Minority interests	480	967	[11]
Earnings per share (basic) in EUR	1.21	0.57	[21]
Earnings per share (diluted) in EUR	1.21	0.57	
Average number of shares outstanding (basic)	9,621,439	9,610,755	
Average number of shares outstanding (diluted)	9,621,439	9,610,755	

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

Consolidated Cash Flow Statement

for the period from January 1 to December 31, 2005 and 2004

Thousands of €	2005	2004
Earnings (before taxes)	14,024	8,615
Amortization and depreciation of non-current assets	3,179	7,309
Change in pension provision	170	41
Non-cash transactions	81	0
Income from associates	– 223	– 268
Expense from disposal of property, plant and equipment	95	0
Cash flow for the period	**17,326**	**15,697**
Interest income	– 865	– 664
Interest expenses	117	101
Change in other provisions and accruals	– 246	– 531
Change in trade receivables	– 1,029	– 780
Change in inventories, other assets	– 767	419
Change in trade payables	– 673	149
Change in other liabilities	671	853
Cash received from distributions of associates	251	184
Interest received	736	664
Income taxes received	0	17
Income taxes paid	– 3,387	– 2,634
Cash flow from operating activities	**12,134**	**13,475**
Capital expenditure	– 2,141	– 2,327
Changes in liabilities from acquisitions	0	– 403
Cash received from the disposal of non-current assets	98	99
Cash flow from investing activities	**– 2,043**	**– 2,631**
Dividend payments	– 19,250	0
Minority interests paid	– 874	– 735
Repayment liabilities to banks	– 701	– 561
Interest paid	– 117	– 100
Cash received from the sale of shares	234	0
Cash flow from financing activities	**– 20,708**	**– 1,396**
Changes in cash and cash equivalents	**– 10,617**	**9,448**
Effect of exchange rate differences on cash and cash equivalents	**550**	**– 248**
Cash and cash equivalents at the beginning of the period	**39,033**	**29,833**
Cash and cash equivalents at the end of the period	**28,966**	**39,033**
Additional disclosures		
Capital expenditure on property, plant and equipment through finance leases	0	0
Other non-cash capital expenditure	0	0

The accompanying notes to these cash flow statements form an integral part of these consolidated financial statements.
The cash flow statement is explained in note [23].

Statement of Changes in Group Equity

for the period from January 1, 2004 to December 31, 2005

Thousands of €	Equity allocable to the parent company's shareholders						Minority interests	Total Equity
	Subscribed capital	Capital reserve	Revenue reserves	Currency translation	Retained earnings/accumulated loss	Total		
As of January 1, 2004	**9,625**	**47,110**	**3,579**	**– 2,410**	**– 3,628**	**54,276**	**619**	**54,895**
Correction of minority interests[1]					– 658	**– 658**	658	**0**
As of January, 1 2004 after correction	9,625	47,110	3,579	– 2,410	– 4,286	**53,618**	1,277	**54,895**
Reclassification of reserves		– 765	– 3,579		4,344	**0**		**0**
Income payment from minority interests						**0**	– 747	**– 747**
Changes in currency translation				– 627		**– 627**		**– 627**
Net income for the year					5,438	**5,438**	967	**6,405**
As of December 31, 2004	9,625	46,345	0	– 3,037	5,496	**58,429**	1,497	**59,926**
Sale of shares		182	52			**234**		**234**
Additional share purchases		– 5,254				**– 5,254**	– 66	**– 5,320**
Share-based compensation		81				**81**		**81**
Income payment from minority interests						**0**	– 874	**– 874**
Difference from currency translation				1,186	3	**1,189**		**1,189**
Dividend payments					– 19,250	**– 19,250**		**– 19,250**
Net income for the year					11,668	**11,668**	480	**12,148**
As of December 31, 2005	**9,625**	**41,354**	**52**	**– 1,851**	**– 2,083**	**47,097**	**1,037**	**48,134**

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

Changes in Group equity are explained in notes [15, 16, 17].

[1] revised, for further information see the notes under "General"

Notes to the Consolidated Financial Statements for the Fiscal Year 2005

The Company

The Nemetschek Group is one of the leading solution providers in the world of information technology and consulting services for the design, construction and management of buildings and real estate. Its standard software solutions, available in 16 languages, are used by more than 160,000 companies in 142 countries. These IT solutions create synergies and optimize the overall building creation and management process in terms of quality, cost and time.

The full solution offering spans the entire planning, construction and management process. As such, it is a mediator and a link between the world of information technology and the specialist world of building clients, architects, engineers, construction companies as well as facility and real estate managers. The group is also active in the fields of visualization and animation for multimedia software (MAXON Computer GmbH).

Nemetschek Aktiengesellschaft was founded on September 10, 1997 by conversion of Nemetschek GmbH and has been listed on the German Stock Exchange in Frankfurt since March 10, 1999, and in the "Prime Standard" segment since January 1, 2003. The registered office of Nemetschek Aktiengesellschaft is at 81829 Munich, Germany, Konrad-Zuse-Platz 1.

Information on the German "Corporate Governance Code"

The declaration of compliance was submitted in May 2005 and can be accessed by the shareholders on the homepage of Nemetschek Aktiengesellschaft (www.nemetschek.de/ir).

General

As in the prior year, the consolidated financial statements for the year ending December 31, 2005 are prepared in accordance with International Financial Reporting Standards (IFRS), as required to be applied in the EU, and the provisions of German Commercial Code to be applied additionally pursuant to Sec. 315a (1) HGB ['Handelsgesetzbuch': German Commercial Code]. The company is listed in the "Prime Standard" segment of the stock exchange and applies the provisions of Sec. 315a HGB, and is thus exempt from the provisions of Secs. 290 et seq. HGB to prepare consolidated financial statements. The group management report has been prepared in accordance with Sec. 315 HGB.

The accounting policies used generally correspond to the methods applied in the prior year. In addition, the group has applied the new/revised standards that are binding for fiscal years beginning on or after January 1, 2005.

There were changes in the accounting policies for Nemetschek Aktiengesellschaft resulting from the application of the following new or revised standards:

- IFRS 2 "Share-based Payment"
- IFRS 3 "Business Combinations"; IAS 36 "Impairment of Assets" (revised) and IAS 38 "Intangible Assets" (revised)
- IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations"
- IAS 19 "Employee Benefits"
- IAS 21 "The Effects of Changes in Foreign Exchange Rates"

The main effects from these changes are explained in the following sections.

IFRS 2 "Share-based Payment"

The modified accounting and measurement methods for share-based payment transactions are described in the section on "Summary of Significant Accounting Policies".

The main effect of IFRS 2 on the consolidated financial statements is that the expense is recognized as a personnel expense and stock options for executives are posted to equity (capital reserve) accordingly. Nemetschek Aktiengesellschaft applies IFRS 2 prospectively, as the equity-based rights were not granted until fiscal year 2005.

The adoption of IFRS 2 led to a reduction of the net income for the year by kEUR 81 as a result of increased personnel expenses.

IFRS 3 "Business Combinations"; IAS 36 "Impairment of Assets" (revised) and IAS 38 "Intangible Assets" (revised)

The adoption of IFRS 3 and IAS 36 (revised) led to Nemetschek Aktiengesellschaft ceasing systematic amortization of goodwill and instead performing annual impairment tests for goodwill at the level of the cash-generating unit since January 1, 2005 (unless events take place that make it necessary to examine goodwill more regularly).

In addition, it must be determined for each individual intangible asset whether the asset has a finite or indefinite useful life.

IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations"

Nemetschek Aktiengesellschaft applied IFRS 5 prospectively in accordance with the transitional provisions of IFRS 5. This led to a change in accounting policies for non-current assets held for sale.

IAS 19 "Employee Benefits"

Nemetschek Aktiengesellschaft applies IAS 19 (revised) for the first time as of January 1, 2005. As a result, additional disclosures are made on developments of assets and liabilities in the defined benefit plans and on the assumptions underlying the components of the costs for defined benefit plans. The change in accounting policies means that the consolidated financial statements as of December 31, 2005 contain additional disclosures (as in the prior year). However, the change did not affect recognition and measurement.

IAS 21 "The Effects of Changes in Foreign Exchange Rates"

The changes in the revised IAS 21 became binding during the fiscal year. As a result, any goodwill arising on the acquisition of a foreign entity and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition of that foreign entity are recognized as assets and liabilities of the foreign entity and translated at the closing rate. The change is applied prospectively in accordance with the transitional provisions of IAS 21. Furthermore, goodwill acquired in the course of a business combination prior to January 1, 2005 and fair value adjustments arising from the business combination are treated as assets and liabilities of the parent. The original treatment was not changed.

Nemetschek Aktiengesellschaft decided against the early adoption of the following standards and IFRIC interpretations which have already been issued but have not entered into force yet:

IFRS and IFRIC interpretations adopted by the EU in the comitology procedures which have not yet entered into force:

Amendments to IAS 1 "Presentation of Financial Statements"

The additional disclosure requirements resulting from the amendment of IAS 1 "Presentation of Financial Statements" were not observed in the consolidated financial statements. The amendments are applicable for fiscal years beginning on or after January 1, 2007.

Amendments to IAS 39 – Fair Value Option and Cash Flow Hedge Accounting

The amendments are applicable for fiscal years beginning on or after January 1, 2006. Management had not completed the analysis of the effects of this amendment by the time the consolidated financial statements were prepared.

Amendments to IAS 39 and IFRS 4 – Financial Guarantee Contracts

Following the revision of IAS 39 and IFRS 4, financial guarantees fall exclusively under the scope of IAS 39. In the past, financial guarantees were either subject to IAS 39 or to IFRS 4, depending on their structure. The amendments are applicable for fiscal years beginning on or after January 1, 2006. As the group does not have any such guarantees at present, no effects are expected.

IFRS 7 "Financial Instruments: Disclosures"

IFRS 7 governs the disclosure requirements for financial instruments for industrial entities as well as banks and similar financial institutions. IFRS 7 replaces IAS 30 "Disclosures in the Financial Statements of Banks and Similar Financial Institutions" as well as the disclosure requirements contained in IAS 32 "Financial Instruments: Disclosure and Presentation". IFRS 7 is applicable for fiscal years beginning on or after January 1, 2007. Management had not completed the analysis of the effects of this standard by the time the consolidated financial statements were prepared.

IFRIC 4 "Determining whether an Arrangement contains a Lease" and IFRIC 5 "Rights to Interests Arising from Decommissioning, Restoration and Environmental Rehabilitation Funds"

These interpretations are applicable for the first time for fiscal years beginning on or after January 1, 2006. They are not expected to have any effects on the consolidated financial statements.

IFRS and IFRIC interpretations which have not yet entered into force and have not been adopted by the EU in the comitology procedures:

Amendment to IAS 21 "The Effects of Changes in Foreign Exchange Rates"

The amendments are applicable for the first time for fiscal years beginning on or after January 1, 2006. This amendment is not expected to have any effects on the consolidated financial statements.

IFRIC 7 "Applying the Restatement Approach under IAS 29 Financial Reporting in Hyperinflationary Economies"

This interpretation is applicable for the first time for fiscal years beginning on or after January 1, 2007. It is not expected to apply for the consolidated financial statements.

IFRIC 8 "Scope of IFRS 2"

The amendments are applicable for the first time for fiscal years beginning on or after May 1, 2006. They are not expected to have any effects on the consolidated financial statements.

Balance Sheet Classification:

The balance sheet items are classified into current and non-current assets and liabilities in accordance with IAS 1. Items not due within a year are disclosed as non-current assets or non-current liabilities. In addition, deferred taxes are disclosed as non-current assets or liabilities.

The consolidated financial statements have been prepared on the basis of the historical cost, apart from financial assets held for trading or classified as available for sale. These are reported at fair value.

The income statement has been prepared using the nature of expense method.

The currency used in the consolidated financial statements is EUR; in the notes the figures are stated in kEUR unless otherwise specified. This is a change on the prior year, as the figures were stated in EUR million in 2004. Accordingly, the prior-year figures were converted from EUR million to kEUR.

Consolidated group

The consolidated financial statements include Nemetschek Aktiengesellschaft and all of the foreign and domestic subsidiaries. Associates are valued using the equity method. The subsidiaries included in the consolidated financial statements and the entities valued at equity are listed below:

The following affiliated entities have been included in the consolidated financial statements:

Name, registered office of the entity (in €)	Shareholding in %	Equity Dec. 31, 2005	Net income/ loss for the year 2005
Nemetschek Aktiengesellschaft, Munich		66,750,473	7,307,949
Direct equity investments			
Design division			
Nemetschek Deutschland GmbH, Munich	100.00	2,687,246	186,628
Nemetschek Technology GmbH, Munich	100.00	2,000,000	1,929,571
NEMETSCHEK NORTH AMERICA Inc., Columbia, Maryland, USA	100.00	15,943,230	1,279,720
NEMETSCHEK FRANCE SARL, Asnières, France	100.00	208,602	– 204,096
Nemetschek Fides & Partner AG, Wallisellen, Switzerland	81.00	609,262	226,171
NEMETSCHEK ITALIA SRL, Trento, Italy	100.00	572,880	– 142,327
NEMETSCHEK ESPANA S.A., Madrid, Spain	100.00	– 48,525	– 51,208
NEMETSCHEK (UK) Ltd., London, United Kingdom	100.00	– 485,831	– 51,550
NEMETSCHEK s.r.o., Prague, Czech Republic	100.00	– 422	48,246
NEMETSCHEK kft., Budapest, Hungary	100.00	50,828	6,652
NEMETSCHEK OOO, Moscow, Russia	100.00	– 246,861	– 68,332
acadgraph CAD STUDIO GmbH, Munich	100.00	105,565	– 1,053,090
Friedrich + Lochner GmbH, Stuttgart	100.00	51,129	1,402,116
Glaser ISB CAD Programmsysteme GmbH, Wennigsen	70.00	936,843	451,222
Build division			
Nemetschek Bausoftware GmbH, Achim	95.00	611,884	200,109
ING. AUER – Die Bausoftware GmbH, Mondsee, Austria	49.90	2,939,438	2,662,391
Manage division			
Nemetschek CREM Solutions GmbH & Co. KG, Ratingen	100.00	– 1,558,231	130,142
Nemetschek CREM Verwaltungs GmbH, Munich	100.00	59,007	1,233
New Business Opportunities division			
MAXON Computer GmbH, Friedrichsdorf	70.00	1,920,518	772,143
Other			
Nemetschek Austria Beteiligungen GmbH, Mondsee, Austria	100.00	673,672	638,672
Nemetschek Verwaltungs GmbH, Munich	100.00	25,967	86
Indirect equity investments			
Design division			
NEMETSCHEK Ges.m.b.H., Wals, Austria, via Nemetschek Austria Beteiligungen GmbH	100.00	318,728	171,040
Nemetschek Engineering GmbH, Wals, Austria, via Nemetschek Austria Beteiligungen GmbH	100.00	185,465	85,465
NEMETSCHEK Slovensko s.r.o., Bratislava, Slovakia, via Nemetschek Technology GmbH	100.00	134,541	– 7,363
Build division			
ING. AUER - Die Bausoftware GmbH, Mondsee, Austria, via Nemetschek Austria Beteiligungen GmbH	51.10	2,939,438	2,662,391
New Business Opportunities division			
MAXON Computer Inc., Thousand Oaks, California, USA, via MAXON Computer GmbH	63.00	245,003	73,749
MAXON Computer Ltd., Bedford, UK, via MAXON Computer GmbH	63.00	– 146,549	28,918

The net income/loss for the year recorded by Nemetschek Technology GmbH, acadgraph CAD STUDIO GmbH and Friedrich + Lochner GmbH is shown prior to the profit and loss transfer agreement with Nemetschek Aktiengesellschaft in each case.

Associates recognized according to the equity method:

Name, registered office of the entity (Thousands of €)	Shareholding in %	Equity Dec. 31, 2005	Net income/ loss for the year 2005
DocuWare Aktiengesellschaft, Germering (in €)	30.00	3,596,702	743,879
Other disclosures on DocuWare AG			
Assets		7,577	7,107
Liabilities		3,980	3,653
Revenue		7,360	6,514
Net income for the year		744	678

Financial assets

Name, registered office of the entity (Thousands of €)	Shareholding in %	Equity Dec. 31, 2005	Net income/ loss for the year 2005
Sidoun GmbH, Freiburg i. Breisgau (June 30, 2005)	16.26	– 2,543,075	– 150,431
NEMETSCHEK EOOD, Sofia, Bulgaria	20.00	338,519	190,379
TraiCen IT Training & Consulting GmbH, Munich	33.00	– 302,706	– 77,879
rivera GmbH, Karlsruhe, via Nemetschek Bausoftware GmbH	20.00	25,000	0

The information concerning the entities corresponds to the local separate financial statements, translated into EUR.

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 NEMETSCHEK EOOD, Sofia, Bulgaria, and TraiCen IT Training & Consulting GmbH, Munich, as influence is neither exercised on management or in the form of a governing body. Also, there are no material business relationships and no influence is exercised beyond the mere capital investment. The financial assets constitute mere capital investments.

Changes in the Consolidated Group

The composition of the entities included in the consolidated financial statements changed during the course of the fiscal year 2005.

The following newly founded entities and shares purchased in the following entities were included in the consolidated financial statements for the first time:

- Nemetschek Engineering GmbH, Wals, Austria, was founded on February 21, 2005
- Nemetschek Austria Beteiligungen GmbH, Mondsee, Austria, was founded on June 14, 2005
- Nemetschek Bausoftware GmbH, Achim, acquired an equity investment in the newly founded rivera GmbH, Karlsruhe, as of December 21, 2005
- Purchase of the remaining 25 % shares in ING. AUER - Die Bausoftware GmbH, Mondsee, Austria, by the newly founded Nemetschek Austria Beteiligungen GmbH, for a purchase price of kEUR 5,295 on August 18, 2005
- Purchase of the remaining 0.25 % shares in Nemetschek CREM Solutions GmbH & Co. KG, Ratingen, for a purchase price of kEUR 8 on November 30, 2005

Changes in the consolidated group did not result in any material changes in revenue.

The application of IFRS 3 means that goodwill is no longer subject to systematic amortization from 2005 onwards and the impairment only approach used in the new IFRS 3 applies.

Goodwill developed as follows:

Thousands of €	2005	2004
Brought forward January 1	23,273	26,408
Additions	0	406
Disposals	– 180	0
Amortization	0	– 3,223
Currency differences	641	– 318
As of Dec. 31	**23,734**	**23,273**

The disposals of goodwill relate to the following entity:

- Reclassification of goodwill of kEUR 180 attributable to acadgraph CAD STUDIO GmbH to assets held for sale.

25 % of the fully consolidated subsidiary ING. AUER – Die Bausoftware GmbH was acquired in the fiscal year. The difference of kEUR 5,254 was treated as an equity transaction and offset against the capital reserve (entity concept method).

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

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

Thousands of €	2005	2004
ING. AUER - Die Bausoftware GmbH, Mondsee, Austria	6,486	6,486
Nemetschek Bausoftware GmbH, Achim	5,033	5,033
NEMETSCHEK NORTH AMERICA Inc., Columbia, Maryland, USA	4,879	4,236
MAXON Computer GmbH, Friedrichsdorf	3,008	3,008
Nemetschek CREM Solutions GmbH & Co. KG, Ratingen	2,028	2,028
Friedrich + Lochner GmbH, Stuttgart	1,293	1,293
Glaser ISB CAD Programmsysteme GmbH, Wennigsen	697	697
Other	310	492
Total goodwill	**23,734**	**23,273**

The carrying amounts of the goodwill allocable to ING. AUER – Die Bausoftware GmbH, Mondsee, Austria, Nemetschek Bausoftware GmbH, Achim, NEMETSCHEK NORTH AMERICA Inc., Columbia, Maryland, USA, and MAXON Computer GmbH, Friedrichsdorf, are material compared to the total carrying amount of goodwill.

The recoverable value of the cash-generating unit of the respective group entity is based on a calculation of its value in use derived from the cash flow projections for the next four years based on the financial planning approved by the management. The discount rate used for the cash flow projections is 9.0 % on average (prior year: 9.0 % on average). Cash flows after the period of four years are stated as perpetual annuity. When calculating the values for perpetual annuity, a conservative approach was taken for the purpose of calculating the value in use to test the goodwill for impairment, and growth deductions of 2 to 5 % were assumed. The procedure was used for all of the four material carrying amounts mentioned above.

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

Planned sales development/gross profit margin

For the purpose of this valuation, management bases its projections on those customary for the industry. The developments in the prior year are taken into account accordingly. The markets in the USA are expected to be more advanced than in Germany.

Due to its international sales activities, the planned development of MAXON Computer GmbH, Friedrichsdorf, is based on the markets in the USA and Germany as well as on the Japanese market and the increasing significance of the solutions provided by this group entity.

Increase in personnel expenses

It is assumed that the cost of employee remuneration will develop in line with the industry.

Capital expenditure

Replacement investments are planned for the amount of annual depreciation and amortization.

Adjustment of Prior-year Figures

The figure reported for minority interests contains an error according to IAS 8 which was corrected in the opening balance sheet as of January 1, 2004 pursuant to IAS 8.42 b. The minority interests of kEUR 619 were increased by kEUR 659 to kEUR 1,278. The minority interests had been allocated to losses although the interests were already negative. The opening balances for equity were adjusted for the earliest period possible.

Consolidation Principles

The consolidated financial statements of the group include Nemetschek Aktiengesellschaft, Munich, and the entities that it controls. Control is assumed if the group owns, either directly or indirectly, more than half of the voting rights of an entity and is able to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The net income/loss and equity of the consolidated subsidiaries allocable to minority interests are shown separately in the income statement and in equity.

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

Shares in associates (generally equity investments of between 20 % and 50 % in an entity's equity) where a significant influence is exercised by Nemetschek Aktiengesellschaft are accounted for using the equity method. Equity investments in associates are revalued when there is an indication that the investment in an associates has been impaired or the impairment losses recognized in prior years no longer exist.

Intercompany balances and transactions, including intercompany profits, are eliminated. The financial statements of domestic and foreign entities included in the consolidation are prepared using uniform accounting policies.

Use of Estimates when Preparing the Consolidated Financial Statements

The preparation of the consolidated financial statements requires management to make estimates and assumptions in conformity with IFRS that affect the reported amounts of assets and liabilities, the disclosures in the notes and the amounts reported in the income statement. Actual results may diverge from these estimates.

Currency Translation

Foreign currency transactions are recorded in the reporting currency by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction. All monetary assets and liabilities are translated at closing rate. Exchange rate differences arising on the settlement of monetary items at rates different from those at which they were initially recorded during the period are recognized as other operating income or other operating expenses in the period in which they arise.

The foreign equity investments in the consolidated group are independent from a financial, economic and organizational perspective. These are thus regarded as foreign entities. Their reporting currencies are the respective local currencies. The balance sheets of foreign consolidated equity investments are translated at year-end exchange rates (including goodwill). The income statements are translated at the exchange rates in place on the dates of the transactions. All resulting translation differences are included in a translation reserve in equity.

The following exchange rates are used for currency translation involving currencies in countries outside the euro zone:

Currency	Average exchange rate in 2005	Exchange rate as of December 31, 2005	Average exchange rate in 2004	Exchange rate as of December 31, 2004
EUR/USD	1.2376	1.1825	1.2465	1.3621
EUR/CHF	1.5478	1.5548	1.5441	1.5429
EUR/SKK	38.5475	37.8700	40.0129	38.7450
EUR/CZK	29.7921	29.0200	31.9237	30.4640
EUR/RUR	35.0679	34.0020	35.7967	37.7880
EUR/HUF	248.6017	252.9000	250.6308	245.9700
EUR/GBP	0.6830	0.6863	0.6750	0.7051

Accounting Policies

Intangible assets are capitalized at cost and are amortized by means of scheduled amortization using the straight-line method over the customary useful life of between three and five years, e.g. software.

Expenditure for research and development charged against income in the period in which it is incurred except for project development costs which comply strictly with the following criteria:

- The product is clearly defined and costs attributable to development can be measured reliably.
- The technical feasibility of the product is demonstrated.
- The product is intended for sale or in-house use.
- A potential market exists for the product or its usefulness in case of internal use is demonstrated, and adequate technical, financial and other resources required for completion of the project are available.

Capitalized development costs are amortized on a straight-line basis over a period of five years. Capitalized development costs are revalued whenever there is an indication that the asset has been impaired or that the impairment losses recognized in previous years no longer exist.

Publicly funded development subsidies from the EU for basic research are recorded on the basis of the hours worked. These are recognized as other operating income in the consolidated financial statements.

Property, plant and equipment are measured at cost less scheduled depreciation. They are depreciated over their normal useful lives using the straight-line method as follows:

	Useful life in years
IT equipment	3
Vehicles	5
Factory equipment	2 – 5
Leasehold improvements	5 – 10

Scheduled straight-line depreciation is based on the estimated useful lives of the assets.

If property, plant and equipment items are sold or disposed of, their costs and related accumulated depreciation are eliminated from the balance sheet and the resulting gain or loss on sale is recorded in the income statement.

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

Property, plant and equipment and intangible assets (including the capitalized development costs and goodwill) are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Whenever the carrying amount of an asset exceeds its recoverable amount, an impairment loss is recognized in income for items of property, plant and equipment and intangibles carried at cost. The recoverable amount is the higher of an asset's net selling price and value in use.

The net selling price is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable and willing parties. Value in use is the present value of estimated future cash flows expected to arise from continuing use of an asset and from its disposal at the end of its useful life. The recoverable amount is estimated for each individual asset or, if that is not possible, for the cash-generating unit.

A reversal of impairment losses recognized in prior years is recorded when there is an indication that the impairment losses recognized for the asset no longer exist or have decreased. The reversals are posted to the income statement (IAS 36).

Goodwill arising from a business combination is initially measured at cost, which is the excess of the cost of the business combination over the group's interest in the fair value of the identifiable assets, liabilities and contingent liabilities. After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment at least once a year or whenever facts or changes in circumstances indicate that the carrying amount could be impaired.

For the purpose of impairment testing, goodwill acquired in a business combination shall, from the acquisition date, be allocated to each of the group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination. This is irrespective of whether other assets or liabilities of the group have already been assigned to those units or groups of units. Each unit or group of units to which the goodwill is allocated represents the lowest level within the group at which the goodwill is monitored for internal management purposes.

The impairment is determined by calculating the recoverable amount of the cash-generating unit (group of cash-generating units) to which goodwill relates. If the recoverable amount of the cash-generating unit (group of cash-generating units) is lower than its carrying amount, an impairment loss is recorded.

An impairment loss recognized for goodwill shall not be reversed in a subsequent period.

Leases of assets under which all the risks and rewards of ownership are effectively retained by the lessor are classified as operating leases. Lease payments under an operating lease are recognized in the income statement as an expense on a straight-line basis over the lease term (IAS 17.25).

Inventories solely comprise merchandise which is carried at cost. Due consideration in the form of appropriate mark-downs is given to inventory risks relating to reduced salability. If net realizable value is lower on the balance sheet date, then the lower value is stated. If the net realizable value increases for inventories that have already been devalued, the resulting reinstatement of original value is recorded as a reduction of the cost of materials.

Borrowing costs are immediately recorded as an expense.

Payments on account from customers are recorded as liabilities.

Receivables and **other assets** are shown at the fair value of the consideration and measured at their amortized cost after setting up the required valuation allowances.

Financial assets and **financial liabilities** carried in the balance sheet include cash and cash equivalents, trade and other accounts receivable and payable, non-current receivables, loans, direct loans and financial investments. The recognition and measurement criteria used for these items are shown in the recognition and measurement methods contained in the notes to these consolidated financial statements.

Financial assets as defined by IAS 39 are broken down into financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments or available-for-sale financial assets. Initial recognition of financial assets is at fair value. For financial investments which are not measured at fair value through profit or loss, any transaction costs that are directly attributable to the acquisition of the financial asset are also included. Nemetschek Aktiengesellschaft decides on classification of its financial assets upon initial recognition and reviews allocation at the end of each fiscal year if permissible and appropriate.

Regular way purchases and sales of financial assets are recognized as of the trading date, i.e., the date on which the entity entered into the obligation to purchase the asset. A regular way purchase or sale is a purchase or sale of a financial asset under a contract whose terms require delivery of the asset within the time frame established generally by regulation or convention in the marketplace concerned.

Financial assets at fair value through profit or loss

Financial assets that qualify as held for trading are included in the “financial assets at fair value through profit or loss” category. Financial assets are classified as held for trading if they are acquired for the purpose of selling in the near term. Derivative financial instruments are also classified as held for trading unless they are designated as a hedging instrument and are effective as such. Gains or losses from financial assets held for trading are recognized in profit or loss.

Financial assets are measured at amortized cost as their fair value cannot be measured reliably on the basis of a one-year plan.

Held-to-maturity investments

Non-derivative financial assets with fixed or at least determinable payments and fixed maturity are classified as financial assets held to maturity if the group has the intention and ability to hold them to maturity. Measurement is at amortized cost. A gain or loss from investments carried at amortized cost is recognized in the net profit or loss for the period when the investment is derecognized or impaired, as well as through the amortization process.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments and that are not quoted in an active market. These assets are measured at amortized cost using the effective interest method. A gain or loss is recognized in the net profit or loss for the period when the loans and receivables are derecognized or impaired, as well as through the amortization process.

Available-for-sale financial assets

Available-for-sale financial assets are those non-derivative financial assets that are designated as available for sale or are not classified as one of the three categories above. Subsequent to initial recognition, available-for-sale financial assets are measured at fair value, and any gain or loss is recognized in a separate item under equity. On derecognition of the investment or identification of an impairment, any cumulative gain or loss that had been recognized directly in equity is recognized in profit or loss.

The fair value of investments traded on regulated markets is determined by reference to the bid rate on the stock exchange as of the balance sheet date. The fair value of investments for which there is no active market is estimated using measurement models.

The group uses **derivative financial instruments** such as forward exchange contracts in order to hedge against currency risks. These derivative financial instruments are initially recognized at fair value at the time at which the corresponding contract is signed and subsequently revalued at fair value. Derivative financial instruments are recognized as assets if their fair value is positive, and as liabilities if their fair value is negative.

Derivative financial instruments that do not satisfy the criteria for hedge accounting, any gains or losses from changes in fair value are immediately recognized in profit or loss.

The fair value of forward exchange contracts is calculated with reference to the current forward exchange rates for contracts with similar maturity structures.

Cash and cash equivalents are short-term, highly liquid investments that are readily convertible to cash with original maturities of three months or less and that are not subject to risk of change in value.

Reserves are created in accordance with statutory requirements and the articles of incorporation and bylaws [note 17].

The company provides a **company pension plan** for selected members of management. The provisions are valued 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 obligation is recorded as a provision in the balance sheet. Actuarial gains and losses are recognized immediately in the income statement. All other **provisions** take into account all obligations discernable on the balance sheet date that are related to transactions or events that have already taken place but for which the amount or due date is uncertain. Non-current provisions must be discounted at the balance sheet date unless the effects are essential.

Contingent liabilities are not recognized in the financial statements until their utilization is more likely than not. They are stated in the notes to the consolidated financial statements provided the possibility of utilization is not remote.

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 tax rates and tax laws used to compute the amount are those that are enacted by the balance sheet date (IAS 12.46, IAS 12.47).

Deferred taxes are recognized using the liability method for all temporary differences between the carrying amounts of assets and liabilities in the balance sheet and the amounts used for income tax purposes as of the balance sheet date. Deferred tax liabilities are recognized for all taxable temporary differences. The following exceptions apply (IAS 12.15):

No deferred tax liabilities may be recognized 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.

No deferred tax liabilities may be recognized for taxable temporary differences related to investments in subsidiaries, associates and interests in joint ventures 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 (IAS 12.39).

Deferred tax assets are recognized for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilized. The following exceptions apply:

No deferred tax assets may be recognized from deductible temporary differences arising on 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 accounting profit nor taxable profit or loss (IAS 12.24).

Deferred tax assets may only be recognized for taxable temporary differences related to investments in subsidiaries, associates and interests in joint ventures 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 (IAS 12.44).

The carrying amount of a deferred tax asset is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are reviewed at each balance sheet date and recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered (IAS 12.56).

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the balance sheet date (IAS 12.47).

Income taxes relating to items recognized directly in equity are recognized in equity and not in the income statement (IAS 12.61).

Deferred tax assets and deferred tax liabilities are offset if the group has a legally enforceable right to offset current tax assets and current tax liabilities and these relate to income taxes levied by the same taxation authority on the same taxable entity (IAS 12.74).

Revenue, expenses and assets are recognized net of **sales tax** (IAS 18.8). The following exceptions apply: Where sales tax incurred on the purchase of goods or services cannot be claimed back from the tax authorities, the amount of sales tax is recognized as part of the cost of the asset or as part of the expenses; and receivables and liabilities are recognized at amounts including any sales tax.

The amount of sales tax refunded by or transferred to the tax authorities is recognized under receivables or liabilities in the balance sheet.

Liabilities are reported at amortized cost.

Deferred income relates to income received before the balance sheet date that relates to following periods.

Minority interests contain a share of fair values of the identified assets and liabilities 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, are charged against the majority interest except to the extent that the minority has a binding obligation to, and is able to, make good the losses. If the subsidiary shows profits at a later point in time, these are allocated in full to the majority holding unless these exceed the accumulated loss shares assumed by the minority interests (IAS 27.27).

Revenue is recognized when it is probable that the economic benefits associated with the transaction will flow to the entity and the amount of the revenue can be measured reliably. Revenue is recognized net of sales tax 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 income from licenses.

Revenue from the sale of goods and merchandise must be recognized (point in time) if and only if all of the following conditions are fulfilled (IAS 18.14):

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

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

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

Contracts for work and services and fixed price contracts are concluded in certain cases. In such cases, revenue and income is calculated using the percentage of completion method provided that the prerequisites prescribed 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 to estimated total contract costs. This has the following implications for the Nemetschek Group:

a. Software and licenses

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

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

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

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

ab. Sales transactions via sales representatives/agents
From an economic perspective, income is generally recorded when ownership and the related risks and rewards of ownership are transferred. However, if the seller is acting as an agent/representative, income is not recorded until the software/hardware is sold to the final customer.

b. 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).

c. Consulting

ca. Contract for work and services
The aforementioned criteria for the sale of services generally apply. If necessary, revenue is recognized using the percentage of completion method (IAS 11) in accordance with the defined consulting stages agreed upon. The consulting stage does not have to be completed in full. Costs are recorded accordingly.

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

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

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

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

Interest income is recognized when the interest has accrued (using the effective interest method, i.e., the rate that discounts the estimated future cash receipts through the expected life of the financial instrument to the net carrying amount of the financial asset).

The **segment reporting** divides the group worldwide into the segments Design, Build, Manage and NBO (New Business Opportunities). The business segments Design, Build, Manage and NBO form the basis for the primary segment reporting.

Employees (including executives) at Nemetschek Aktiengesellschaft are paid **share-based compensation** whereby the employees receive remuneration in the form of equity instruments. The expenses incurred due to equity-settled share-based transactions are measured at the fair value of the equity instruments granted on the date granted. The fair value is calculated using a binominal model (Black-Scholes). Expenses incurred due to equity-settled share-based transactions are recorded over the period in which the service and/or service conditions are fulfilled with a corresponding increase in equity at the same time. This period ends on the date on which the entitlement of the employee in question becomes vested ('vesting date').

Assets held for sale are stated at the lower of the carrying amount and fair value less costs to sell.

Subsequent events 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. Subsequent events that do not require consideration are stated in the notes to the consolidated financial statements if they are material (IAS 10.7, 10.20).

Notes to the Consolidated Income Statement

[1] Sales

Thousands of €	2005	2004
Software and licenses	50,310	49,933
Hardware	1,464	1,862
Services (consulting and training)	8,519	8,149
Maintenance (software service agreements)	38,483	36,692
	98,776	**96,636**

Revenue includes kEUR 1,076 (prior year: kEUR 0 relating to the use of the percentage of completion method. This revenue is offset by expenses of kEUR 464 (prior year: kEUR 0). Profit from projects of kEUR 612 (prior year: kEUR 0) is reported in the fiscal year due to the use of the percentage of completion method. Payments on account of kEUR 545 (prior year: kEUR 0) were made.

The breakdown of revenue by segment is shown under segment reporting [note 25].

[2] Own Work Capitalized

Pursuant to IAS 38, development costs must be capitalized unless they are incurred for basic research or are not related to projects, provided that the prerequisites of IAS 38.45 are fulfilled.

The company was involved in non-project-related product development in 2005. The development costs of projects that have not satisfied the criteria of IAS 38.45 have been recorded as an expense. If the development activities in the past were related to usable products, the expenses incurred were capitalized. These included direct personnel costs plus allocable overheads. Development expenses were last recognized in 2000.

The economic useful life of capitalized development costs is assumed to be five years. Amortization starts upon commercial exploitation of the development results in the year the costs were incurred using the straight-line method. Disposal is recorded in the statement of changes in non-current assets after the economic useful life has expired. In 2005, kEUR 18,040 were spent on research and development (prior year: kEUR 18,704).

[3] Other Operating Income

Thousands of €	2005	2004
Development subsidies for EU projects	159	293
Income from the sale of assets	98	99
Other income relating to other periods	0	100
Income from subleases and offsetting other services	719	560
Advertising expense advances	112	156
Sundry	467	579
	1,555	**1,787**

The income from exchange rate differences in the amount of kEUR 31 (prior year: less than kEUR 100) is contained in the item 'Sundry'.

[4] Cost of Materials/Cost of Purchased Services

Thousands of €	2005	2004
Cost of purchased merchandise	7,356	7,191
Cost of purchased services	1,307	1,693
	8,663	**8,884**

[5] Personnel Expenses

Thousands of €	2005	2004
Wages and salaries	37,206	36,785
Social security, pension and other benefit costs	6,865	7,054
	44,071	**43,839**

Social security, pension and other benefit costs contain pension obligations of kEUR 170 (prior year: kEUR 41) and the customary local expenses of the state pension insurance for employees. In addition, there are various additional private pension insurance policies for group employees at their own cost.

The average number of employees for the year was:

	2005	2004
Sales/Marketing/Hotline	383	374
Development	265	262
Administration	88	91
	736	**727**
Number of employees as of December 31	**735**	**749**

[6] Amortization and Depreciation

Thousands of €	2005	2004
Amortization of intangible assets	1,760	2,411
Goodwill amortization	0	3,223
Depreciation of property, plant and equipment	1,419	1,675
	3,179	**7,309**

[7] Other Operating Expenses

Thousands of €	2005	2004
Expenses for third-party services	4,881	4,434
Advertising expenses	4,583	4,262
Rent/leases	5,391	5,522
Commission	5,948	5,598
Legal and consulting fees	1,928	1,997
Travel expenses	2,138	2,039
Vehicle costs	1,338	1,386
Communication	1,385	1,406
Sundry	3,773	3,963
	31,365	**30,607**

'Sundry' consists of various items all of which are less than kEUR 500. The expenses from exchange rate differences of less than kEUR 100 (prior year: less than kEUR 100) is contained in the item 'Sundry'. This item is shown net of specific valuation allowances of kEUR 150 (prior year: kEUR 400) that are no longer needed.

[8] Income from Associates

The result from associates contains write-ups of associates of kEUR 223 (prior year: kEUR 268).

[9] Interest Income/Expenses

Thousands of €	2005	2004
Other interest and similar income	865	664
Interest and similar expenses	– 117	– 101
	748	**563**

[10] Income Taxes

Thousands of €	2005	2004
Current income taxes	3,408	2,613
Effect of taxes, prior years	– 1,173	0
Deferred taxes	– 359	– 403
	1,876	**2,210**

As in the prior year, the income tax rates of the individual entities range between 19 % and 40.5 %. The income tax expense is based on the theoretical tax income of Nemetschek Aktiengesellschaft in Germany. This is based on a tax rate of 40.5 % (prior year: 40.5 %) which is calculated as follows:

in %	2005		2004	
Earnings before taxes	100.0		100.0	
19.2 % trade tax (weighted)	19.2	19.2	19.2	19.2
	80.8		**80.8**	
25 % corporate income tax	20.2	20.2	20.2	20.2
5.5 % solidarity surcharge	1.1	1.1	1.1	1.1
	59.5	**40.5**	**59.5**	**40.5**

Thousands of €	2005	2004
Earnings before taxes	14,024	8,615
Theoretical tax 40.5 %	5,680	3,489
Differences to domestic and foreign tax rates	– 1,068	– 685
Tax effects on:		
Amortization of goodwill from capital consolidation	0	1,146
At equity consolidation of associates	– 114	– 109
Use of unrecognized deferred taxes on unused tax losses	– 1,676	– 1,668
Effect of taxes, prior years	– 1,173	0
Non-deductible expenses	68	37
Other	159	0
Effective tax expense	**1,876**	**2,210**
Effective tax rate (in %)	13 %	26 %

Deferred income taxes break down as follows on the balance sheet date:

Thousands of €	Consolidated balance sheet		Consolidated income statement	
	2005	2004	2005	2004
Unused tax losses	1,127	1,127	0	– 204
Potential losses from rent	264	0	264	0
Warranty provision	95	0	95	0
IFRS pensions	80	26	54	3
Elimination of intercompany profits on non-current assets	67	0	67	0
Provision for archiving costs	20	0	20	0
Remeasurement of foreign currency contracts	16	0	16	0
Vacation provision	93	35	39	0
Unearned revenue	123	45	51	0
Prepaid rent	49	19	20	0
Offsetting	– 99	– 99	0	0
Total deferred tax assets	**1,835**	**1,153**		
Deferred tax liabilities Measurement difference for internally developed software	0	97	97	216
Measurement difference for goodwill	851	851	0	388
Warranty provision	364	0	– 364	0
Non-current assets	99	99	0	0
Offsetting	– 99	– 99	0	0
Total deferred tax liabilities	**1,215**	**948**		
Deferred income tax income			**359**	**403**

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

Thousands of €	2005	2004
Losses according to entities	31,090	58,834
Deferred tax assets, gross	11,379	22,267
Unrecognized deferred tax assets on unused tax losses	– 10,252	– 21,140
Deferred tax assets on unused tax losses, net	**1,127**	**1,127**

The items contain deferred taxes on unused tax losses which are likely to be realized in future. The deferred tax assets on unused tax losses were recognized on the basis of the income and expense planning of Nemetschek Aktiengesellschaft (parent) and subsidiaries for the fiscal year 2006. The company's detailed planning relates to a one-year period. Management has stated that the capitalization of deferred taxes on unused tax losses for a longer period cannot be substantiated. The year-on-year change in losses according to the entities arises from the results of the group tax field audit, mostly changes in write-downs of financial assets.

Other non-capitalized deferred tax assets stem from the following items:

Thousands of €	Assesment basis	Deferred taxe
Supplementary balance sheet	665	269
Elimination of intercompany profits from spin-off	3,954	1,598
Available-for-sale financial assets	385	156
Non-capitalized deferred taxes, other items	5,004	2,023

Deferred taxes were not recognized, as it is not certain whether or not they would be recognized by the tax authorities.

[11] Minority Interests

Thousands of €	2005	2004
Profit shares allocable to minority interests	480	967

The profit shares allocable to minority interests are disclosed separately in the income statement.

Notes to the Consolidated Balance Sheet

[12] Non-current Assets

A statement of changes in non-current assets is presented on the last page of these notes to the consolidated financial statements.

[13] Trade Receivables

Thousands of €	2005	2004
Trade receivables (before bad debt allowances)	17,086	16,075
Specific bad debt allowance	– 2,651	– 2,669
Trade receivables	**14,435**	**13,406**

Provision was made for the bad debt risk by setting up appropriate specific bad debt allowances.

The total bad debt allowances amounted to kEUR 793 in the fiscal year (prior year: kEUR 550). Write-ups of kEUR 163 (prior year: kEUR 345) were recorded.

[14] Tax Reimbursement Rights, Other Assets, Assets Held for Sale and Prepaid Expenses

Thousands of €	2005	2004
Tax reimbursement rights for income taxes	1,917	316
Reinsurance policy	230	205
Current loan receivables	109	211
Prepaid expenses	2,192	1,895
Deposits	0	290
Assets classified as held for sale	2,075	0
Other	476	253
	6,999	**3,170**

The assets held for sale relate to real estate of Nemetschek CREM Solutions GmbH & Co. KG of kEUR 560 (Manage division) which is to be sold in the near future.

Assets of acadgraph CAD STUDIO GmbH amounting to kEUR 1,335 are also included, as is the goodwill of kEUR 180 allocable to the entity. In mid-December 2005, the company decided to make a sale within twelve months of the balance sheet date. The actual sale was transacted by agreement dated January 31, 2006 and with the approval of the supervisory board on February 1, 2006.

[15] Equity

The development of the capital reserve, the revenue reserve and the retained earnings/accumulated loss of the group is presented in the statement of changes in shareholders' equity. The figure reported for minority interests contains an error according to IAS 8 which was corrected in the opening balance sheet as of January 1, 2004 pursuant to IAS 8.42 b. The minority interests of kEUR 619 were increased by kEUR 659 to kEUR 1,278.

[16] Subscribed Capital

The capital stock of Nemetschek Aktiengesellschaft is unchanged since the prior year and amounts to EUR 9,625,000.00 as of December 31, 2005. There has been no change since January 1, 2004 in the number of no-par value shares, which is 9,625,000.

According to the resolution of the shareholders' meeting on July 29, 2003, the management board is authorized until July 28, 2008 to:

- increase the capital stock, once or several times, by a maximum of EUR 1,200,000.00, with the consent of the supervisory board, by issuing new no-par value bearer shares in exchange for cash contributions (Authorized Capital I).
- increase the capital stock, once or several times, by a maximum of EUR 3,600,000.00 with the consent of the supervisory board, by issuing new no-par value bearer shares in exchange for cash contributions or contributions in kind (Authorized Capital II).

The shareholders' meeting of July 29, 2003 passed a resolution for a contingent increase of the capital stock of the company by up to EUR 850,000.00 which serves to guarantee subscription rights (options) to management board members and executives.

[17] Capital Reserves/ Revenue Reserves

We refer to the consolidated statement of changes in shareholders' equity. Nemetschek received kEUR 234 from the sale of 14,245 treasury shares. 25 % of the fully consolidated subsidiary ING. AUER – Die Bausoftware GmbH was acquired in the fiscal year. The difference of kEUR 5,254 was treated as an equity transaction and offset against the capital reserve (entity concept method). A figure of kEUR 81 was added to the capital reserves for the expense of share-based compensation in 2005, see note [28]. The dividend of kEUR 19,250 in total was paid out on May 23, 2005 (basic dividend of EUR 0.50 plus bonus dividend of EUR 1.50 per no-par value share).

[18] Provisions and Accrued Liabilities

The obligation to a subsidiary's managing director resulting from pension plans is determined using the projected unit credit method. Actuarial gains and losses are recognized immediately in the income statement. There were no curtailments in the year ending December 31, 2005. The plans were continued beyond this period. The pension plans contain a claim upon reaching the age of 65 that amounts to 60 % of the last net salary or EUR 3,834 (DEM 7,500), whichever is lower. All claims are vested.

The following table reconciles the obligations with the amounts recognized in the balance sheet:

Thousands of €	As of January 1, 2005	Utilization	Reversals	Additions	As of December 31, 2005
Pension provisions	413	0	0	170	583
Pension provisions (prior year)	372	0	0	41	413

Thousands of €	2005	2004
Present value of the obligation	583	413
Net liability recognized in the balance sheet	**583**	**413**

The expenses relate to:

	2005	2004
Current service cost	56	21
Interest cost on benefit obligation	22	20
Net actuarial loss recognized in the year	92	0
Net benefit expense	**170**	**41**

The expense for pension obligations from service cost and interest totals kEUR 170; the expense is disclosed exclusively under personnel expenses. The 'mortality tables 2005 G' from Dr. Klaus Heubeck were used for the first time as of December 31, 2005. Application of the new mortality tables led to an increase of kEUR 92 in the actuarial loss which was immediately recognized as an expense. As of December 31, 2005, the principal actuarial assumptions used to determine pension obligations were as follows:

in %	2005	2004
Discount rate	4.25	5.00
Future salary increases	0.00	0.00
Future pension increases	1.00	1.00

Accruals contain the following items:

Thousands of €	2005	2004
Commission/bonuses for employees	3,502	3,578
Vacation accrued by employees	1,462	1,536
Legal and consulting fees/financial statements costs	313	329
Outstanding supplier invoices	1,297	830
Severance payments	0	95
Other accruals (individual items below kEUR 100)	463	1,111
	7,037	**7,479**

Other provisions include the following items:

Thousands of €	As of January 1, 2005	Utilization	Reversals	Additions	As of December 31, 2005
Potential losses from unused rented pace	613	153	0	192	652
Warranties	435	435	0	591	591
Credit notes on invoices	314	314	0	315	315
Archiving costs	185	0	0	0	185
December 31, 2005	**1,547**	**902**	**0**	**1,098**	**1,743**
December 31, 2004	**2,075**	**670**	**180**	**322**	**1,547**

- The potential loss provision for rent was extrapolated on the basis of the current sublease agreements and determined for the remaining terms of the sublease agreements.
- The provision for credit notes contains an allowance for any credit notes from the sales of the prior year.
- The warranty provisions have been set up at an amount equivalent to 0.5 % of sales less purchased products and plus individual risks (sales subject to warranty).

While the provisions for warranties and credit notes are current in nature, the provisions for potential losses cover a period of four years and the archiving costs cover a period of ten years. The current provisions are expected to be used within the next 12 months.

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

[19] Liabilities

Liabilities, categorized by due date, comprise the following:

Thousands of €	Total amount	Less than 1 year	1 to 5 years	More than 5 years
Liabilities to banks	702	702	0	0
December 31, 2004	*1,403*	*1,403*	*0*	*0*
Payments on account	64	64	0	0
December 31, 2004	*48*	*48*	*0*	*0*
Trade payables	3,615	3,615	0	0
December 31, 2004	*4,288*	*4,288*	*0*	*0*
Liabilities from assets held for sale	763	763	0	0
December 31, 2004	*0*	*0*	*0*	*0*
Other liabilities	9,181	9,181	0	0
December 31, 2004	*3,934*	*3,934*	*0*	*0*
thereof taxes	2,005	2,005	0	0
thereof relating to social security	926	926	0	0
December 31, 2005	**14,325**	**14,325**	**0**	**0**
December 31, 2004	**9,673**	**9,673**	**0**	**0**

Trade payables are subject to the customary retention of title relating to the supply of movable assets and inventories.

As of December 31, 2005, the group has a registered land charge for kEUR 1.000 in favor of Credit- und Volksbank e.G. Wuppertal to secure a liability of Nemetschek CREM Solutions GmbH & Co. KG. Further liabilities secured by encumbrances or collateral assignment did not exist as of December 31, 2005.

The liabilities to banks contain a short-term loan of Nemetschek CREM Solutions GmbH & Co. KG with a variable interest rate of 2.5 % higher than the three-month Euribor. The loan was renewed in the course of the year and is still due within one year.

[20] Deferred Income

Deferred income amounts to kEUR 6,807 (prior year: kEUR 6,840). The total amount will result in sales in the first half of 2006.

[21] Earnings per Share

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

For the purpose of calculating diluted earnings per share, the net income attributable to ordinary shareholders and the weighted average number of shares outstanding are adjusted for the effects of all potentially diluting ordinary shares from conversion of share options. The number of ordinary shares is the weighted average number of ordinary shares plus the weighted average number of ordinary shares which would be issued on the conversion of all the potentially diluting ordinary shares into ordinary shares. Share options are deemed to have been converted into ordinary shares on the date on which the options were granted. When calculating diluted earnings per share, the weighted average number of ordinary shares which would be issued due to the conversion of all potentially diluting ordinary shares was not considered in any periods in which a net loss for the year was disclosed. As of December 31, 2005, a total of 100,000 potential ordinary shares (prior year: 0) were excluded from the calculation of diluted loss per share. No dilutive effect was taken into account for the options, as the average share price for the ordinary shares during the reporting period did not match the strike price of the options. There are therefore no potential ordinary shares which could have led to dilution.

Unlike the prior year, the calculation of the average number of shares outstanding and the calculation of the diluted result both included treasury shares. This does not change the earnings per share.

	2005	2004
Net result in kEUR	11,668	5,438
Average number of ordinary shares outstanding as of December 31	9,621,439	9,610,755
Average number of ordinary shares to be included in the calculation of diluted EPS as of December 31	9,621,439	9,610,755
Earnings per share in EUR, basic	**1.21**	**0.57**
Earnings per share in EUR, diluted	**1.21**	**0.57**

[22] Financial Obligations

Thousands of €	Total	Less than 1 year	1 to 5 years	More than 5 years
Rent agreements	15,690	4,094	11,279	317
December 31, 2004	*19,502*	*4,309*	*12,493*	*2,700*
Lease agreements	1,073	504	541	28
December 31, 2004	*1,165*	*683*	*482*	*0*
Purchase price adjustments from acquisitions	0	0	0	0
December 31, 2004	*5,325*	*0*	*5,100*	*225*
Total financial obligations	**16,763**	**4,598**	**11,820**	**345**
December 31, 2004	**25,992**	**4,992**	**18,075**	**2,925**

The rent agreements consist almost exclusively of rent agreements for office space with limited terms. The lease liabilities mainly consist of leases for vehicles and telecommunications equipment. Rent obligations are offset against expected income from non-cancelable subleases for the years 2006 through 2010 totaling kEUR 1,641 (prior year: kEUR 1,285).

In the course of the acquisitions in prior years, some variable purchase price obligations were entered into which depend on the future results of the equity investments acquired. The variable components of the purchase prices mainly depend on results of ordinary operations.

[23] Notes to the Cash Flow Statement

The cash flow statement is split into cash flows from operating, investing and financing activities. The cash flow from operating activities amounts to kEUR 12,135 (prior year: kEUR 13,488). The cash flow from investing activities of kEUR – 2,044 (prior year: kEUR – 2,631) is characterized by replacement investments for property, plant and equipment and software of group entities. The cash flow from financing activities primarily includes the distribution of the dividend in May 2005 of kEUR – 19,250 (prior year: kEUR 0), the repayment of short-term loans amounting to kEUR – 701 (prior year: kEUR – 561) and the payment of profit shares to minority shareholders of kEUR – 874 (prior year: kEUR – 735).

The Group's total cash and cash equivalents break down as follows:

Thousands of €	2005	2004
Bank balances	**28,966**	**39,033**

[24] Financial Instruments

In the course of ordinary operations, the Nemetschek Group is exposed to exchange rate fluctuations in particular. It is company policy to exclude or limit these risks by entering into hedge transactions. All hedging activities are coordinated or performed centrally by the group treasury.

Due to its international business operations, the Nemetschek Group is exposed to exchange rate fluctuations on the international money and capital markets. 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.

The aim of the company with regard to financial risk management is to mitigate the risks presented below by the methods described.

Foreign Exchange Risk Management

As required, the group enters 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. Transaction risks are calculated in each foreign currency and include assets and liabilities denominated in foreign currency and certain off-balance sheet items such as fixed and probable purchase and sales commitments. The currency risks of the group occur due to the fact that the group operates and has production and sales centers in different countries worldwide.

In 2005, the group concluded three forward exchange contracts in US dollars that were still pending as of the balance sheet date. The fair value of these transactions is below the historical rate due to the exchange rate of the US dollar as of December 31, 2005. The difference of kEUR – 40 (prior year: kEUR 0) was recognized in profit or loss taking a deferred tax asset of kEUR 16 into account.

Forward contract to hedge expected distributions	Maturity	EUR/USD exchange rate
Sale USD		
USD 500,000	May 15, 2006	1,286
USD 100,000	May 15, 2006	1,244
USD 300,000	May 15, 2006	1,212

Liquidity Risks

The group needs sufficient liquidity to meet its financial obligations. Liquidity risks arise from the possibility that customers may not be able to settle obligations to the Nemetschek Group under normal trading conditions. The credit rating of the group allows sufficient cash to be procured. Moreover, the group has lines of credit that have not yet been used.

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

Credit Risks

Credit risks, or the risk, of contractual parties defaulting, are managed by means of credit approvals, limits and monitoring procedures. Where appropriate, the company obtains additional collateral in the form of rights to securities or arranges master netting agreements.

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

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. Fair values are obtained from market prices or discounted cash flow analyses and 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 Current Financial Liabilities

The carrying amount of cash, other financial assets and current financial liabilities approximates fair value due to the relatively short-term maturity of these financial instruments. Where no market prices are available, the fair value of publicly traded instruments is estimated based on market prices for those 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.

Derivative Financial Instruments

Depending on their maturity, the **derivatives** used as hedges with positive (negative) fair values are either classified as other current assets (provisions) or as other non-current assets (provisions). 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.

[25] Segment Reporting

The company divides its activities into the segments Design, Build, Manage and NBO (New Business Opportunities). 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 construction projects. Also, the group's NBO (New Business Opportunities) segment is involved in visualization and animation in the field of multimedia software.

Income statement disclosures:

2005 Thousands of €	Total	Elimination	Design	Build	Manage	NBO
Sales, external	98,776	0	74,142	12,644	5,535	6,455
Intersegment sales	0	– 971	157	79	336	399
Total sales	**98,776**	**– 971**	**74,299**	**12,723**	**5,871**	**6,854**
Amortization and depreciation	3,179	0	2,608	165	108	298
EBIT	**13,053**	**0**	**9,357**	**4,068**	**– 1,384**	**1,012**
Interest income	865					
Interest expenses	– 117					
Income from associates	223					
Income taxes	– 1,876					
Net income for the year	12,148					

2004 Thousands of €	Total	Elimination	Design	Build	Manage	NBO
Sales, external	96,636	0	71,629	12,534	6,450	6,023
Intersegment sales	0	– 1,168	327	50	467	324
Total sales	**96,636**	**– 1,168**	**71,956**	**12,584**	**6,917**	**6,347**
Amortization and depreciation	7,309	0	4,572	1,485	353	899
Amortization of goodwill included in amortization and depreciation	3,223		1,069	1,319	226	609
EBIT	**7,784**	**0**	**6,619**	**2,972**	**– 2,112**	**305**
Interest income	664					
Interest expenses	– 101					
Income from associates	268					
Income taxes	– 2,210					
Net income for the year	6,405					

Intersegment transfer prices are based on a percentage share of the sales or list price of the software.

Balance sheet disclosures:

2005 Thousands of €	Total	Design	Build	Manage	NBO
Trade receivables	14,435	10,842	1,912	732	949
Inventories	481	291	47	0	143
Other assets/prepaid expenses	5,230	4,082	234	640	274
Non-current assets	27,711	10,432	11,818	2,110	3,351
thereof additions to non-current assets	*2,141*	*1,656*	*266*	*26*	*193*
Segment assets	**47,857**	**25,647**	**14,011**	**3,482**	**4,717**
Cash and cash equivalents	28,966				
Financial assets, associates	387				
Non-allocated income tax receivable and deferred tax assets	3,752				
Total assets	**80,962**				
Liabilities	8,328	6,863	584	629	252
Provisions and accruals (incl. pension provision)	9,363	7,061	817	614	871
Deferred income	6,807	6,643	115	49	0
Segment liabilities	24,498	20,567	1,516	1,292	1,123
Non-allocated liabilities*	8,330				
Total liabilities	**32,828**				

* The liabilities that were not allocated relate to loans, acquisitions, income taxes and deferred taxes.

2004 Thousands of €	Total	Design	Build	Manage	NBO
Trade receivables	13,406	10,996	1,180	682	548
Inventories	587	368	91	1	127
Other assets/prepaid expenses	2,987	2,172	186	411	218
Non-current assets	29,604	11,659	11,743	2,752	3,450
thereof additions to non-current assets	2,327	1,514	292	80	441
Segment assets	**46,584**	**25,195**	**13,200**	**3,846**	**4,343**
Non-allocated cash and cash equivalents	39,033				
Financial assets, associates	409				
Non-allocated income tax receivable and deferred tax assets	1,469				
Total assets	**87,495**				
Liabilities	8,268	6,725	654	670	219
Provisions and accruals (incl. pension provision)	9,439	7,151	788	744	756
Deferred income	6,840	6,610	98	132	0
Segment liabilities	**24,547**	**20,486**	**1,540**	**1,546**	**975**
Non-allocated liabilities*	3,022				
Total liabilities	**27,569**				

* The liabilities that were not allocated relate to loans, income taxes and deferred taxes.

Segment reporting by geographic region is as follows:

Thousands of €	Sales 2005	Non-current assets	Additions to non-current assets	Sales 2004	Non-current assets	Additions to non-current assets
Germany	46,370	13,115	1,099	48,638	17,676	1,587
Abroad	52,406	14,983	1,043	47,998	12,337	740
Total	**98,776**	**28,098**	**2,142**	**96,636**	**30,013**	**2,327**

[26] Subsequent Events

On February 14, 2006, the company acquired the majority share (78.8 % of the shares) in SCIA International nv, Herk-de-Stad, Belgium. We refer to the ad-hoc report dated February 14, 2006.

The cost of the business combination amounts to a fixed purchase price of kEUR 3,874 and a variable portion of up to kEUR 788, depending on targets met, plus incidental acquisition costs of approximately kEUR 150.

Due to the first-time adoption of IFRS provisions in the subgroup financial statements of SCIA International nv, Herk-de-Stad, Belgium, the exact figures of the individual assets transferred and the IFRS result for the period are not yet clear, and the resulting calculation of any goodwill is also outstanding. By agreement dated January 31, 2006 and the approval of the supervisory board dated February 1, 2006, 100 % of the shares in acadgraph CAD STUDIO GmbH were sold for a purchase price of kEUR 905 (discounted).

[27] Related Parties

Nemetschek Aktiengesellschaft concluded a rent agreement for office space with Concentra GmbH & Co KG (limited partner: former supervisory board members Dr. Ralf Nemetschek and Alexander Nemetschek) in 2000. The remaining term of the agreement is five years. The agreement results in net rent of kEUR 1,838 p.a.

The group conducts transactions with associates. These transactions are part of ordinary activities and are treated at arm's length. One of the main transactions is the purchase of a license for kEUR 54 (prior year: kEUR 8) and the sublease of space for kEUR 50 (prior year: kEUR 50).

The balance sheet includes the following amounts resulting from transactions with associates:

Thousands of €	2005	2004
Trade receivables and other assets	148	133

Disclosures on Transactions Pursuant to Sec. 15a WpHG ['Wertpapierhandelsgesetz': German Securities Trading Act]

The management and supervisory board informed us of the following purchases or sales of shares in the company pursuant to Sec. 15a WpHG ('directors' dealings') by themselves or by related parties:

	Date	Number of shares	in kEUR
Dr. Peter Mossack	Feb. 03, 2005	1,000[2]	12
Prof. Georg Nemetschek	Sep. 15, 2005	1,332,160[1]	19,982
Dr. Ralf Nemetschek	Sep. 15, 2005	133,920[1]	2,009
Alexander Nemetschek	Sep. 15, 2005	133,920[1]	2,009

1) over-the-counter sale
2) purchase

Management Board

The members of the management board of Nemetschek Aktiengesellschaft receive annual remuneration with a fixed and variable component including components with long-term incentives.

Thousands of €	Fixed*	Profit-based remuneration	Share-based compensation	2005	2004
Gerhard Weiß	145	105		250	
Michael Westfahl	168	107	40.5	316	
Dr. Peter Mossack	165	107	40.5	312	
Total management board remuneration	**478**	**319**	**81**	**878**	
Total management board 2004**	**373**	**368**	**0**		**741**

*The fixed component contains the basic salary and other taxable salary components such as health and nursing insurance as well as provisions on company cars.
** In 2004, the Nemetschek Group reported the total figure for all management board remuneration.

Supervisory Board

Thousands of €	Fixed	Profit-based remuneration	2005	2004
Kurt Dobitsch	30.0	15.5	45.5	
Prof. Georg Nemetschek	22.5	15.5	38.0	
Rüdiger Herzog	15.0	15.5	30.5	
Total supervisory board remuneration	**67.5**	**46.5**	**114.0**	
Total supervisory board 2004*	**67.5**	**0.0**		**67.5**

* In 2004, the Nemetschek Group reported the total figure for all supervisory board remuneration.

[28] Share-based Compensation

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

The price for the purchase of the shares when exercising the options ('strike price') corresponds to the arithmetic average of the closing rates of the Nemetschek share on the Frankfurt Stock Exchange in the last five trading days prior to the resolution by the management board or – in the case of options for management board members of the company – by the supervisory board to grant the options. However, the strike price cannot fall below the pro rata share in capital stock of each no-par value share (Sec. 9 (1) AktG ['Aktiengesetz': German Stock Corporation Act]).

Up to 50 % of the options can be exercised two years after issue at the earliest, up to 75 % three years after issue at the earliest, and up to 100 % four years after issue at the earliest. The contractual term of each option granted is five years. There is no framework in place for the cash settlement of options.

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

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

For the first time in the reporting period, 100,000 options were granted to management board members. The weighted average strike price is EUR 14.60. To date, no options have been forfeited, exercised and/or have lapsed.

The following parameters were used in the calculation:

Volatility	50.0 %
Risk-free interest rate	3.1 %
Term for 50 %	2 years
Term for 25 %	3 years
Term for 25 %	4 years
Discount for meeting targets	25 %

The volatility stems from the average figure for the past three years and is forecast for the future on this basis.

The options are valued using the Black-Scholes formula. The expense is recognized over the expected vesting period from 2005 to 2009. The options granted result in a total expense of kEUR 675, of which kEUR 81 is included as personnel expenses in 2005.

[29] Auditors' Fees

Thousands of €	2005
Statutory audit	
thereof separate financial statements	68
thereof consolidated financial statements	187
Total	**255**

No other remuneration was paid to the auditors.

[30] Date of Publication

The consolidated financial statements will be released for publication on March 14, 2006 (date of management authorization for issue to the supervisory board).

[31] Disclosures for Members of the Supervisory Board and the Management Board of the Company

Supervisory Board

Kurt Dobitsch (Degree in engineering, self-employed businessman)
Chairman
Member of the following supervisory boards:

- United Internet AG (Chairman)
- Bechtle AG
- DocuWare AG
- 1 & 1 Internet AG
- Hybris AG

Prof. Georg Nemetschek (Degree in engineering, self-employed businessman)
Deputy chairman

Rüdiger Herzog (Lawyer, managing director)
Member

Management Board

Gerhard Weiß (Degree in business management)
Chairman
Member of the following supervisory boards:

- NEMETSCHEK NORTH AMERICA Inc.
- Nemetschek Bausoftware GmbH
- NEMETSCHEK Slovensko s.r.o.

Michael Westfahl (Degree in engineering)
since January 1, 2005
Member of the following supervisory boards:

- Nemetschek Bausoftware GmbH
- Nemetschek Fides & Partner AG

Dr. Peter Mossack (Degree in physics)
since January 1, 2005
Member of the following supervisory boards:

- NEMETSCHEK Slovensko s.r.o.

Munich, March 7, 2006

Nemetschek Aktiengesellschaft

Gerhard Weiß

Dr. Peter Mossack

Michael Westfahl

Analysis of the Fixed Assets of the Group

as of December 31, 2005 and as of December 31, 2004

Thousands of €	Development of purchase cost/production cost						
	As of Jan. 1, 2005	Reclassifications*	Reclassifications**	Translation differences	Additions	Disposals	As of Dec. 31, 2005
I. Intangible assets							
Industrial and similar rights	10,199	0	1,781	– 2	810	621	8,605
Self-generated software	3,788	0	0	0	0	3,788	0
Goodwill	71,911	– 48,638	180	641	0	0	23,734
	85,898	**–48,638**	**1,961**	**639**	**810**	**4,409**	**32,339**
II. Property, plant and equipment							
Land and buildings	1,122	0	1,122	0	0	0	0
Other equipment, furniture and fixtures	14,119	0	310	195	1,326	801	14,529
	15,241	**0**	**1,432**	**195**	**1,326**	**801**	**14,529**
III. Financial assets							
Associates/financial assets	10,434	0	0	0	5	0	10,439
Total non-current assets of the group	**111,573**	**– 48,638**	**3,393**	**834**	**2,141**	**5,210**	**57,307**

* Reclassification due to first-time application of IFRS 3.79

** Reclassification pursuant to IFRS 5

Thousands of €	Development of purchase cost/production cost						
	As of Jan. 1, 2004			Translation differences	Additions	Disposals	As of Dec. 31, 2004
I. Intangible assets							
Industrial and similar rights	10,261			– 2	646	706	10,199
Self-generated software	3,788			0	0	0	3,788
Goodwill	72,852			– 1,192	406	155	71,911
	86,901			**– 1,194**	**1,052**	**861**	**85,898**
II. Property, plant and equipment							
Land and buildings	1,122			0	0	0	1,122
Other equipment, furniture and fixtures	15,268			– 71	1,275	2,353	14,119
	16,390			**– 71**	**1,275**	**2,353**	**15,241**
III. Financial assets							
Associates	10,434			0	0	0	10,434
Total non-current assets of the group	**113,725**			**– 1,265**	**2,327**	**3,214**	**111,573**

Development of accumulated depreciation/amortization								Carrying amount	
As of Dec. 31, 2005	Reclassifications*	Reclassifications**	Translation differences	Amortization and depreciation	Equity method	Disposals	As of Dec. 31, 2005	As of Dec. 31, 2005	As of Dec. 31, 2004
7,699	0	1,162	– 10	1,518	0	606	7,439	1,166	2,500
3,546	0	0	0	242	0	3,788	0	0	242
48,638	– 48,638	0	0	0	0	0	0	23,734	23,273
59,883	**– 48,638**	**1,162**	**– 10**	**1,760**	**0**	**4,394**	**7,439**	**24,900**	**26,015**
539	0	562	0	23	0	0	0	0	583
11,113	0	294	126	1,396	0	623	11,718	2,811	3,006
11,652	**0**	**856**	**126**	**1,419**	**0**	**623**	**11,718**	**2,811**	**3,589**
10,025	0	0	0	0	–27	0	10,052	387	409
81,560	**– 48,638**	**2,018**	**116**	**3,179**	**– 27**	**5,017**	**29,209**	**28,098**	**30,013**

Development of accumulated depreciation/amortization								Carrying amount	
As of Dec. 31, 2004			Translation differences	Amortization and depreciation	Equity method	Disposals	As of Dec. 31, 2004	As of Dec. 31, 2004	As of Dec. 31, 2003
6,739			– 12	1,678	0	706	7,699	2,500	3,522
2,813			0	733	0	0	3,546	242	975
46,444			– 874	3,223	0	155	48,638	23,273	26,408
55,996			**-886**	**5,634**	**0**	**861**	**59,883**	**26,015**	**30,905**
516			0	23	0	0	539	583	606
11,725			– 47	1,652	0	2,217	11,113	3,006	3,543
12,241			**– 47**	**1,675**	**0**	**2,217**	**11,652**	**3,589**	**4,149**
10,109			0	0	84	0	10,025	409	325
78,346			**– 933**	**7,309**	**84**	**3,078**	**81,560**	**30,013**	**35,379**

Report of Independent Auditors

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 of Nemetschek Aktiengesellschaft, Munich, comprising the balance sheet, the income statement, statement of changes in equity, cash flow statement and the notes to the consolidated financial statements, together with the group management report for the fiscal year from January 1 to December 31, 2005. 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 9, 2006

Ernst & Young AG
Wirtschaftsprüfungsgesellschaft

Marxer	Fuchs-Wirkner
Wirtschaftsprüfer	Wirtschaftsprüferin
(German Public Auditor)	(German Public Auditor)

Financial Statements of Nemetschek Aktiengesellschaft

Balance Sheet of Nemetschek Aktiengesellschaft

as of December 31, 2005 and as of December 31, 2004

Assets in €	Dec. 31, 2005	Dec. 31, 2004
A. FIXED ASSETS		
I. Intangible Assets		
Franchises, industrial rights and similar rights and assets and licenses in such rights and assets	4,756.00	1,000.00
II. Property, plant and equipment		
1. Leasehold improvements	814,145.00	1,045,965.00
2. Fixtures, fittings and equipment	68,953.00	91,245.00
	883,098.00	1,137,210.00
III. Financial assets		
1. Shares in affiliated companies	45,495,589.37	49,573,724.35
2. Loans due from affiliated companies	5,145,436.58	8,789,355.95
3. Investments	1,735,725.84	1,735,725.84
4. Loans due from other group companies	0.00	13,206.00
	52,376,751.79	60,112,012.14
TOTAL FIXED ASSETS	**53,264,605.79**	**61,250,222.14**
B. CURRENT ASSETS		
I. Accounts receivable and other assets		
1. Accounts receivable from trading	4,573.10	4,290.44
2. Accounts due from affiliated companies	6,151,312.89	4,457,996.96
3. Accounts due from other group companies	132,776.23	119,977.55
4. Other assets	2,815,924.21	609,249.94
	9,104,586.43	5,191,514.89
II. Marketable securities		
Treasury stock	0.00	60,540.59
III. Cash on hand and cash in banks	6,406,175.74	15,194,477.14
TOTAL CURRENT ASSETS	**15,510,762.17**	**20,446,532.62**
C. DEFERRED CHARGES AND PREPAID EXPENSES	**29,718.60**	**32,756.49**
	68,805,086.56	**81,729,511.25**

Liabilities and shareholders' equity in €	Dec. 31, 2005	Dec. 31, 2004
A. SHAREHOLDERS' EQUITY		
I. Capital subscribed		
(Conditional capital EUR 850,000.00 [prior year: kEUR 850])	9,625,000.00	**9,625,000.00**
II. Capital surplus	49,404,856.90	49,395,963.16
III. Earnings reserves		
Reserve for treasury stock	0.00	60,540.59
IV. Balance sheet profit	**6,908,615.81**	**19,611,019.52**
TOTAL SHAREHOLDERS' EQUITY	**65,938,472.71**	**78,692,523.27**
B. PROVISIONS AND ACCRUED LIABILITIES		
1. Accruals for pensions and similar obligations	202,700.00	20,000.00
2. Other provisions and accrued liabilities	1,310,418.87	1,566,684.40
TOTAL PROVISIONS AND ACCRUED LIABILITIES	**1,513,118.87**	**1,586,684.40**
C. LIABILITIES		
1. Trade accounts payable	272,757.83	311,274.76
2. Accounts due to affiliated companies	0.00	122,279.56
3. Other liabilities - thereof for taxes EUR 735,504.04 (prior year: EUR: 860.574,53) - thereof for social security EUR 22,197.01 (prior year: EUR: 12.831,46)	1,080,737.15	1,016,749.26
TOTAL LIABILITIES	**1,353,494.98**	**1,450,303.58**
	68,805,086.56	**81,729,511.25**

Income Statement of Nemetschek Aktiengesellschaft

for the period from January 1 to December 31, 2005 and 2004

in €	Jan. 1 – Dec. 31, 2005	Jan. 1 – Dec. 31, 2004
1. Sales	2,161,211.50	1,699,583.19
2. Other operating income	5,154,686.48	4,033,586.79
Operating income	**7,315,897.98**	**5,733,169.98**
3. Personnel expenses		
a) Wages and salaries	– 1,873,949.18	– 1,635,468.61
b) Social security, pension and other benefit costs – thereof for pensions: EUR 5,236.96 (prior year: EUR 5.227,44)	– 153,943.75	– 109,007.47
4. Depreciation		
a) of intangible assets and property, plant and equipment	– 292,911.65	– 335,480.41
b) Write-down of current assets in excess of write-downs which are customary for the Company	– 299,427.66	0.00
5. Other operating expenses	– 7,009,110.74	– 5,338,781.26
Operating expenses	**– 9,629,342.98**	**– 7,418,737.75**
Operating results	**– 2,313,445.00**	**– 1,685,567.77**
6. Income from investments – therof from affiliated companies: EUR 6,558,214.03 (prior year: EUR 3.793.437,38)	6,809,059.17	3,977,122.86
7. Income from profit and loss absorption agreements	3,331,686.64	2,438,358.67
8. Income from marketable securities and loans including from write-ups – thereof from affiliated companies: EUR 186,817.23 (prior year: EUR 9,088.576,00)	360,206.62	10,788,576.70
9. Other interest and similar income – thereof from affiliated companies: EUR 13,680.31 (prior year: kEUR 0.00)	416,795.32	260,162.49
10. Depreciation of financial assets	– 805,345.56	0.00
11. Expenses from profit and loss absorption agreements	– 1,053,089.64	– 405,266.34
12. Interest and similar expenses	– 416.19	– 1,481.41
13. Profit from ordinary operations	**6,745,451.36**	**15,371,905.20**
14. Taxes on income	– 249,501.92	– 100,879.59
15. Other taxes	0.00	– 4,537.57
16. Net income	**6,495,949.44**	**15,266,488.04**
17. Profit carried forward from the previous fiscal year	361,019.52	0.00
18. Transfer to capital surplus	– 8,893.74	0.00
19. Transfer from capital surplus	0.00	765,488.31
20. Transfer from earnings reserve from reserve for treasury stocks	60,540.59	0.00
21. Transfer from earnings reserve from other earnings reserve	0.00	3,579,043.17
22. Accumulated profit	**6,908,615.81**	**19,611,019.52**

Imprint

Concept and Editorial Office
Dr. Bettina Hierath
Maren Moisl
(Nemetschek AG)

Design and Realization
FIRST RABBIT GmbH, Cologne

Pre Press
FIRST RABBIT GmbH, Cologne

Producer
Heining & Müller GmbH, Mülheim/Ruhr

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