



Quarterly Statement  
as of September 30, 2006



**Growth**



## To the Shareholders, Employees and Friends of the Company

### Dear Sir or Madam,

In the third quarter, we have been able to continue on our successful course: the Nemetschek Group again closed the first nine months of 2006 with a growth in earnings of around 40% and was also able to increase sales considerably.

Our objective is simple, but consistent. We want to provide our customers with the best possible support for their work processes in the form of innovative IT solutions for the design, construction, and management of real estate. Because we bring together experts from a wide variety of disciplines under one roof, we are able to react specifically to the wishes of architects, engineers, building contractors, and facility and real estate managers. Our claim to innovation leadership combined with a broad range of software and consulting services puts us ahead of our competitors.

Visions are what guide our ideas. We bring the world of tomorrow to the present day, and set standards with open, functional, and user-friendly products, for example in the

area of visualization: we can visualize a house realistically and enable you to take a virtual tour of it before even the first sod of earth is cut.

Our commitment has borne fruit: the share price has developed excellently. We have been able to win numerous new private and institutional investors as a result of the value of our company and the future attractiveness of the shares. In future, we will continue to count on active communication through public relations work, roadshows, and investor conferences in Germany and across Europe.

We still believe there is great potential for further growth. Our numerous activities form the best basis for this. We expect the fourth quarter to be strong, and for 2006 as a whole, we expect a good increase in sales and earnings. We can look to the coming years with optimism. Nemetschek is and will remain a leading company in the industry, and will continue to stand for modern technology in the future.



Best regards,

Gerhard Weiss  
Chairman of the Board

### Nemetschek Group at a Glance

	in million €	Sept. 30, 2006	Sept. 30, 2005	Change
Sales		74.8	69.5	7.7 %
Operating income		76.2	70.7	7.8 %
Gross profit		69.2	63.4	9.1 %
in % of sales		92.5 %	91.3 %	
EBITDA		11.8	9.6	23.4 %
in % of sales		15.8 %	13.8 %	
EBIT		9.6	7.0	38.8 %
in % of sales		12.9 %	10.0 %	
Net income (Group shares)		7.7	5.4	42.9 %
per share in €		0.80	0.56	
Net income		7.9	5.5	43.2 %
Cash flow for the period		11.9	9.9	20.1 %
Cash and cash equivalents		26.7	26.5	1.0 %
Equity		48.8	45.9	6.3 %

## From the Architectural Draft to the Movie: Visualizing Ideas with CINEMA 4D

On its 20th anniversary, our subsidiary MAXON Computer GmbH has presented the 10th generation of its animation software CINEMA 4D. A roadshow through Germany and Austria to mark this occasion got under way in October. Initial reactions from participants have revealed that it has never been easier to create 3D images and animations. The new release has already been named "Best Buy" in the November edition of the UK Digit magazine.

Since its foundation in 1986, MAXON has developed into one of the leading software manufacturers for 3D graphics. Today's main product, CINEMA 4D, was launched in 1993. The software for Windows and Macintosh has now been available for ten years and has received numerous international awards.

MAXON has a broad range of different customers. Companies such as car manufacturer

DaimlerChrysler, the space agency NASA, or consumer products enterprise Henkel are on our list of references. Architects and civil engineers are also an important group of customers who use our software to visualize their plans with photographic accuracy before the start of construction. The media industry also uses the software from the company, which is based in Friedrichsdorf near Frankfurt. For example, the cinema special effects provider Sony Pictures Imageworks used MAXON programs in its two most recent productions, "Monster House" and "Open Season".

With sales of around 7 million euros and an EBIT margin of over 20%, MAXON is an excellent earner within the Nemetschek Group. MAXON improved again in the third quarter. This growth was driven by international business and concentration on experienced specialist suppliers. This positive

trend will continue further for the current year – not least because of the high demand for the new Release 10.

Together with MAXON, Nemetschek is able to further strengthen its position as an innovative IT solution provider for architects and engineers, because visualization is increasingly becoming a decisive factor for success in building projects – either in advertising presentations or in order to improve the coordination process between architects, constructors, and the public.



CINEMA 4D used for a mall in vietnam

## Customer Demand Increasing in Germany

Germany is seeing a reversal in the trend. This has been confirmed not only by economic researchers, but also by development in the third quarter. Both an increase in new customers and a growth in sales generated by existing customers have contributed to this. The trend is reflected in the Design business unit, in particular, which has gained new impetus thanks to the new Design2Cost cost calculation method. More than one thousand users visited the series of events held across Germany and showed great interest in the product. Nemetschek Engineering GmbH, our software specialist for the manufacture of prefabricated units, reported good growth in license business in Germany, and has been able to profit from the upturn.

Abroad, too, the signs point to continued growth: NEMETSCHKE NORTH AMERICA Inc., above all, was able to demonstrate this again in this quarter. The new version of

VectorWorks, which was launched at the start of the year, made a significant contribution to success and we expect this growth to continue in the next quarter. In western Europe, France in particular developed very well again. Our new acquisition, SCIA International NV, can also look back on a successful third quarter. Here, the standards for Eurocode 2 for the design and construction of superstructure and engineering works in particular had a positive effect on demand.

Nemetschek has also been able to reinforce its innovation leadership through a partnership with Adobe: in future, the two companies will cooperate more closely to promote the standardization of PDF format in architecture and engineering. Another highlight is the cooperation agreement with Hochtief relating to the Fraunhofer Institute's inHaus2 research project, in which modern technologies for commercial real estate are to be

developed and made ready for the market. Hochtief will be using Allplan in future in the project.

After a weak third quarter, Nemetschek Bausoftware GmbH was able to win a new international customer for the BAU financials ERP solution at the start of October. ING. AUER – Die Bausoftware GmbH is reaping the rewards of the events and advertising campaign for the new mobile quantity survey system – 15 pilot projects have already been installed.

At Nemetschek CREM Solutions GmbH & Co. KG, customer interest in the new version 4.7 of the commercial real estate software rose significantly. MAXON also made progress again in the past quarter. Another clear increase is expected in the fourth quarter as the new release was presented to the market at the start of October.

## Earnings and Growth Trend Continues in the Third Quarter

Nemetschek has again shown consistency in the growth of sales and revenue in the third quarter of 2006. In the first nine months, the Nemetschek Group's sales of 74.8 million euros exceeded the previous year's figure of 69.5 million euros by 7.7 %. The third quarter contributed to this development with sales of 24.1 million euros (previous year: 22.4 million euros). The growth in sales in the third quarter is thus 8.0 %.

In the first nine months, the operating profit increased by 38.8 % to 9.6 million euros. The net income rose to 7.9 million, an increase of 43.2 %. This good development continues the trend seen in the first half of 2006.

### Design Unit Grows by around 10 %

In the first nine months, the Design business

unit saw stronger growth than last year. NEMETSCHKEK NORTH AMERICA Inc., Nemetschek Engineering GmbH, NEMETSCHKEK FRANCE SARL, and SCIA International NV performed particularly well. Sales rose from 51.9 million euros to 57.1 million euros, which was due in particular to organic growth. The Manage business unit saw a clear increase with a growth in sales of 0.3 million euros to 4.3 million euros. Above-average national and international sales success at the MAXON Group led to an increase in sales of 15 % to 5.1 million euros. Only the Build business unit closed with a fall in sales.

Overall, sales in the first nine months rose from 69.5 million euros to 74.8 million euros. Sales of 4.7 million euros were posted to

new acquisition SCIA International NV. The figure from the previous year still contained sales of 3.1 million euros generated by acadGraph CAD Studio GmbH.

### Sustained Growth Abroad

Foreign business, which makes up 58.3 % of total sales, generated a total of 43.7 million euros (previous year: 37.0 million euros). This corresponds to a rise of 18.0 % compared to the same period of the previous year, due on the one hand to the acquisition of the Belgian SCIA International NV (+ 4.7 million euros), and on the other to strong growth at NEMETSCHKEK NORTH AMERICA Inc., the MAXON Group, and NEMETSCHKEK FRANCE SARL, in particular. Sales in Germany were 31.2 million euros, compared to 32.4 million euros in the

## Consolidated Income Statement for the Period from January 1 or July 1 to September 30, 2006 and 2005

Thousands of €	3rd quarter 2006	3rd quarter 2005	9 months 2006	9 months 2005
Sales	24,136	22,356	74,789	69,464
Other operating income	193	645	1,445	1,280
<b>Operating income</b>	<b>24,329</b>	<b>23,001</b>	<b>76,234</b>	<b>70,744</b>
Cost of materials/cost of purchased services	- 2,393	- 1,988	- 5,612	- 6,055
Personnel expenses	- 11,367	- 10,724	- 34,411	- 32,545
Depreciation of property, plant, and equipment and intangible assets	- 756	- 816	- 2,183	- 2,637
Other operating expenses	- 7,329	- 7,676	- 24,382	- 22,555
<b>Operating expenses</b>	<b>- 21,845</b>	<b>- 21,204</b>	<b>- 66,588</b>	<b>- 63,792</b>
<b>Operating result</b>	<b>2,484</b>	<b>1,797</b>	<b>9,646</b>	<b>6,952</b>
Interest income	134	106	387	467
Interest expenses	- 44	- 17	- 112	- 52
Income from associates	16	17	70	55
<b>Earnings before taxes</b>	<b>2,590</b>	<b>1,903</b>	<b>9,991</b>	<b>7,422</b>
Income taxes	- 466	- 549	- 2,107	- 1,915
<b>Net income</b>	<b>2,124</b>	<b>1,354</b>	<b>7,884</b>	<b>5,507</b>
Of this amount:				
Equity of the parent company	2,075	1,321	7,725	5,407
Minority interests	49	33	159	100
	<b>2,124</b>	<b>1,354</b>	<b>7,884</b>	<b>5,507</b>
Earnings per share (basic) in EUR	0.22	0.14	0.80	0.56
Earnings per share (diluted) in EUR	0.22	0.14	0.80	0.56
Average number of outstanding shares (basic)	9,625,000	9,625,000	9,625,000	9,625,000
Average number of outstanding shares (diluted)	9,625,000	9,625,000	9,625,000	9,625,000

previous year. Adjusted to take account of the sale of acadGraph (-3.1 million euros), this represents growth of 6.4 %. This is on the one hand due to the Multimedia and Manage business units, and on the other a reflection of the good development of the Design business unit in Germany.

#### Clear Increase in Earnings

The operating profit in the third quarter was 2.5 million euros (previous year: 1.8 million euros), 38.2 % higher than the previous year's figure. In the first three quarters of 2006, Nemetschek achieved operating profit of 9.6 million euros, compared to 7.0 million euros in the previous year. This is equivalent to an increase of 38.8 %. The Design business unit made a significant contribution to this result (+ 2.1 million euros). NEMETSCHKEK NORTH AMERICA Inc. developed particularly well. Clear improvements in earnings were also seen in the Manage business unit (+ 0.7 million euros) and the Multimedia business unit (+ 0.3 million euros). The Build business unit reported a fall in earnings. The sale of acadGraph CAD Studio GmbH had a positive effect on the results (+ 0.5 million euros). Because of depreciation from sales price distribution, the acquisition of SCIA International NV did not affect the results.

#### Earnings per Share Increase by 43 %

In the first nine months, the net earnings increased by 43.1 % to 7.9 million euros, primarily as a result of the improved operating profit. The financial result for the first three quarters of 2006 is 0.3 million euros (previous year: 0.2 million euros). Taxes were 2.1 million euros, and the earnings per share were 0.80 euros, compared to 0.56 euros in the same period of the previous year.

#### Cash Flow for the Period Increases to around 12 Million Euros

The positive business development is also reflected in the cash flow statement. The cash flow for the period increased to 11.9 million euros (previous year: 9.9 million euros). The cash flow from operating activities almost doubled, increasing by 7.8 million euros to 15.8 million euros.

### Consolidated Balance Sheet as of September 30, 2006 and December 31, 2005

Assets	Thousands of €	Sept. 30, 2006	Dec. 31, 2005
<b>Current assets</b>			
Cash and cash equivalents		26,736	28,966
Trade receivables, net		15,214	14,435
Receivables from associates		118	148
Inventories		533	481
Tax refunded claims from income taxes		1,262	1,917
Prepaid expenses and other current assets		3,741	2,777
Assets classified as held for sale		560	2,075
<b>Current assets, total</b>		<b>48,164</b>	<b>50,799</b>
<b>Non-current assets</b>			
Property, plants, and equipment		3,592	2,811
Intangible assets		4,514	1,166
Goodwill		25,901	23,734
Shares in associated/financial assets		318	387
Deferred taxes		2,339	1,835
Other non-current assets		412	230
<b>Non-current assets, total</b>		<b>37,076</b>	<b>30,163</b>
<b>Total Assets</b>		<b>85,240</b>	<b>80,962</b>
<b>Equity and liabilities</b>	Thousands of €	Sept. 30, 2006	Dec. 31, 2005
<b>Current liabilities</b>			
Short-term loans and current portion of long-term loans		717	702
Trade payables		3,080	3,615
Payments on account		278	64
Provisions and accrued liabilities		10,009	8,780
Deferred income		12,066	6,807
Income taxes		1,671	1,118
Other current liabilities		4,695	9,181
Liabilities directly associated with non-current assets classified as held for sale		0	763
<b>Current liabilities, total</b>		<b>32,516</b>	<b>31,030</b>
<b>Non-current liabilities</b>			
Long-term loans without current portion		186	0
Deferred taxes		2,415	1,215
Pension provisions		608	583
Other non-current liabilities		684	0
<b>Non-current liabilities, total</b>		<b>3,893</b>	<b>1,798</b>
<b>Equity</b>			
Subscribed capital		9,625	9,625
Capital reserves		41,499	41,354
Revenue reserve		52	52
Currency translation		- 2,489	- 1,851
Retained earnings/accumulated loss		- 614	- 2,083
Minority interests		758	1,037
<b>Equity, total</b>		<b>48,831</b>	<b>48,134</b>
<b>Total equity and liabilities</b>		<b>85,240</b>	<b>80,962</b>

This again underlines Nemetschek's very strong financial situation and forms the basis for future growth and investment. The cash flow from investing activities was -10.9 million euros, whereby a total of 8.6 million euros was used for the pur-

chase of the remaining shares in ING. AUER – Die Bausoftware GmbH and the acquisition of 78% of the shares in SCIA International NV. Equity capital and liquidity are still good. The equity capital is 48.8 million euros (December 31, 2005: 48.1 million euros).

This corresponds to a very good equity ratio of 57.3% (December 31, 2005: 59.5%). Cash and cash equivalents amounted to 26.7 million euros on September 30, 2006.

#### Balance Sheet Changes

The current assets fell from 50.8 million euros to 48.2 million euros as a result of the sale of acadGraph CAD Studio GmbH. The non-current assets increased from 30.2 million euros to 37.1 million euros, primarily as a result of the acquisition of the SCIA Group.

The current liabilities increased slightly from 31.0 million euros to 32.5 million euros. Because of the time of year, the deferred income increased from 6.8 million euros at the end of 2005 to 12.1 million euros on September 30, 2006. Another significant change was seen in other liabilities, which were reduced as a result of the purchase price payment for ING. AUER – Die Bausoftware GmbH. The sale of acadGraph CAD Studio GmbH reduced the liabilities directly connected to the assets classified as held by 0.8 million euros. The non-current liabilities increased from 1.8 million euros to 3.9 million euros. This includes the variable purchase price adjustment and the option to buy the remaining shares in the SCIA Group.

#### Outlook

As in previous years, we expect a strong fourth quarter. For the year as a whole, Nemetschek predicts higher sales revenues than in the previous years, and expects these sales revenues to continue to develop as in the first three quarters. On this basis, we also expect a substantially improved operating result for 2006, compared to the previous year.

#### Consolidated Cash Flow Statement for the Period from Jan. 1 to Sept. 30, 2006 and 2005

Thousands of €	2006	2005
Earnings (before taxes)	9,990	7,322
Amortization and depreciation of non-current assets	2,183	2,637
Change in pension provision	26	26
Non-cash transactions	97	0
Income from associates	- 210	- 55
Expense from disposal of property, plant and equipment	- 157	0
<b>Cash flow for the period</b>	<b>11,929</b>	<b>9,930</b>
Interest income	- 387	- 466
Interest expenses	112	52
Change in other provisions and accruals	1,229	217
Change in trade receivables, net	1,862	- 244
Change in inventories, other assets	- 540	- 2,097
Change in trade payables	- 1,097	- 1,572
Change in other liabilities	3,609	3,410
Cash received from distributions of associates	141	251
Interest received	387	466
Income taxes received	655	0
Income taxes paid	- 2,143	- 2,014
<b>Cash flow from operating activities</b>	<b>15,757</b>	<b>7,933</b>
Capital expenditure	- 2,313	- 5,681
Purchase of a subsidiary after deduction of acquired means of payment	- 3,341	0
Change in liabilities from acquisitions	- 5,295	4,800
Cash received from the disposal of non-current assets	4	0
<b>Cash flow from investing activities</b>	<b>- 10,945</b>	<b>- 881</b>
Dividend payments	- 6,256	- 19,250
Minority interests paid	- 387	- 873
Repayment liabilities to banks	0	0
Interest paid	- 78	- 52
Cash received from the sale of shares	0	173
<b>Cash flow from financing activities</b>	<b>- 6,721</b>	<b>- 20,002</b>
<b>Changes in cash and cash equivalents</b>	<b>- 1,909</b>	<b>- 12,950</b>
Effects of exchange rate differences on cash and cash equivalents	- 320	384
Cash and cash equivalents at the beginning of the period	28,966	39,033
Cash and cash equivalents at the end of the period	26,737	26,467

### Segment Reporting for the Period from January 1 to September 30, 2006 and 2005

Thousands of €	2006 Sales	Amortization and depreciation	EBIT	2005 Sales	Amortization and depreciation	EBIT
Design	57,058	1,862	6,908	51,948	1,967	4,774
Build	8,308	121	2,273	9,056	368	2,685
Manage	4,279	47	- 370	3,988	80	- 1,085
<b>Core business units</b>	<b>69,645</b>	<b>2,030</b>	<b>8,811</b>	<b>64,992</b>	<b>2,415</b>	<b>6,374</b>
Multimedia/NBO	5,144	153	835	4,472	222	578
<b>Total</b>	<b>74,789</b>	<b>2,183</b>	<b>9,646</b>	<b>69,464</b>	<b>2,637</b>	<b>6,952</b>

### Statement of Changes in Group Equity for the Period from January 1, 2005 to September 30, 2006

Thousands of €	Equity applicable to the parent company's shareholders						Minority interests	Total Equity
	Subscribed capital	Capital reserve	Revenue reserve	Currency translation	Retained earnings/ accumulated loss	Total		
<b>As of January 1, 2005</b>	<b>9,625</b>	<b>46,345</b>	<b>0</b>	<b>- 3,037</b>	<b>5,496</b>	<b>58,429</b>	<b>1,497</b>	<b>59,926</b>
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
Changes from currency translation				1,186	3	1,189		1,189
Dividend payment					-19,250	-19,250		-19,250
Net income					11,668	11,668	480	12,148
<b>As of December 31, 2005</b>	<b>9,625</b>	<b>41,354</b>	<b>52</b>	<b>-1,851</b>	<b>-2,083</b>	<b>47,097</b>	<b>1,037</b>	<b>48,134</b>
Minority share purchases						0	- 51	- 51
Share-based compensation		145				145		145
Income payment from minority interests						0	-387	- 387
Changes from currency translation				-638		-638		-638
Dividend payment					-6,256	-6,256		-6,256
Net income					7,725	7,725	159	7,884
<b>As of September 30, 2006</b>	<b>9,625</b>	<b>41,499</b>	<b>52</b>	<b>- 2,489</b>	<b>- 614</b>	<b>48,073</b>	<b>758</b>	<b>48,831</b>

### Number of Shares Held by Directors as of September 30, 2006

	Number of shares	Subscription rights
<b>Managing board</b>		
Gerhard Weiß	13,603	0
Dr. Peter Mossack	0	50,000
Michael Westfahl	0	50,000
<b>Supervisory board</b>		
Kurt Dobitsch	0	0
Prof. Georg Nemetscheck	2,314,497	0
Rüdiger Herzog	0	0

## Quarterly Statement Based on IAS/IFRS

The Nemetschek Group's quarterly statement is compiled in accordance with the International Accounting Standards Board's (IASB) International Financial Reporting Standards (IFRS). It is based on the same accounting, appraisal, and calculation methods as the annual financial statement dated December 31, 2005.

The group of companies corresponds to the situation on December 31, 2005, with the following differences:

- Deconsolidation of 100 % of shares in acadGraph CAD Studio GmbH, Munich on January 1, 2006.
- Acquisition: In the purchase agreement of February 14, 2006, Nemetschek AG acquired – via the two companies Campus Technology Fund, Heverlee, Belgium and
- Acquisition: In the purchase agreement of August 17, 2006, Nemetschek AG acquired 51 % of shares in DACODA GmbH. DACODA GmbH provides methods and content for the complete Design2Cost package. The purchase price was 12,500 euros.

Software Adventure Cv, Herk-de-Stad, Belgium – a 78.84 % stake in SCIA International NV, Herk-de-Stad, Belgium, which acts as a holding company for the subsidiaries of the SCIA Group. The companies belonging to the SCIA International NV group of companies were listed in detail in the previous quarterly reports. The date of acquisition was February 28, 2006. The acquisition costs for the merger are 4.4 million euros, 0.2 million euros of which are incidental acquisition costs.

### Imprint

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