



Half Year Statement 2006



**Growth**

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

### Dear Sir or Madam,

Nemetschek can look back on a successful first half of 2006: the first six months were characterized by growth and improved earnings. We were able to increase sales to 51 million euros. The EBIT significantly improved to 7.2 million euros. We set ourselves ambitious goals and worked hard to achieve them. The figures and our market position show our approach was right.

We are setting new standards with the Design2Cost initiative. Our customers have solutions for the growing time and cost pressures in the building industry: with our software, they can determine their costs reliably and quickly from the early planning stage. The advantages are immense: construction companies minimize their risks and can create more offers in a shorter space of time. Building contractors and constructors of prefabricated houses can get solid profitability and cost analyses for marketing the object. Designers are able to increase productivity and provide effective support for their contacts. Design2Cost impressively highlights our role as innovation leader.

Research and development is a central topic in the Nemetschek Group. Around one third of our employees work in this area and guarantee our innovative strength. We continue to develop the products to meet customer requirements and make them more open, functional, and user-friendly. Because we are constantly improving and can draw on many years of experience, we are the specialist in the construction and real estate industry.

This has also been rewarded on the stock exchange. The Nemetschek share price rose by more than 50% in the first half of the year to 21.50 euros (as of June 30, 2006). The share has therefore developed far better than the DAX (+ 5.1%), TecDAX (+ 9.3%), Prime All (+ 5.7%), and GEX (+ 16.2%) indices. Shareholders are benefiting not only from the share price development but also from a continued dividend policy: in May, they received a dividend of 0.65 euros per share. A dividend payout is also planned for the current financial year.



We are very confident for 2006 as a whole and expect the positive development of sales and earnings to continue. The industry is extremely interested in the software and consulting services from Nemetschek. We are well placed at home and abroad to exploit the potential and have every reason to be optimistic.

Best regards,

Gerhard Weiss  
Chairman of the Board

### Nemetschek Group at a Glance

in million €	June 30, 2006	June 30, 2006	Change
Sales	50.7	47.1	7.5 %
Operating income	51.9	47.7	8.7 %
Gross profit	47.4	43.0	10.2 %
in % of sales	93.6 %	91.4 %	
EBITDA	8.6	7.0	23.1 %
in % of sales	17.0 %	14.8 %	
EBIT	7.2	5.2	38.9 %
in % of sales	14.1 %	10.9 %	
Net income (Group shares)	5.7	4.1	38.3 %
per share in €	0.59	0.42	
Net income	5.8	4.2	38.7 %
per share in €	0.60	0.43	
Cash flow for the period	8.6	7.3	18.8 %
Cash and cash equivalents	23.2	24.7	- 5.9 %
Equity	46.7	44.7	4.6 %

## Nemetschek Leading the Way with Software for Cost Management

With the new Design2Cost solution, Nemetschek has once again proven its innovation leadership in the development of software for design, construction, and management. The campaign, which was announced in the last quarterly statement, was launched in May 2006 with a Germany-wide series of events, online seminars, and the website [www.design2cost.de](http://www.design2cost.de). In the pioneering Design2Cost solution, we have bundled our expertise and experience from more than 16 years of component-oriented and cost-aware planning and have thus proven our market leadership. The new method decisively improves the overall workflow in CAD and cost planning and will bring significant changes to the industry.

Numerous architects and engineers have already recognized the benefits of Design2Cost and are organizing their cost management effectively. Designers, general contractors, building contractors,

constructors of prefabricated houses and house manufacturers can use the new solution to determine costs quickly and reliably from the earliest planning stage and thereby increase revenue and productivity. Our customers can therefore offer their clients cost and planning security and lay the foundations for a partnership of trust.

We at Nemetschek are proud that TÜV SÜD has audited and certified graphical quantity takeoff with Allplan and Allright. This certificate is unique to date in the industry and highlights the potential of the integrated solution. Design2Cost opens up new market and growth opportunities worldwide, which we will exploit effectively in the coming years.



Optimize building costs reliability and processes with Nemetschek solutions and thus increase productivity and earnings

## Strong Market Presence with Innovative Solutions and Sales Strategies

The outlook for 2006 as a whole is good. In their most recent forecasts, experts predict a slight improvement to the economic situation in the European building industry. In surveys, architects and engineers said they were more optimistic than they had been for years.

We have taken advantage of the upcoming positive mood in the industry for numerous marketing activities. The major Design2Cost campaign was launched in Germany. A Germany-wide campus tour also began in May. We are supporting academic training with the Nemetschek starter packs for students. We particularly value dialog with students, because their wishes and suggestions are the requirements our products of tomorrow will have to meet.

In Europe, France in particular can look back on an above-average rise in sales in the first half of the year. Customer satisfaction is revealed in the very high proportion of service agreements. There is a very high demand for training courses and consulting services in

France. NEMETSCHKE NORTH AMERICA is also continuing to grow profitably at a very high level. One particularly noteworthy success in the first six months was the introduction of VectorWorks Designer in Japan. The campaign far exceeded all expectations.

The Nemetschek civil engineering group, consisting of Nemetschek Ingenieurbau, SCIA International NV, GLASER ISB CAD Programmsysteme GmbH, and Friedrich + Lochner GmbH, exploited shared marketing activities for cross-selling within the Nemetschek Group. Three factors will generate future growth in the civil engineering sector: the latest technological developments, the introduction of Eurocodes – uniform European standards for structural design – and higher security requirements, which will increase the demand for better planning tools.

A particular highlight this summer at ING. AUER – Die Bausoftware GmbH is the AUER Mobility Suite, a mobile dimensioning system. The solution was presented to experts at live

events across Austria and was supported by a media campaign. Customers were able to get an idea of the high product quality and functionality of the Nemetschek Bausoftware solutions at user meetings and seminar events in Switzerland. In addition, new-client prospecting was particularly intensified in Austria.

The new version 18 of Allfa, the IT solution for optimized facility management from Nemetschek CREM Solution GmbH & Co. KG, and the new versions 4.7 for commercial real estate management were showcased across Germany in numerous customer events and met with broad interest.

MAXON Computer GmbH, our specialist for visualization and animation, reported a major success in the first half of the year. In June, CINEMA 4D Release 9 reached the 20,000 mark for licenses sold and is thus the best-selling CINEMA 4D version of all times. The presence of MAXON at numerous national and international trade fairs played a significant role in this.

## Nemetschek Continues on Profitable Growth Course

In the second quarter of 2006, the Nemetschek Group continued to build on its good start to the year. The growth in sales in the Design and Multimedia business units, in particular, resulted in a significant improvement in the group earnings. In the first six months, the operating profit increased by 38.9% to 7.2 million euros. The net income rose to 5.8 million euros. In the same period, the sales revenues increased by 7.5% to 50.7 million euros. The positive development reflects Nemetschek's good market position and improved underlying conditions in the individual regions.

### Positive Growth Trend

In the second quarter, sales totaled 26.8 million euros, and were therefore 1.9 million euros higher than in the same quarter of the

previous year. Compared to the first half of the previous year, sales rose by 3.5 million euros to 50.7 million euros. With a growth rate for the first six months of 7.5%, the company continued the positive trend of the first quarter. With an increase in sales of 2.7 million euros to 38.3 million euros, the Design business unit made a significant contribution to this success. Sales increased strongly abroad, in particular.

The Multimedia business unit is growing dynamically, with an increase compared to the first half of the previous year of 22.8% to 3.5 million euros, and the Manage business unit also reported a good rise in sales. The Build business unit saw a slight fall in sales. The acquisition of SCIA International NV, with sales of 2.6 million euros, and the

sale of acadGraph CAD Studio GmbH with 2.1 million euros led to an overall growth in sales of 0.5 million euros in the first half of the year. The organic growth rate, adjusted to take account of company acquisitions and sales, was 6.8% in the first six months.

### A Rise of 19% for International Sales Revenues

Sales revenues abroad rose in the first six months by 4.7 million euros to 29.7 million euros, 2.6 million euros of which were generated by SCIA International NV. The share in foreign business rose to 59% of total sales, compared to 53% in the previous year. This rise is due to the acquisition of the Belgian company SCIA International NV and the above-average sales success of NEMETSCHKEK NORTH AMERICA, the Maxon

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

Thousands of €	2nd quarter 2006	2nd quarter 2005	6 months 2006	6 months 2005
Sales	26,832	24,900	50,653	47,108
Other operating income	723	430	1,252	635
<b>Operating income</b>	<b>27,555</b>	<b>25,330</b>	<b>51,905</b>	<b>47,743</b>
Cost of materials/cost of purchased services	- 1,768	- 2,401	- 3,219	- 4,067
Personnel expenses	- 11,814	- 11,036	- 23,044	- 21,821
Depreciation of property, plant and equipment and intangible assets	- 795	- 968	- 1,427	- 1,821
Other operating expenses	- 9,003	- 7,753	- 17,053	- 14,879
<b>Operating expenses</b>	<b>- 23,380</b>	<b>- 22,158</b>	<b>- 44,743</b>	<b>- 42,588</b>
<b>Operating result</b>	<b>4,175</b>	<b>3,172</b>	<b>7,162</b>	<b>5,155</b>
Interest income	115	215	253	361
Interest expenses	- 46	- 17	- 68	- 35
Income from associates	24	3	54	38
<b>Earnings before taxes</b>	<b>4,268</b>	<b>3,373</b>	<b>7,401</b>	<b>5,519</b>
Income taxes	- 905	- 785	- 1,641	- 1,366
<b>Net income</b>	<b>3,363</b>	<b>2,588</b>	<b>5,760</b>	<b>4,153</b>
Of this amount:				
Equity of the parent company	3,352	2,608	5,650	4,086
Minority interests	11	- 20	110	67
	<b>3,363</b>	<b>2,588</b>	<b>5,760</b>	<b>4,153</b>
Earnings per share (basic) in EUR	0.35	0.27	0.59	0.42
Earnings per share (diluted) in EUR	0.35	0.27	0.59	0.42
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

Group, and Nemetschek France SARL. At home, sales amounted to 20.8 million euros compared with 22.1 million euros in the previous year, caused by the sale of acadGraph CAD Studio GmbH. Adjusted, this represents growth in domestic sales of 4.4%, due primarily to the Manage and Multimedia business units.

#### Operating Result Increases by 2.0 Million Euros to 7.2 Million Euros

In the second quarter of 2006, Nemetschek achieved an operating profit of 4.2 million euros (previous year: 3.2 million euros). The first-half result was 7.2 million euros, 38.9% higher than the previous year's value. The growth in earnings in the first six months of 2.0 million euros was mainly generated by the Design business unit. The contributing factors were higher organic growth and lower material costs. NEMETSCHEK NORTH AMERICA reported a particularly good improvement in earnings, and Nemetschek France SARL and Nemetschek Engineering GmbH were also able to significantly increase earnings. The sale of acadGraph CAD Studio GmbH also had a positive effect on the half-year results (previous year: -0.3 million euros). The acquisition of SCIA International NV did not affect the first-half results. Because of the purchase price allocation, the operating result of SCIA International NV is adversely affected by depreciation.

The Multimedia and Manage business units were also able to significantly improve their earnings, particularly as a result of the growth in sales. The operating result in the Build business unit remained at around the previous year's level.

The gross profit margin rose, and is 93.6% compared to 91.4% in the first half of the previous year. This rise is due mainly to the fact that the 2006 financial year does not include the material costs of acadGraph.

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

Assets	Thousands of €	June 30, 2006	Dec. 31, 2005
<b>Current assets</b>			
Cash and cash equivalents		23,226	28,966
Trade receivables, net		16,710	14,435
Receivables from associates		145	148
Inventories		399	481
Tax refunded claims for income taxes		1,317	1,917
Prepaid expenses and other current assets		4,335	2,777
Assets classified as held for sale		560	2,075
<b>Current assets, total</b>		<b>46,692</b>	<b>50,799</b>
<b>Non-current assets</b>			
Property, plants and equipment		3,423	2,811
Intangible assets		4,865	1,166
Goodwill		25,278	23,734
Shares in associates/financial assets		299	387
Deferred taxes		2,262	1,835
Other non-current assets		230	230
<b>Non-current assets, total</b>		<b>36,357</b>	<b>30,163</b>
<b>Total assets</b>		<b>83,049</b>	<b>80,962</b>

Equity and liabilities	Thousands of €	June 30, 2006	Dec. 31, 2005
<b>Current liabilities</b>			
Short-term loans and current portion of long-term loans		789	702
Trade payables		3,454	3,615
Payments on account		65	64
Provisions and accrued liabilities		8,776	8,780
Deferred income		12,398	6,807
Income taxes		1,503	1,118
Other current liabilities		4,290	9,181
Liabilities directly associated with non-current assets classified as held for sale		0	763
<b>Current liabilities, total</b>		<b>31,275</b>	<b>31,030</b>
<b>Non-current liabilities</b>			
Long-term loans without current portion		186	0
Deferred taxes		2,465	1,215
Pension provisions		600	583
Other non-current liabilities		1,797	0
<b>Non-current liabilities, total</b>		<b>5,048</b>	<b>1,798</b>
<b>Equity</b>			
Subscribed capital		9,625	9,625
Capital reserves		41,451	41,354
Revenue reserve		52	52
Currency translation		-2,501	-1,851
Retained earnings/accumulated loss		-2,688	-2,083
Minority interests		787	1,037
<b>Equity, total</b>		<b>46,726</b>	<b>48,134</b>
<b>Total equity and liabilities</b>		<b>83,049</b>	<b>80,962</b>

### Net Income up by Around 39 %

For the first six months of 2005, the Nemetschek Group reported a positive net income for the year of 5.8 million euros (previous year: 4.2 million euros). This corresponds to an increase of 38.7 %, which is primarily due to the significantly improved

operating result. The financial result for the first half of 2006 is 0.3 million euros, 0.1 million euros less than in the previous year. The improved earnings situation led to a 0.4 million euros increase in taxes. The earnings per share were 0.59 euros, compared to 0.42 euros in the same period of the previous year.

### Good Earnings Situation Increases Cash Flow for the Period

The good earnings situation also had a positive effect on the generation of funds. The cash flow for the period increased to 8.6 million euros (previous year: 7.3 million euros). The cash flow from operating activities rose by 5.2 million euros to 11.0 million euros. The cash flow from investing activities was – 9.8 million euros, whereby a total of 8.6 million euros was used as payment for the purchase price for the remaining 25 % of shares in ING. AUER – Die Bausoftware GmbH and the acquisition of 78 % shares in SCIA International NV. Both investments were financed using internally-generated funds. The dividend payout of 0.65 euros per share on May 24, 2006 affected the cash flow from financing activities.

Nemetschek will also enjoy a good liquidity situation in the future for the growth course that is now under way. Cash and cash equivalents amounted to 23.3 million euros on June 30, 2006 (December 31, 2005: 29.0 million euros). Adjusted to take account of the dividend payment (6.3 million euros) and the financing of the acquisitions (8.6 million euros), the liquid assets rose in the first six months by 9.3 million euros (previous year: 4.9 million euros).

### Very Good Equity Situation

The equity capital amounts to 46.7 million euros (December 31, 2005: 48.1 million euros). This corresponds to a very good equity ratio of 56.3 % (December 31, 2005: 59.5 %). The difference in equity compared to December 31, 2005 is due mainly to the net income achieved in the first half of 2006 and the dividend payment.

### Consolidated Cash Flow Statement for the Period from January 1 to June 30, 2006 and 2005

Thousands of €	2006	2005
Earnings (before taxes)	7,401	5,452
Amortization and depreciation of non-current assets	1,427	1,821
Change in pension provision	17	17
Non-cash transactions	97	0
Income from associates	– 171	– 38
Expense from disposal of property, plant and equipment	– 157	0
<b>Cash flow for the period</b>	<b>8,614</b>	<b>7,252</b>
Interest income	– 253	– 361
Interest expenses	68	35
Change in other provisions and accruals	– 4	– 766
Change in trade receivables, net	366	– 1,170
Change in inventories, other assets	– 662	– 2,839
Change in trade payables	– 735	– 573
Change in other liabilities	4,239	5,019
Cash received from distributions of associates	141	251
Interest received	253	361
Income taxes received	650	0
Income taxes paid	– 1,658	– 1,416
<b>Cash flow from operating activities</b>	<b>11,019</b>	<b>5,793</b>
Capital expenditure	– 1,198	– 5,320
Acquisition 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>– 9,830</b>	<b>– 520</b>
Dividend payments	– 6,256	– 19,250
Minority interests paid	– 360	– 873
Repayment liabilities to banks	0	0
Interest paid	– 57	– 35
Cash received from the sale of shares	0	173
<b>Cash flow from financing activities</b>	<b>– 6,673</b>	<b>– 19,985</b>
<b>Changes in cash and cash equivalents</b>	<b>– 5,484</b>	<b>– 14,712</b>
Effect of exchange rate differences on cash and cash equivalents	– 256	355
<b>Cash and cash equivalents at the beginning of the period</b>	<b>28,966</b>	<b>39,033</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>23,226</b>	<b>24,676</b>

The current assets fell as a result of the sale of acadGraph CAD Studio GmbH. This is revealed in particular in the assets classified as held for sale. The non-current assets increased by 6.2 million euros, primarily as a result of the acquisition of the SCIA Group. As in previous years, the deferred income from software service agreements had increased on June 30, 2006 to 12.4 million euros (previous year: 11.5 million euros). This will lead to sales revenues in the second half of 2006.

The other liabilities fell as a result of the purchase price payment for ING. AUER – Die Bau-software 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 other non-current liabilities include the variable purchase price adjustment and the option to buy the remaining shares in the SCIA Group.

#### Outlook

The outlook for the Nemetschek Group remains positive. In their most recent forecasts, economic experts predict a slight improvement of the economic situation in the European building industry. Growth markets for Nemetschek are Western and Eastern Europe and, outside of Europe, the United States and Japan. For the year as a whole, we expect an increase in sales revenues and a substantially improved operating result. The third quarter is expected to be somewhat weaker than the other quarters in 2006.

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

Thousands of €	2006 Sales	Amortization and depreciation	EBIT	2005 Sales	Amortization and depreciation	EBIT
Design	38,341	1,206	5,137	35,581	1,370	3,805
Build	5,893	81	1,712	6,048	244	1,821
Manage	2,891	32	- 306	2,605	52	- 815
Core business units	47,125	1,319	6,543	44,234	1,666	4,811
Multimedia/NBO	3,528	108	619	2,874	155	344
<b>Total</b>	<b>50,653</b>	<b>1,427</b>	<b>7,162</b>	<b>47,108</b>	<b>1,821</b>	<b>5,155</b>

#### Statement of Changes in Group Equity for the Period from January 1, 2005 to June 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>
Share-based compensation		97				97		97
Income payment from minority interests						0	- 360	- 360
Changes from currency translation				- 650		- 650		- 650
Dividend payment					- 6,256	- 6,256		- 6,256
Net income					5,651	5,651	110	5,761
<b>As of June 30, 2006</b>	<b>9,625</b>	<b>41,451</b>	<b>52</b>	<b>- 2,501</b>	<b>- 2,688</b>	<b>45,939</b>	<b>787</b>	<b>46,726</b>

## 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 acad Graph 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 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 SCIA International NV group includes the following companies:  
SCIA Group NV, Herk-de-Stad, Belgium  
SCIAW+B Software BV, Arnhem, Netherlands  
SCIA Sarl, Roubaix, France  
SCIA Cz s.r.o., Brno, Czech Republic  
SCIA SK s.r.o., Zilina, Slovakia  
SCIA MAPS SA, Gurmels, Switzerland

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.

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

	Number of shares	Subscription rights
<b>Managing board</b>		
Gerhard Weiß	26,092	0
Dr. Peter Mossack	0	50,000
Michael Westfahl	0	50,000
<b>Supervisory board</b>		
Kurt Dobitsch	0	0
Prof. Georg Nemetschek	2,314,497	0
Rüdiger Herzog	0	0

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