



530,5 + 29,5

Half Year Statement 2005

To the shareholders, employees, and friends of the company

Ladies and gentlemen,

The first half of 2005 was again characterized by strong earnings and growth for Nemetschek: with a continued increase in sales revenue, the group was able to achieve marked improvements in the operating result and net income. International activities in particular enjoyed good growth. The overall positive development can be attributed to a successful second quarter with an increase in sales of 6%. An increase for practically all key performance indicators shows that the company has created the perfect basis for successfully implementing its long-term business objectives.

This has also been rewarded on the stock exchange: The Nemetschek share price rose by 50% in the first half of the year to 15 euros (on June 30, 2005). The shares have therefore developed far better than the DAX (+ 6.8%), TecDAX (+ 3.7%) and Prime All (+ 8.2%) indexes. Nemetschek is a member of GEX, the German Entrepreneurial Index for small and medium-sized business (SMB) introduced by the German Stock Exchange at the start of 2005. Since the beginning of the year, the GEX has risen 22% - so the Nemetschek shares have well outperformed this index too. Nemetschek AG shareholders benefited from an above-average dividend

yield. In May, they received a basic dividend of 0.50 euros and a bonus dividend of 1.50 euros for the 2004 fiscal year. A dividend payout is also planned for the current year, and Nemetschek shares therefore represent long-term dividend-bearing security.

We recently published a Europe-wide study on the subject of "New Business Opportunities for Architects and Engineers," which was conducted on behalf of Nemetschek AG. The survey focused on current and future trends in the construction industry. According to German architects and engineers, the most promising business fields of the future include building in the existing fabric (68.4%) and the construction of environmentally compatible buildings and those geared towards particular age groups (48.7%). An accurate quantity and cost determination for construction projects is also becoming increasingly important. More than two thirds of European architects and engineers want to invest in IT for these areas over the next three years. As an innovation leader, Nemetschek offers the ideal software solutions and technologies for these target groups.

We are therefore optimistic for the coming half year. New, innovative product solutions,



a market strategy focused on target groups, and growth abroad are the central elements for our success in the coming months. For 2005 as a whole, we are staying on course for growth and expect a further increase in sales revenue and another marked improvement in the operating result.

Best regards,

Gerhard Weiss
Chairman of the Managing Board

Nemetschek Group at a glance

	€ million	June 30, 2005	June 30, 2004	Change
Sales		47.1	46.4	1.5 %
Operating income		47.7	47.4	0.7 %
Gross profit		43.0	41.7	3.2 %
as % of sales		91.4 %	89.8 %	
EBITA		5.2	4.1	26.5 %
as % of sales		10.9 %	8.8 %	
EBIT		5.2	2.5	110.1 %
as % of sales		10.9 %	5.3 %	
Net income		4.1	1.6	162.9 %
per share in €		0.42	0.16	
Net income before goodwill amortization		4.1	3.2	28.7 %
per share in €		0.42	0.33	
Cash flow for the period		7.3	5.9	22.7 %
Cash and cash equivalents		24.7	34.6	- 28.7 %
Equity		44.7	56.2	- 20.5 %

Customer orientation and new solutions

Our activities again focused on developing new product solutions and making these available to our customers to help them further increase the efficiency of their work processes. Customer orientation and a strategy geared towards future market developments are the primary concerns of the Nemetschek Group. The first European study on "New Business Opportunities for Architects and Engineers," commissioned by us, is a key element of this approach, because the results, which we published in July, gave us an excellent insight into the future development of our market and the topics that are of interest to our customers. The results of the survey clearly show that Nemetschek, with its market-leading expertise in design, building, and management, is well prepared for the future and in an excellent strategic position. For areas such as building in the existing fabric, environmentally compatible and energy-efficient building, product controlling, and with a rise in architect consulting services, we offer comprehensive and integrated solutions that will make the complete building process even more efficient in future in terms of quality, costs, and time.

The international success of version 2005 of our flagship Allplan is a testament to how popular our solutions are. After Allplan and its comprehensive range of features led to much positive feedback from our customers in Germany, the new version was launched internationally in the second quarter. It generated a remarkable increase in sales, particularly in Spain. Italy and Switzerland could also improve. NEMETSCHKE NORTH AMERICA Inc., which celebrated its 20th anniversary, also contributed to our success abroad. Over 500 versions of the Vektor-Works solution, which runs on the Macintosh platform, were sold to the Wentworth Institute of Technology alone.

Friedrich + Lochner GmbH is another good example of how quickly we are able to react to market requirements. Unlike many other providers, we converted our IT solutions to



Planned by KTP Architects using Allplan: the new staff canteen at Boehringer Ingelheim Pharma KG

the latest reinforced concrete standards in good time, and once again demonstrated our technology leadership. A new product, "Craneway Girder," was also launched and in its first weeks had already won over 120 new customers. Consequently, the number of new customers in the first half year was as high as the number of new customers for the whole of 2004.

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. Customer loyalty was also successfully enhanced within the GLASER -isb cad customer pool.

The construction company Swietelsky is a good example of how our customer-oriented approach is functioning even across enterprise boundaries. More than 350 PC work stations were equipped with the BAU *financials* software from Nemetschek Bausoftware GmbH in all national and international business premises and later also on construction sites. The sister company of ING. AUER Bausoftware GmbH and Nemetschek Ges. mbH Austria therefore provides the commercial IT element within the Nemetschek group's concerted software range. The Nemetschek group's

Allplan, AUER Success, and BAU *financials* products thus form an integrated IT package.

Our integrated approach also won over Max Bögl GmbH, the largest privately-owned German construction company. In future, the company will be using Nemetschek Deutschland GmbH software in the areas of architecture, civil engineering, building services, and casting plants.

The new software solutions from MAXON Computer GmbH, which are contributing to a further increase in sales in the 3D visualization sector, are also customer-oriented and offer leading technology. Special offers such as the new Engineering all-round offer and the 64-bit version are just two examples among many of how the company is providing the market with innovative technologies.

At its customer open day, CREM Solutions GmbH demonstrated the practical advantages of an integrated commercial facility and real estate management infrastructure. The event had many visitors and inspired all the participants. Our new versions of Allfa have met with great interest and there are also new customers in the Manage business unit: the Frankfurt-based real estate management firm Antan Management GmbH and VEWO Wohnungsverwaltung GmbH, a large apartment management company in Gelsenkirchen.

Successful 2nd quarter: Nemetschek increases operating profit in the first six months by more than 26 %

In the first six months of 2005, the Nemetschek group again demonstrated its economic strength, and achieved a marked improvement in results alongside another increase in sales. The operating result rose to 5.2 million euros while net income increased to 4.1 million euros. The all-round positive development is due to a successful second quarter, in which sales revenue increased by 6% to 24.9 million euros compared with 23.4 million euros in 2004. The operating result rose to 3.2 million euros, a 41 % increase over the same period of the previous year. To ensure comparability, goodwill amortization was removed from the previous year's value. In the international sphere, in particular, the company enjoyed strong growth, while domestic sales remained at the previous year's level.

10 % increase in sales revenues in international business

The group's sales revenues increased in the first half year from 46.4 million euros to 47.1 million euros, with growth particularly strong in international business. Sales revenue abroad rose by 2.2 million euros, which corresponds to an increase of 10%. NEMETSCHKEK North America, the German Friedrich + Lochner GmbH, and NEMETSCHKEK Espana S. A., in particular, saw above-average sales successes. The Design business unit grew overall by 1.2 million euros to 35.6 million euros, while the NBO (New Business Opportunities) business unit incorporating Maxon enjoyed a growth in sales to 2.9 million euros. At 6.0 million euros, the Build business unit fell just below the target sales, while the Manage business unit failed

to meet expectations. The increase in sales in the first half year was already expected thanks to the higher invoiced sales in the first quarter compared to the previous year. The invoiced sales are one of the indicators for sales revenues in subsequent months. Invoiced sales are currently still above last year's level.

Proportion of international business rises to 53 %

In the first half year, the proportion of foreign sales rose to 24.8 million euros, corresponding to 53 % of total sales, compared to 49 % in the previous year. Domestic sales were 22.3 million euros, compared to 23.8 million euros in the previous year.

Consolidated Income Statement for the period from January 1 to June 30, 2005 and 2004

Thousands of €	2nd quarter 2005 April 1 – June 30	2nd quarter 2004 April 1 – June 30	6 months 2005 January 1 – June 30	6 months 2004 January 1 – June 30
Sales	24,900	23,406	47,108	46,428
Other operating income	430	536	635	966
Operating income	25,330	23,942	47,743	47,394
Cost of materials/cost of purchased services	- 2,401	- 2,289	- 4,067	- 4,714
Personnel expenses	- 11,036	- 10,848	- 21,821	- 21,587
Depreciation of property plant and equipment and intangible assets	- 968	- 1,019	- 1,821	- 1,998
Goodwill amortization	0	- 823	0	- 1,620
Other operating expenses	- 7,753	- 7,539	- 14,879	- 15,021
Operating expenses	- 22,158	- 22,518	- 42,588	- 44,940
Operating result	3,172	1,424	5,155	2,454
Interest income	215	161	361	247
Interest expenses	- 17	- 43	- 35	- 55
Income from associated enterprises	3	85	38	85
Earnings before taxes and minority interests	3,373	1,627	5,519	2,731
Taxes on income	- 785	- 444	- 1,366	- 808
Net income before minority interests	2,588	1,183	4,153	1,923
Minority interests in net income	20	- 117	- 67	- 369
Consolidated net income	2,608	1,066	4,086	1,554
Earnings per share (basic) in €	0.27	0.11	0.42	0.16
Earnings per share (diluted) in €	0.27	0.11	0.42	0.16
Earnings per share (before goodwill amortization) in €	0.27	0.20	0.42	0.33
Average number of shares outstanding (basic)	9,625,000	9,625,000	9,625,000	9,625,000
Average number of shares outstanding (diluted)	9,625,000	9,625,000	9,625,000	9,625,000

Operating result increases from 2.5 million euros to 5.2 million euros

In the first six months of 2005, the operating result more than doubled compared to the previous year. This increase is on the one hand due to the omission of goodwill amortization amounting to 1.6 million euros, and on the other, to the 1.3 million euro increase in the gross profit, driven by the increased sales revenues and lower spending on materials. The operating result before goodwill amortization (EBITA) improved from 4.1 million euros in the previous year to 5.2 million euros. This corresponds to an increase of 26.5% in the first half year and 41% in the second quarter.

Net income up 29 %

In the first six months of 2005, the Nemetschek Group reported a net income of 4.1 million euros (previous year: 1.6 million euros; previous year before goodwill amortization: 3.2 million euros). This represents an adjusted increase of around 29%, due to a considerably improved operating result and a slight increase in the financial result. The take-up of the option of the remaining 25% share in the ING. AUER - Die Bausoftware GmbH led to a much lower proportion of minority interests in the net income. Overall, the good profit situation results in a higher tax burden.

Cash flow for the period increased by 1.3 million euros

As a result of the improved earnings, the cash flow for the first six months rose from 5.9 million euros to 7.3 million euros. The cash flow from ordinary business activities was 5.8 million euros, compared to 7.5 million euros in the previous year. Alongside investment in the remaining 25% of ING. AUER - Die Bausoftware GmbH and investment in replacements amounting to 5.3 million euros (previous year: 1.1 million euros), there is a 4.8 million euro difference in liabilities from acquisitions. The dividend payout of altogether 19.3 million euros on May 23, 2005 affected the cash flow from financing activity. As a result of the dividend

Consolidated Balance Sheet as of June 30, 2005 and December 31, 2004

Assets	Thousands of €	June 30, 2005	Dec. 31, 2004
Current assets			
Cash and cash equivalents		24,676	39,033
Trade receivables, net		14,576	13,406
Receivables from associated enterprises		154	133
Inventories		684	587
Tax refund claims for taxes on income		1,708	316
Prepaid expenses and other current assets		3,436	2,359
Current assets, total		45,234	55,834
Fixed assets			
Property, plant and equipment		3,464	3,589
Intangible assets		4,241	2,742
Goodwill		25,750	23,273
Shares in associated enterprises		197	409
Deferred taxes		1,153	1,153
Other fixed assets		495	495
Fixed assets, total		35,300	31,661
Assets, total		80,534	87,495

Equity and liabilities	Thousands of €	June 30, 2005	Dec. 31, 2004
Current liabilities			
Short-term loans and current portion of long-term loans		1,403	1,403
Trade payables		3,715	4,288
Payments received on account of orders		40	48
Provisions and accrued liabilities		8,260	9,026
Deferred income		11,494	6,840
Income taxes		670	669
Other current liabilities		8,963	3,933
Current liabilities, total		34,545	26,207
Long-term liabilities			
Deferred taxes		897	948
Pension provisions		430	413
Long-term liabilities, total		1,327	1,361
Equity			
Subscribed capital		9,625	9,625
Capital reserve		46,353	46,345
Currency translation		- 2,497	- 3,037
Accumulated profit		- 8,785	6,154
Minority interests		- 34	840
Equity, total		44,662	59,927
Equity and liabilities, total		80,534	87,495

payment, the liquid assets have fallen by 14.4 million euros since December 31, 2004. Adjusted to take account of the payout, the liquid assets in the first half year rose by 4.9 million euros (previous year: 4.8 million euros) to 24.7 million euros. On December 31, 2004 the company had liquid assets of 39.0 million euros.

At 55.5 %, equity ratio is at a very high level

The equity capital in the Nemetschek Group is 44.7 million euros (December 31, 2004: 60.0 million euros). Even after the changes caused by the dividend payout and the acquisition of the 25 % share in ING.AUER – Die Bausoftware GmbH, the balance sheet

structure is very solid, as shown by the equity ratio of 55.5 % (December 31, 2004: 68.5 %). The balance sheet sum fell from 87.5 million euros on December 31, 2004 to 80.5 million euros on June 30, 2005.

Outlook

Business experts' outlooks for 2005 are becoming increasingly skeptical. According to experts from the Kiel Institute for World Economics, the economic situation in the industrialized countries will continue to improve, even though the increase in the gross domestic product of around 2.5 % will not be as high as in 2004, with the United States seeing above-average expansion despite a slight easing-off. A similar improvement is also expected in the new EU member states. In Germany, the German Institute for Economic Research (DIW) anticipates only moderate growth of 0.9 %.

Nemetschek will be able to perform well in this rather cautiously optimistic market environment, and remains on course for growth over 2005 as a whole. For the second half of the year, the managing board expects a further increase in sales revenue and a considerably higher operating result thanks to the initiated measures. The positive development in international business will probably play an important role here. The third quarter is expected to be somewhat weaker than the other quarters in 2005.

Consolidated Cash Flow Statement for the period from January 1 to June 30, 2005 and 2004

Thousands of €	2005	2004
Net result (before tax)	5,452	2,361
Change in pension provisions	17	17
Amortization and depreciation of fixed assets	1,821	3,618
Income from associated enterprises	- 38	- 85
Cash flow for the period	7,252	5,911
Interest income	- 361	- 247
Interest expenses	35	56
Change in other provisions and accrued liabilities	- 766	- 111
Change in inventories, net trade receivables, other assets	- 4,009	- 1,849
Change in trade payables, other equity and liabilities	4,446	4,446
Interest received	361	247
Cash received from distributions of associated companies	251	184
Income taxes paid	- 1,416	- 1,152
Cash flow from operating activities	5,793	7,485
Capital expenditures	- 5,320	- 1,068
Change in liabilities from acquisitions	4,800	- 533
Cash flow from investing activities	- 520	- 1,601
Repayment liabilities to banks	0	- 561
Interest paid	- 35	- 56
Income from the sale of shares	173	0
Dividend payment	- 19,250	0
Minority interests paid	- 873	- 625
Cash flow from financing activities	- 19,985	- 1,242
Changes in cash and cash equivalents	- 14,712	4,642
Effect of exchange rate differences on cash and cash equivalents	355	127
Cash and cash equivalents at the start of the period	39,033	29,834
Cash and cash equivalents at the end of the period	24,676	34,603

Group segment information for the period from January 1 2005 to June 30, 2005 and 2004

in million €	2005			2004		
	Sales revenue	Amortization and depreciation	EBIT	Sales revenue	Amortization and depreciation	EBIT
Design	35.6	1.4	3.8	34.4	2.3	2.0
Build	6.0	0.1	1.9	6.4	0.7	1.5
Manage	2.6	0.1	-0.8	3.0	0.2	-0.9
Core business units	44.2	1.6	4.9	43.8	3.2	2.6
NBO	2.9	0.2	0.3	2.6	0.4	-0.1
Total	47.1	1.8	5.2	46.4	3.6	2.5

Statement of Changes in Group Equity for the period from January 1, 2004 to June 30, 2005

Thousands of €	Subscribed capital	Capital reserve	Revenue reserve	Currency translation	Accumulated profit	Group shares	Minority interests	Group total
As of January 1, 2004	9,625	47,110	3,579	- 2,410	- 3,628	54,276	620	54,896
Reorganization of reserves		- 765	- 3,579		4,344	0		0
Changes in minority interests						0	220	220
Difference from currency translation				- 627		- 627		- 627
Net income					5,438	5,438		5,438
As of December 31, 2004	9,625	46,345	0	- 3,037	6,154	59,087	840	59,927
Sale of own shares		8			225	233		233
Changes in minority interests						0	- 874	- 874
Changes in currency translation				540		540	0	540
Dividend payment					- 19,250	- 19,250		- 19,250
Net result					4,086	4,086	0	4,086
As of June 30, 2005	9,625	46,353	0	- 2,497	- 8,785	44,969	- 34	44,662

Number of shares held by directors as of June 30, 2004

	Number of Shares	Subscription rights
Managing board		
Gerhard Weiß	26,092	0
Dr. Peter Mossack	1,000	0
Michael Westfahl	0	0
Supervisory board		
Kurt Dobitsch	0	0
Prof. Georg Nemetschek	3,646,657	0
Rüdiger Herzog	0	0

Half Year Statement according to IAS

The Nemetschek Group's half year statement is compiled in accordance with the International Accounting Standards Board's (IASB) International Financial Reporting Standards (IFRS). The half year statement is based on the same accounting, appraisal, and calculation methods as the annual financial statement dated December 31, 2004 with

the exception of the newly applied IFRS 3. As of 2005, the planned goodwill amortization is omitted for the first time, and the new IFRS 3 ("Impairment-only Approach") is applied. According to IFRS 3 combined with IAS 38, purchase price allocation of the 25% share in ING. AUER - Die Bausoftware GmbH are allocated to software and goodwill.

In addition to Nemetschek AG, the group of companies includes the following direct and indirect interests:

Direct participations

Nemetschek Deutschland GmbH, Munich
Nemetschek Technology GmbH, Munich
NEMETSCHKEK FRANCE SARL, Asnières, France
NEMETSCHKEK Fides & Partner AG, Wallisellen, Switzerland
NEMETSCHKEK ITALIA SRL, Trento, Italy
NEMETSCHKEK Ges.m.b.H., Salzburg, Austria
NEMETSCHKEK Engineering GmbH, Salzburg, Austria
NEMETSCHKEK ESPANA S.A., Madrid, Spain
NEMETSCHKEK (UK) Ltd., Bedford, United Kingdom
NEMETSCHKEK Slovensko s.r.o., Bratislava, Slovak Republic
NEMETSCHKEK s.r.o., Prague, Czech Republic
NEMETSCHKEK kft., Budapest, Hungary
NEMETSCHKEK OOO, Moscow, Russia
acadgraph CAD STUDIO GmbH, Munich
Friedrich + Lochner GmbH, Stuttgart
Glaser ISB CAD Programmsysteme GmbH, Wennigsen
NEMETSCHKEK NORTH AMERICA Inc., Columbia, USA
Nemetschek Bausoftware GmbH, Achim
ING. AUER - Die Bausoftware GmbH, Mondsee, Austria
Nemetschek CREM Solutions GmbH & Co. KG, Ratingen Velbert
Nemetschek CREM Verwaltungs GmbH, Munich
MAXON Computer GmbH, Friedrichsdorf
DocuWare AG, Germering
Sidoun GmbH, Freiburg
NEMETSCHKEK EOOD, Sofia, Bulgaria
TraiCen IT Training & Consulting GmbH, Munich
Nemetschek Verwaltungs GmbH, Munich

Indirect participations

MAXON COMPUTER Inc., Thousand Oaks, California, USA
MAXON Computer Ltd., Bedford, United Kingdom

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