nexus | ag
e-health solutions

Annual Report
2005

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NEXUS 2005: A Leap Forward

Medicine in Focus

NEXUS took a leap forward in many essential areas in 2005. This applies not only to sales and development of the operating result, but especially to the acceptance of our product concept on the market. "An open, modular hospital information system, which puts the core medical processes of hospitals in the forefront."

We were again able to increase the number of our customers substantially with this strategy in 2005. Customers, who want to structure and improve their medical and administrative processes actively using the modern strategies of information processing. We are enthusiastic about these customers, who after all are the pioneers for a new generation of medical information systems. Their goal of achieving a clear lead in the qualitative and economic improvement of hospital processes corresponds to our product strategy.

NEXUS took a leap forward in many essential areas in 2005.

We have supported this strategy in 2005 with clearly consistent positioning of the NEXUS brand. Uniform naming of our products with the umbrella brands NEXUS / MEDFOLIO, NEXUS / MEDICARE, NEXUS / GMT and NEXUS / INOVIT has resulted in stronger visibility of the NEXUS brand name and emphasized the range of our services more clearly. A uniform corporate design and coordinated sales efforts rounded out communication to the market.

The acquisition of GMT GmbH, Frankfurt, last year is also a successful step within the framework of the consistent further development of our product portfolio. The market leader for obstetrics and gynecology contributes to know-know and rounding out our products in the NEXUS Group in this essential clinical area.

Substantial Increase in Customers in 2005

NEXUS continued to be a successful company in every respect with 29 new customers and substantial increases in our user numbers in 2005. We were able to win very important calls for bids on the market and improve our results continually. Our international activities – one of the main reasons for the success of NEXUS – again developed positively and promise to become a focal point of our company's sales in a few years.

To ensure our success in the future, it will be a questions of continuing the development of our product world consistently in the upcoming periods. Innovative products and satisfied customers are prerequisites, which accelerate our path to a successful and internationally active company in medical information processing.

Dr. Ingo Behrendt
Chief Executive Officer

The Market as the Focal Point of Interest

The demands on the health care system with respect to profitability and quality are growing dramatically. This applies not just to Germany, but instead the process is almost identical internationally. Modern IT processes are essential tools for supporting hospitals, doctors and rehabilitation institutions in fulfilling this demands, both for the administration of these institutions as well as for supporting medical processes. According to a current study entitled “Monitoring eHealth Deutschland 2005/2006”, optimization of the treatment process using IT is the focus of surveyed investment decision-markers in hospitals, pharmacies and registered doctors in private practices. (see the diagram below)

The market will grow 19% p.a. in Europe and is expected to reach a volume of EUR 688 million in 2009.

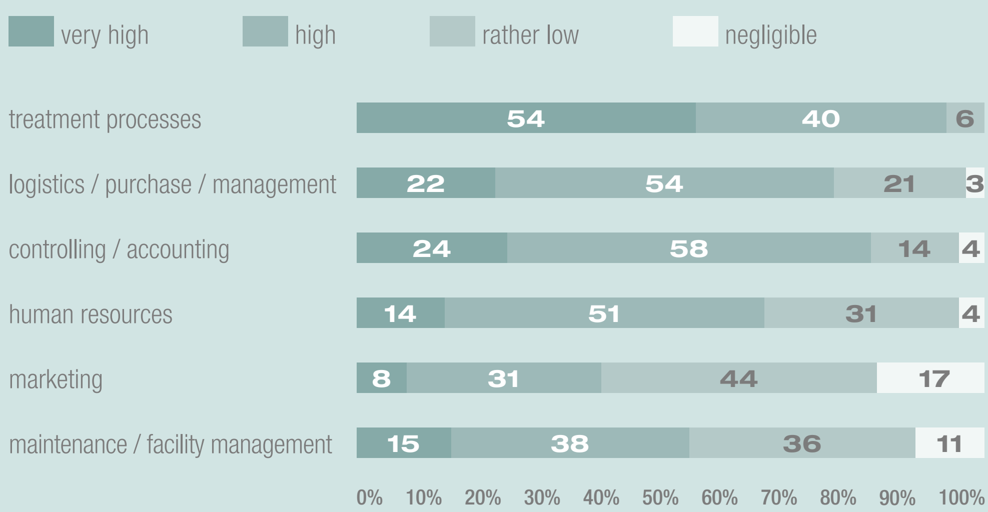
This tendency will certainly increase. The NEXUS product philosophy “Medicine in Focus” is completely oriented to this development and focuses in supporting medical processes. Topics such as treatment paths, medical workflow control, equipment integration and communications from referring doctors are pivotal in NEXUS products. The market will grow impressively in the coming years in line with the great interest expressed by customers. According to a study conducted by Frost&Sullivan, the market will grow 19% p.a. in Europe and is expected to reach a volume of EUR 688 million in 2009.

In the wake of these developments, the topic of medical informatics is not only of outstanding interest on the health policy level, but it also offers extremely good prospects for business. Many suppliers have penetrated the market over the past years and have announced or presented new solutions. Even more suppliers have been eliminated from the market, were sold or gave up. The concentration process has currently reached a high point, and there are only a few companies left specializing in medical informatics. There are an increasing number of corporate subsidiaries in competition, which cover numerous topics in medical technology. This is a chance for the NEXUS AG, which is completely specialized in medical software solutions as an independent company that is active internationally at the same time.

We are also participating actively in the concentration process. Our role in this process is very positive not only from a business standpoint, but also from the standpoint of customers. We continue to market purchased products and adapt them step-by-step to NEXUS technology; the purchased brands are maintained. This is an advantage for our customers, who obtain both investment protection and a long-term product perspective.

NEXUS has a solution with its modular, open system, which presents a comprehensive strategy without giving up the openness of the system.

Benefit from optimisation of procedures and processes



Source: survey Monitoring eHealth Deutschland 2005 / 2006, equinet

NEXUS / GMT:

Specialist in Obstetrics and Gynecology

NEXUS AG has established a connection with the acquisition of GMT GmbH based in Frankfurt on April 22, 2005, which both companies and many customers consider an ideal complement. Two companies with a compatible and complementary product range can create added-value for customers thanks to the merger: an expanded product range as well as innovative structures with a secure future.

The objective of this acquisition was to expand the portfolio in the areas of gynecology and obstetrics in the corporate group. As a result, the products offered by NEXUS AG can be expanded by another special medical solution.
• Die NEXUS / GMT mbH is one of the market leaders for software solutions dealing with all aspects of gynecology and obstetrics in hospitals with more than 350 regular customers.
• We are creating product synergies with the merger of both companies, which numerous customers of NEXUS / GMT can use. Examples of this include the expansion of the obstetrics solution with the NEXUS modules such as “Scheduling and Resource Planning”, “Bed Planning”, “Case Maps” and “Archiving”. Customers are able to expand the functions of their previous software with tried and tested components of the NEXUS Group.

NEXUS / GMT – Rapid Integration

Positive effects have already resulted following the first months of collaboration. Advantages have not only resulted for NEXUS / GMT users. The offer for previous NEXUS customers has also been expanded substantially in the area of gynecology and obstetrics.

The similar technological base of both product lines makes it easier to integrate the solutions into the modular system concept of NEXUS. We have already integrated large parts of the software today, after only a few months of collaboration. We will also have made the interfaces similar by the end of the year. To communicate this integration on the market too, we already changed the name GMT GmbH to NEXUS / GMT GmbH in 2005 and promoted organizational integration strongly.

It can already be seen today that the new NEXUS / GMT will develop excellently.

NEXUS / GMT – Documentation of the course of pregnancy

NEXUS 2005:

New Customers / New Solutions

Erbach, Germany: Giant strides to a digital hospital

The ambitious goal with the operational start of phase II in Erbach District Hospital is to digitalize the administrative and medical processes almost completely within one year. The old administration and medical systems including transfer of old data will be replaced in phase II. This including billing for outpatient and inpatient treatment all the way to basic medical documentation. The planning and documentation functions of the respective wards (e.g., OP and outpatient clinic) including nursing will be implemented in phase III. The hospital is taking giant strides into complete digital support of processes.

Altenburg, Germany: Expertise in psychiatric processes

The specialist clinic for psychiatry in Altenburg has introduced NEXUS / MEDICARE for complete patient and treatment management. It was also introduced completely new in outpatient billing and was already operational in the fourth quarter of 2005. NEXUS has again demonstrated its substantial know-how in the areas of psychiatric treatment documentation and billing in this hospital.

Fribourg, Switzerland: Medical areas and nursing take common paths

The Canton Hospital Fribourg introduced all medical functions of NEXUS / MEDFOLIO in the middle of 2005 as a pilot hospital for the complete canton. On the basis of the NEXUS basic files, all medical and nursing processes are supported digitally and represent the basis for expanding the system to all other canton hospitals. One special feature of this project is certainly the close links between medical and nursing documentation and the workflow. Both areas were introduced simultaneously and target simplifying information exchange and cooperation between the two groups of professionals.

One special feature of this project is certainly the close links between medical and nursing documentation and the workflow.

Luzern, Switzerland: Patient information available throughout the canton

Another canton-wide decision in favor of NEXUS has been made by three large hospitals in Luzern Canton. The patient data are stored on a central installation in the medical information system NEXUS / MEDFOLIO. Thanks to a uniform patient number, collaboration between the hospitals has been simplified and the medical files of patients are available in the complete canton. NEXUS / MEDFOLIO has already been installed in to additional canton hospitals provides the option of supporting forwarding information not only between hospitals but also sector-overlapping between hospitals and primary care physicians.

Bologna, Italy: Another hospital chooses the "file on-call"

Already the third hospital in Bologna (Ospedale Rizzoli) has chosen the Coup2000-Web file from NEXUS Italy. NEXUS has developed a hospital-overlapping web file in collaboration with hospitals of the city of Bologna. All patient files of the participating hospitals are stored digitally and can be retrieved decentrally. The special feature: patients can view their

files immediately at an external spot set up specifically for this and, for example, take it along to give to doctors providing subsequent treatment.

SRH-group: offensive quality approvement with NEXUS / CURATOR

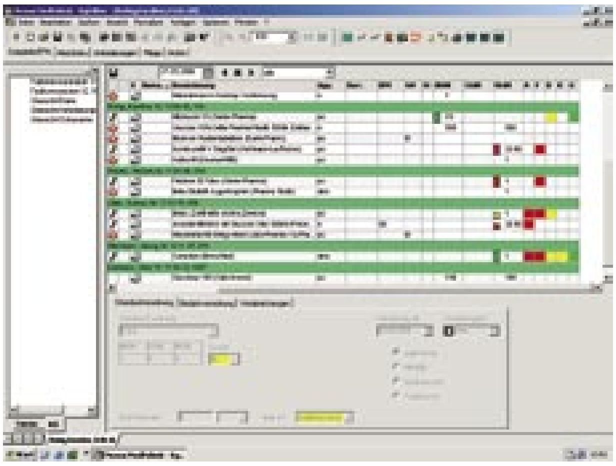
The SRH Group has selected NEXUS / CURATOR for supporting KTQ certification. This is an editing system, which provides all organizational data of a hospital centrally at an easily accessible Intranet interface. The highlight: NEXUS / CURATOR provides electronic workflow at writing, continual updating and approving of quality documents. This reduces the work of the staff dramatically, who can check documentation status via lists at any time.

NEXUS / MEDICATION: innovations for efficience and security

Increasingly high requirements are being demanded for hospital medication with respect to safety of their administration, profitability and logistics. NEXUS has paid special attention to the medication process in product development. From prescription to administration, the individual steps of medication are documented; supplies are monitored and medication administered is booked. Contra-indication and interactions with other drugs are checked, and administration is supporting with dispensing machines when applicable. User prompting simplifies the work of doctors and nurses, and the process ensures profitability and safety of drug administration in daily work.

NEXUS / INFORMATION STORE: providing informations intelligently

Not only data about profitability are significant for competitive costs and quality in hospitals, but consolidated information about medical processes is also extremely important. NEXUS has reacted to these demands with the product "Information Store", which supports all levels of hospital management (e.g., managing director, chief physicians, nursing services and controlling) with easily accessible statistics, graphs and assessments. This is a product that is gaining in importance given increased cost pressures and competition in hospitals.



NEXUS / MEDICATION: From prescription to administration, the individual steps of medication are documented; supplies are monitored and medication administered is booked.

NEXUS / MATERLOG: overview in course of pregnancy

NEXUS / GMT has developed the product NEXUS / MATERLOG in collaboration with renowned customers (e.g., Charité, Berlin) and made first installations in hospitals successfully. The product is used for documenting the complete course of pregnancy including birth and reflects the course of work during care of pregnant women. The following applies for this: all documentation during pregnancy, regardless of whether partogram, antepartal CTG, ultrasound examination or only entries about the pregnancy course are documented in a structured way. This provides an excellent basis for quality assurance and statistical evaluations in obstetric institutions.

NEXUS / BASIC DOCUMENTS: Flexible standards are the future of hospital information systems

Standardization or customized requirements? The history of hospital information systems is strongly characterized by these opposites. Although a high degree of customization of systems is very promising, the advantages of increased standardization in hospital documentation and organization are also extremely obvious. NEXUS has presented a new product with NEXUS / BASIC FILE, which promotes standardization without losing flexibility. Thanks to a hospital-wide and uniform "best practice" basic documentation and workflow control, decisive process steps are defined in advance. This provides the possibility of optimizing introduction of hospital information systems further.
NEXUS / BASIC FILE represents the consistent standardization of uniform hospital processes.

NEXUS / INFORMATION STORE: This is a product that is gaining in importance given increased cost pressures and competition in hospitals.

NEXUS 2005:

Product strategy and Corporate Design

NEXUS exhibited in its new look at the world's largest medical trade fair.

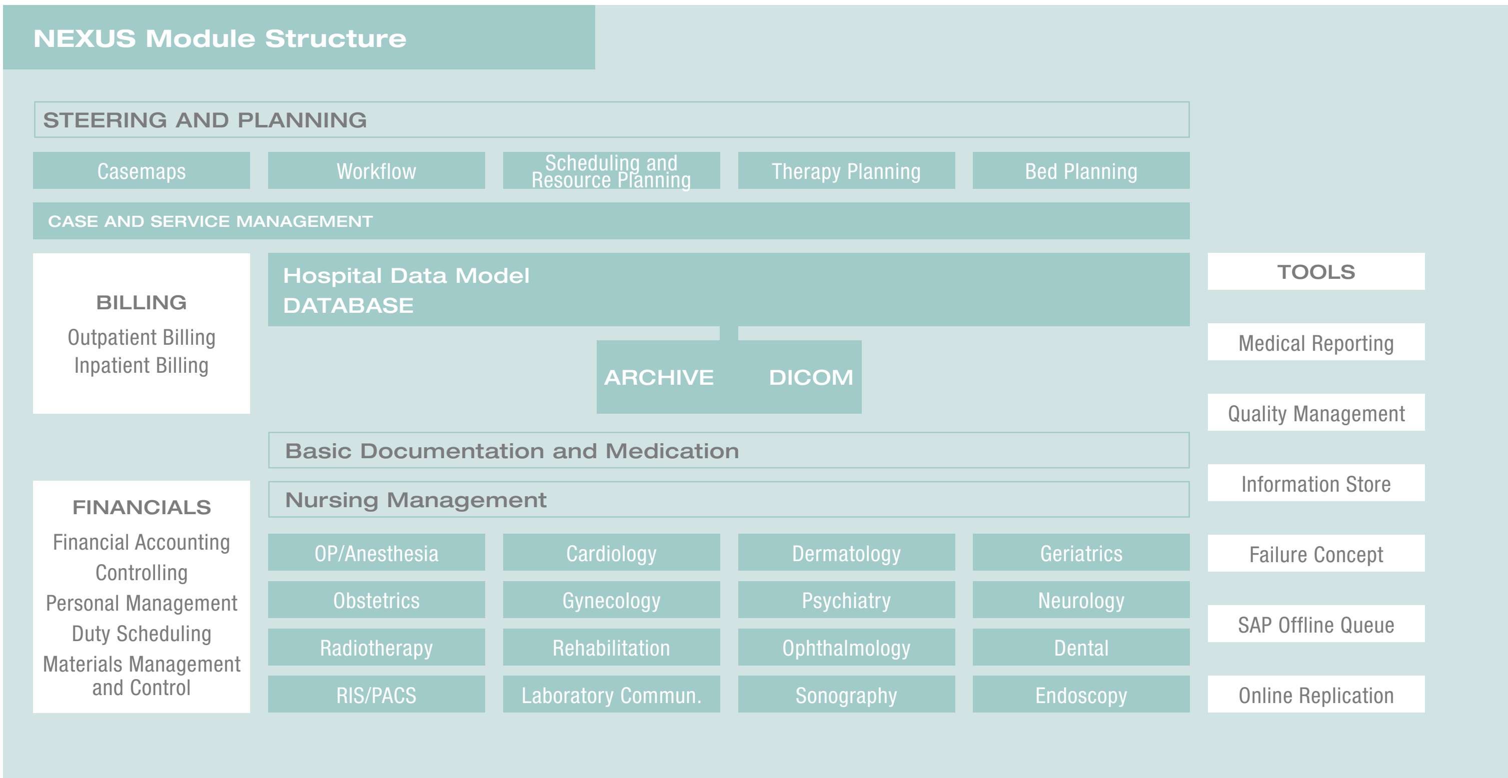
NEXUS represents an innovative and modern product strategy on the market. We put medical processes in the center of information processing in the health care system. Nexus software supports doctors and nurses in their work in close relation with treatment processes. Treatment processes are documented, treatment and care supported optimally, and clinical processes are steered. The linking of management processes and medical service processes are ensured in NEXUS software.
NEXUS puts the main processes of hospitals consistently in the focus of hospital management with its modules and consequently represents a comprehensive hospital workflow system.

Modules of a modularly and open clinic information system

As a hospital information system of the second generation, NEXUS / MEDFOLIO is structured modularly and open. Monolithic, closed application structures have proved to be too inflexible faced with the dynamic changes in the health care system. NEXUS enables a step-by-step introduction of software modules with its modular architecture and consequently makes integration into existing EDP landscapes possible This is a substantial advantage for staff in the health care system, who can adapt step-by-step to the challenges of information processing. The diagram of NEXUS modules illustrates the structure and application areas of NEXUS / MEDFOLIO.

The advantages for our customers are obvious: Thanks to the open architecture, existing investments are protected and one-sided dependence on one single provider is avoided in the long term.

NEXUS supports uniform Group product structures in the complete Group with marketing measures.
Using the slogan "Medicine in Focus", the products of the Group are positioned clearly and stand for clearly delimited target markets and user groups. From somatic hospitals to psychiatric institutions and all the way to radiology, cardiology and obstetric wards, NEXUS works with uniform technology, uniform layout, clear product statement and consistent naming at the respective target groups. NEXUS has already presented the NEXUS Group in its new look at the world's largest medical trade fair and has generated widespread appeal, especially for its convincing technology strategy.



Overview of NEXUS Modules

+ NEXUS / MEDFOLIO.

ready-to-use
Treatment management for somatic institutions. The basic system contains medical documentation. It is pre-configured and can be introduced fast.

station
The work center for bed management departments and a centralized overview for doctors and nurses:
documentation of the course of treatment, medication and vital parameters, care planning and documentation at a glance.

system
The basic functions of the system from system setup including authorization control to tools for writing forms.

+ NEXUS / WORKFLOW
Steering tool for processes dealing with diagnostics, therapy and documentation. It contains control of treatment paths, planning jobs, scheduling examinations and optimizing therapy.

+ NEXUS / WARDS
Complete solutions for all wards and offices in hospitals from planning to equipment integration and all the way to documentation. It is designed specifically for the requirements of wards.Available as a stand-alone or integrated system.

NEXUS / MEDICARE
Treatment management in psychiatry. The ready-to-use solution specifically for psychiatric institutions.

NEXUS / INOVIT
The complete radiologic solution organizes, structures and invoices. It controls communication of digital images and findings internally and externally and optimizes all radiologic processes.

NEXUS / GMT
The solution for obstetrics and gynecology. Documentation of the course of pregnancy and birth. Monitoring of births and integration of ultrasonic diagnostics.

NEXUS / MATERLOG

+ NEXUS / HOSPITAL MANAGEMENT
Controlling hospitals. This covers processes of hospital management such as patient management, inpatient and outpatient billing, accounting and controlling as well as logistics and administration.

NEXUS / BASIC DOCUMENTS

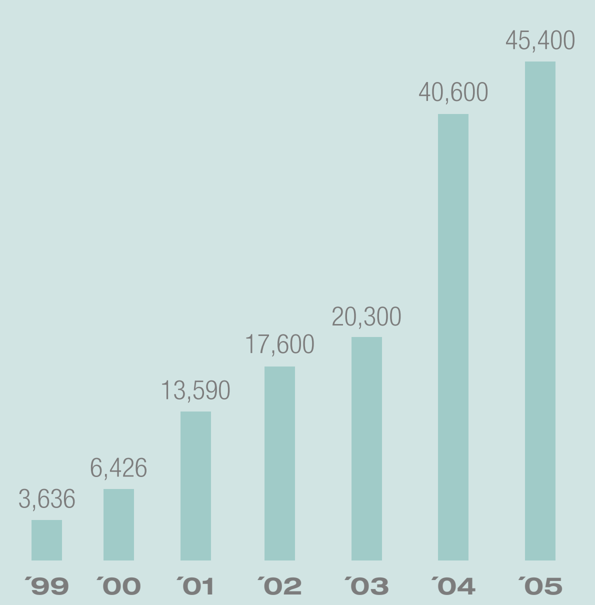
NEXUS / MEDICATION

NEXUS / INFORMATION STORE

+ NEXUS / CURATOR
A knowledge database as tool set for quality management and assurance according to established procedures (KTQ, BQS).

+ NEXUS / ARCHIVING
Uniform archiving of all documents, pictures and films in a fully developed DICOM and Non-DICOM archive.

Number of users of NEXUS information systems



Letter to our Shareholders

Dear Sir / Madam:

The year 2005 was very successful for NEXUS AG in many respects. We were able to increase sales substantially and improve our results greatly. We recorded a large number of new contracts and standardized our marketing presence. We have made a lot of progress in the technological consolidation of our acquisitions and introduced new, notable innovations on the market.

It is obvious that the corporate and product strategy of the past years has paid off. NEXUS has strengthened its position on the market with respect to the competition and is one of the few remaining successful companies in our industry in this increasingly concentrated market.

The concept of enthusing customers with the offer of an open, modular product world oriented to medical processes is being rewarded increasingly. Customers from very different medical areas and hospital sizes selected NEXUS in 2005 and consequently documented their faith in the conception and innovative ability of our company. Especially on an international level, we have again achieved successes, which give us further reason to increase foreign business and especially to advance the connected partner business with a great deal of commitment. With installations in 14 countries, we have an excellent starting base for further intense canvassing in selected regions.

We were able to increase sales by 28% to EUR 20.98 million compared to the previous year (previous year: EUR 16.40 million). The very interesting “Healthcare Software” share is the engine of growth for NEXUS and increased by 43% to EUR 15.71 million (previous year: EUR 11.0 million).
The operating result rose substantially analog to the increase in sales. Profit before taxes is KEUR 422 (previous year: KEUR -119), and Group profit is KEUR 262 (previous year: KEUR -470). Consequently, results have improved for the fifth year in a row, and our again strong cash flow has increased our cash reserves to EUR 19.39 million (previous year: EUR 16.69).

With installations in 14 countries, we have an excellent starting base for further intense canvassing in selected regions.

We are also targeting substantial growth and further improvement in results in 2006. The decisive factors will be to generate high growth rates and increasingly build up a critical base via innovative products and satisfied customers. This will ensure the independence of our corporation and the rapid spread of our products. Both our portfolio and the excellent position of our corporation give us reasons to be confident that we can continue to achieve our targets.

Dr. Ingo Behrendt
Chief Executive Officer of NEXUS AG

Stefan Burkart
Member of the Executive Board of NEXUS AG

NEXUS
at a Glance

Company and Main Office
NEXUS AG, Auf der Steig 6, 78052 Villingen-Schwenningen

Fields of Business
Health care software: IT-solutions for hospitals, rehabilitation clinics and social welfare institutions
Health care service: IT services for hospitals

Subscribed capital
EUR 13,720,000.00 (2004: 13,720,000.00)

Equity capital
EUR 41,300,000 (2004: 41,465,000)

Number of employees (12/31/2005)
199 (2004: 197)

WKN/ISIN Code
522090/DE 000 522090 9

Market segment
Prime Standard of the Frankfurt Stock Exchange

Subsidiaries

NEXUS Digitale Dokumentationssysteme Projektentwicklungsges. mbH
Vienna (A)

NEXUS.IT GmbH SÜDWEST, SÜDOST und NORD
Villingen-Schwenningen (D)

NEXUS Medizinsoftware u. Systeme AG
Kreuzlingen (CH)

NEXUS Italia S.r.l.
Bologna (I)

INOVIT Radiology Software GmbH
Ismaning (D)

micom GmbH
Ismaning (D)

NEXUS / GMT GmbH
Frankfurt am Main (D)

Finance and Event Schedule

04/04/2006
Analysts and Annual Financial Statement Press Conference
10 a.m., Haus der Wirtschaft, Stuttgart / Germany

05/19/2006
Quarterly Report Q1/2006

06/19/2006
General Stockholders Meeting
11 a.m., Haus der Wirtschaft, Stuttgart / Germany

08/21/2006
Semi-Annual Report 2006

11/20/2006
Quarterly Report Q3/2006

Trade Fairs and Congresses

05/30/2006 – 06/01/2006
IteG Frankfurt
IT Trade Fair & Dialog in the Health care System

09/28/2006 – 09/29/2006
eHealthcare Congress
Nottwil / Switzerland

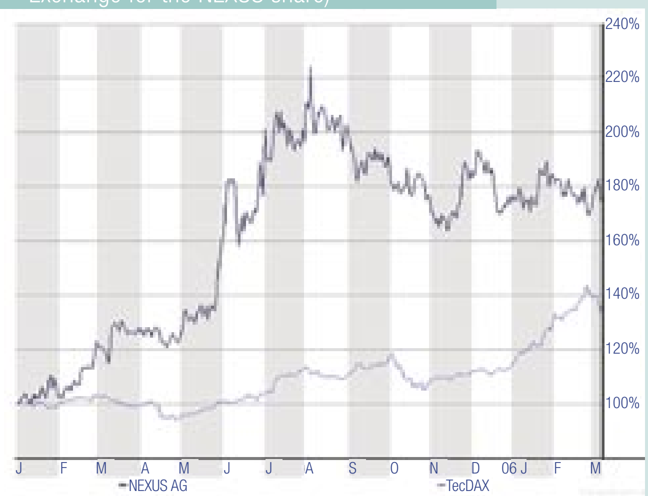
11/15/2006 – 11/18/2006
MEDICA Düsseldorf – World's Largest Medicine Trade Fair

Investor Relations: Provide Transparency – Win Trust

Communication and transparency for investors, stockholders and analysts is very important for us. All decisive information, which influences stock prices, is published via normal channels and the media and not just in the wake of the law to improve investor protection. We provide information in customary ways via analyst press conferences and one-on-one meetings as well as press releases. In addition, our investor relations staff is available as a contact partner to provide information to you.

Simon Holzer
Investor Relations

Performance 2005
(XETRA closing price at the Frankfurt Stock Exchange for the NEXUS share)



Overview

	2001	2002	2003	2004	2005
High	5.40	3.05	2.69	2.88	4.73
Low	2.11	1.33	1.35	1.85	2.10
Market Capitalization (year end in million euros)	24.60	17.29	20.58	29.49	51.04
Result per share in EUR (average)	-0.21	-0.04	-0.11	-0.04	0.02

Business Areas

Healthcare Software: E-Health Solutions

The core sector of NEXUS is the business division “Healthcare Software”. All sales with software products of NEXUS are consolidated in it. The software products are designed specific for target groups and serve different target markets.

- NEXUS / MEDFOLIO provides complete hospital and ward solutions for somatic hospitals and rehabilitation institutions. NEXUS / MEDICARE is a complete solution specifically for psychiatric institutions.
- NEXUS / INOVIT covers the area of radiology information systems and picture archiving systems with INORMS products and is designed for radiology work in hospitals and doctors in private practices.
- NEXUS / GMT is specialized in obstetrics and gynecology in hospitals.

NEXUS provides a completely integrated hospital information system, which can also be introduced step-by-step thanks to its modular structure.

The NEXUS modules are programmed on a uniform technological base and are integrated as functional components in the overall system. Products, which have been bought, are adapted to the same platform gradually. The table on page 11 provides an overview of NEXUS Modules.

Healthcare Service

The products of the Healthcare Service Division act as a supplement to the NEXUS software portfolio. This business division provides technical services and products in the healthcare sector (e.g., SAP integration, network consulting, Lotus Notes integration) via the three NEXUS / IT companies. In addition, products for solving problems with hardware components such as medical cabinets, hand-held PCs or wireless LAN installations are sold. NEXUS Healthcare Service is especially expanding its product range in the high quality IT service sector, e.g., “purchasing associations for hospitals”, “SAP support” and “server management”. The business division also offers management of IT service companies, which is finding increasing interest. Outsourcing of the complete IT sector in the form of organs subject to VAT is a good chance to combine know-how, growth and cost reductions especially for small hospitals.

NEXUS Healthcare Service is especially expanding its product range in the high quality IT service sector continually.

The uniform Group exhibit at the world’s largest medical trade fair MEDICA in Dusseldorf 2005.

Report of the Supervisory Board

The Supervisory Board was informed in written and oral reports at regular intervals by the Executive Board about the respectively current development of business, the risk situation and especially about important events. The Supervisory Board has fulfilled its checking and monitoring obligations. The business transactions submitted for approval to the Supervisory Board due to legal and company statutes were checked and discussed with the Executive Board.

The Supervisory Board dealt in depth the topic of "Corporate Governance" in its session on 16 December 2005, especially with the new German Corporate Governance codex. The Supervisory Board passed a resolution about the common correspondence statement of Supervisory Board and Executive Board in line with Clause 161 of the German Stock Corporation Law. The common correspondence statement is reproduced at www.nexus-ag.de and the 2005 annual report on page 22.
In the five sessions during the business year, the Supervisory Board dealt above all with the current business situation, further strategic development and possible and settled company acquisitions. The chances and risks of acquisition candidates were discussed intensively and negotiations were supported actively. Another focal point in the sessions was the internationalization of the company.

The annual financial statements prepared by the Executive Board in respect of NEXUS AG for 2005 were presented to the Supervisory Board together with the Executive Board's management report and the auditor's report. The group financial statements, the group management report and the auditor's report for the group were also presented to the Supervisory Board. The accounts, the annual financial statements and the management report were audited by Ernst & Young AG Wirtschaftsprüfungsgesellschaft in Villingen-Schwenningen, the auditors appointed by the shareholders, and were furnished with an unqualified audit opinion. The Supervisory Board's audit of the annual financial statements, the group financials statements, the management report and the group management report were discussed at the meeting on March 17, 2006 with the Executive Board. Right before auditors and a financial committee of the supervisory board discussed the annual financial statements, the group financials statements and the management report. Consequently, the annual financial statements have been approved. The Supervisory Board would like to thank the Executive Board and all employees for their dedication and work completed over the past business year. Also they would like to congratulate to the company's success in 2005.

Villingen-Schwenningen, 17 March 2006
The Supervisory Board

Dr. Hans-Joachim König
Chairperson

The Supervisory Board would like to thank the Executive Board and all employees for their dedication and work completed over the past business year. Also they would like to congratulate to the company's success in 2005.

Group Management Report 2005

I. THE GROUP AND COURSE OF BUSINESS

1. Essential events of the business year

NEXUS is a software supplier for hospitals and wards. With the core products:

- NEXUS / MEDFOLIO: Complete system for somatic hospitals and rehabilitation institutions
- NEXUS / MEDICARE: Complete information system for psychiatric institutions
- NEXUS / INOVIT: Radiology information and diagnosing system for radiology wards and offices
- NEXUS / GMT: information system for obstetric institutes and gynecology

solutions are adapted to customer needs and specific customer processes are depicted. The software architecture is modular and open and can be integrated into existing IT infrastructures. The various modules of the software solution are used both for improving billing processes and course of treatments as well as for optimizing the quality of the documentation of patient date. The aim of our product is to offer our customers everything necessary for digitalization, acceleration and qualitative improvement of their business processes.

The targets of "significant growth in the Healthcare Software sector" and "a positive Group result" were clearly achieved in 2005.

The acquisition of 100% of the shares of Gesellschaft für Medizintechnik mbH, Frankfurt (GMT GmbH) by NEXUS on 22 April 2005 has rounded out the range of products both in the obstetrics and gynecology sectors and opened expansion options in the area of regular customers of both companies.

Integration of products and acquired companies

Integration of the acquired companies was an essential focus of further internal development in 2005. This applies both to technical integration, which has progressed considerably, and to organizational integration of the companies. The companies were renamed with the prefix "NEXUS" in 2005 and 2006 as a sign of the growing together both with respect to technology and internal organization.

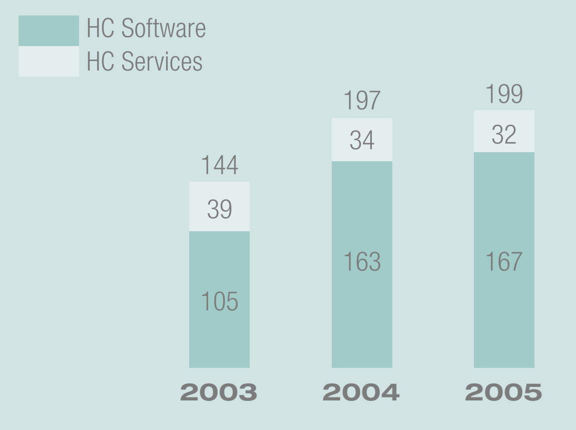
Business growth and achieving of financial results

The targets of "significant growth in the Healthcare Software sector" and "a positive Group result" were clearly achieved in 2005. Our market position could be expanded consistently, and the acquisition of GMT GmbH resulted in another increase of our customer base.

NEXUS' main source of sales continued to be in the Healthcare Software division in 2005. In comparison to 2004, the division again achieved a substantial increase in sales. In addition to organic growth, this area was strengthened by the acquisition of GMT GmbH. The company was integrated into the consolidation sphere of NEXUS AG starting from the purchase date. The share of our international involvement again increased in the area of Healthcare Software in 2005. Important orders were won and invoiced in Europe.

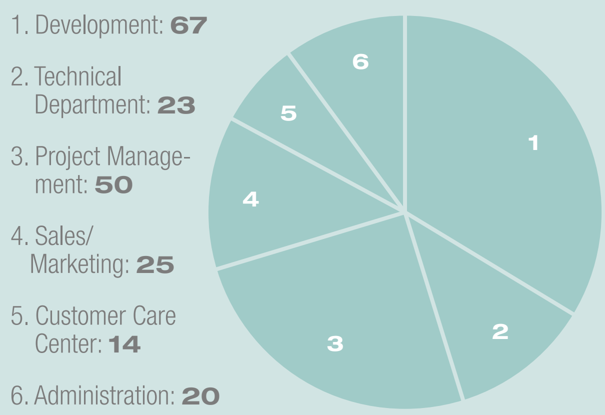
Number of employees

12/31/2003, 12/31/2004 and 12/31/2005



Structure of employees

12/31/2005: 199 employees



The Healthcare Service Division has stabilized further with respect to sales and result, and development of new business fields was begun.

Product development

Expansion of problem-solving skills and product innovations were again the focus of product development in 2005. Substantial innovations were pushed forward both on the level of ward solutions as well as on the level of complete systems for hospitals in Germany (radiotherapy, cardiology, dental). The development of an integrated obstetrics solution incl. gynecology has been added. Functions have been expanded in the area of psychiatric solutions.

2. Business course of the divisions in 2005

Division Healthcare Software: increase in sales and renomee-projects

The Healthcare Software Division provides software products, which we created, on the international market for institutions in the health care sector. This area achieved sales of KEUR 15,708 in 2005 following KEUR 10,997 in the previous year. This represents an increase of 42.8%. Sales by NEXUS / GMT GmbH are included in these figures. The substantial growth of this sector is especially the result of the good order situation and the stable development of all products.

Division Healthcare Service: stabilistaion of the business

The Healthcare Service Division provides IT services for institutions in the healthcare system. In spite of a further reduction in hardware business, KEUR 5,275 was earned following KEUR 5,398 in 2004 and consequently sales were almost stable (-2.3%) The inclusion of new product areas with considerable added-value also helped to stabilize this division.

3. Development in human resources

The motivation and ability of our staff are indispensable prerequisites for success. This applies especially to an area so dependent on knowledge such as medical informatics, in which medical and informatics knowledge are combined to create solutions oriented to customer needs. NEXUS puts a great deal of value on efficient personnel management.

The number of employees and their structure at NEXUS is due to the integration of NEXUS / GMT GmbH. In the previous year 197 employees and 199 on December 31, 2005 were employed at NEXUS. Differences are from changes in R&D, project management and overhead. NEXUS / GMT employed 20 people on the cutoff date of December 31, 2005.

4. Assets, Finances and Profit Situation

The NEXUS Group has consolidated sales of KEUR 20,983 in 2005 following 16,395 in 2004. This represents an increase in sales of 27.9%. KEUR 1,840 can be attributed to GMT GmbH.

The net profit improved highly from KEUR -119 to KEUR +422 in the year under review. KEUR 115 from the integration of GMT GmbH are contained in the consolidated figures.

The EBITDA 2005 was KEUR 3,363 following KEUR 2,668 in 2004 (+ KEUR 695). NEXUS improved it's yearly EBITDA 5 times in line.

The applicable distribution of the result to the stockholders of the parent company improved considerably compared to the previous year to KEUR +262 (2004: KEUR -470), whereby tax burdens of KEUR 333 are contained in this amount. The turnaround in profits was according to plan in 2005 and was prepared by continual improvements in the expenditure and revenue positions over the past years.

Sales in KEUR

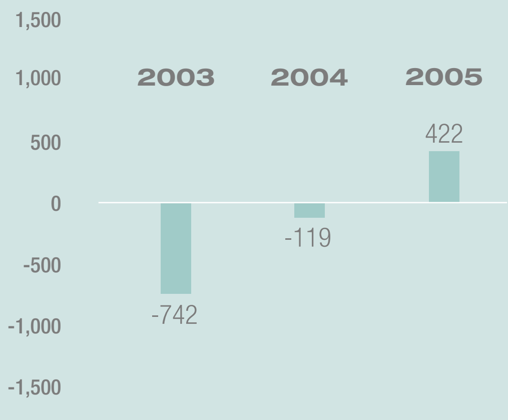
+27.9%

Sales Healthcare Software Division in KEUR

+42.8%

Earnings before tax in KEUR

+KEUR 541



The segment results also developed in line with expectations. The Healthcare Service Division improved its result from KEUR -555 in the previous year to KEUR -22 (+ KEUR 533). The Healthcare Software Division again achieved a result of KEUR –123, but this followed a result of KEUR 737 in the previous year. Special effects arose in the amount of KEUR 666 in the Healthcare Software Division in the previous year.

The equity capital of Nexus was KEUR 41,300 on the cutoff date following KEUR 41,465 in the previous year, which corresponds to an equity capital rate of 86.2% (previous year: 86.7%).

The amount of liquid funds (including securities) as of 31 Dec. 2005 again increased strongly to KEUR 19,389 (previous year: KEUR 16,694) and represents 40.5% (previous year: 34.9%) of the balance sheet total. The company thus has sufficient liquidity to achieve its ambitious growth plans. The inflow and outflow of funds is shown in the cash flow statement.

A cash flow from current business activities of KEUR 7,533 was generated in 2005 following KEUR 4,310 the business year 2004.

5. Invests / Acquisitions

The largest investment in 2005 was the acquisition of the shares of Gesellschaft für Medizintechnik mbH, Frankfurt (GMT GmbH). NEXUS AG acquired 100% of the shares with signing of the contract on 22 April 2005. The goal of the acquisition was to expand the range of products in the areas of obstetrics and gynecology and increase market share in Germany at the same time.
The purchase was made via a rated transfer of 200,000 NEXUS AG shares to the owners of GMT GmbH. In addition, NEXUS AG assured repayment of the shareholder loan in the amount of KEUR 1,244 to the previous owners, and payment of purchase price was made dependent on the achievement of various objectives.

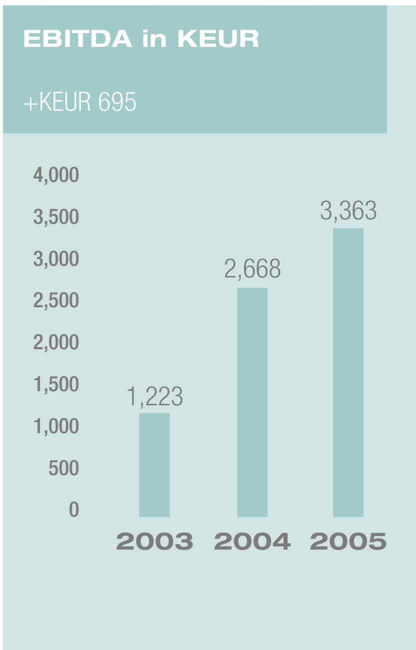
The tentative accounting par value of the net purchase price was KEUR 633. The final purchase price will only be determined after 31 March 2006 when the target values of the performance clause are set finally. The accounting price of NEXUS stocks was EUR 2.70 per share (on 22 May 2005). The purchase price was split in accordance with IFRS 3/ IAS 38 (revised 2004) and is still tentative. On the basis of the tentative split, KEUR 535 was capitalized as customer relations (regular customers), KEUR 139 as intellectual property rights (technology) and KEUR 1,525 as goodwill.

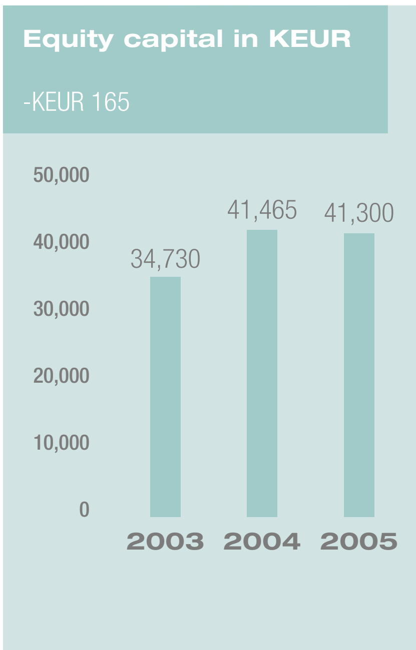
The 200,000 shares of NEXUS stock came from the reassignment of the stocks of the DEWB AG to the fiduciary (see Group Appendix, point 3). NEXUS AG instructed the fiduciary to transfer the cited number of shares from the reassigned shares to the owners of GMT GmbH.

The fiduciary was also instructed to transfer a total of 470,000 shares of NEXUS stock to the strategic partner Burkart Beteilungen GmbH, Singen at a purchase price of 2.65 per share. A total of 132,000 shares of NEXUS stock were transferred for covering due stock options to the beneficiaries of the stock option plan. NEXUS AG acquired another 28.6% of the shares of INOVIT GmbH, Munich, and consequently increased its ownership share to 91.5% on 30 September 2005.

6. Research & Development

Capitalized development costs were stable at KEUR 3,394 (previous year: KEUR 2,715) in the reporting year. The developments include services, which were provided in connection with the standard functions of the products NEXUS / MEDFOLIO, the electronic hospital information system, NEXUS / MEDICARE, the overall system for psychiatric institutions, and NEXUS / INORMS, the radiology information system. Topics of development shifted somewhat. The consolidation of the development expenses of NEXUS / GMT GmbH was new. NEXUS / GMT GmbH spent KEUR 307 for developments capable of capitalization.





7. Monitoring System in Accordance with §91 (2) AktG (German Stock Corporation Act) and Risk Reporting

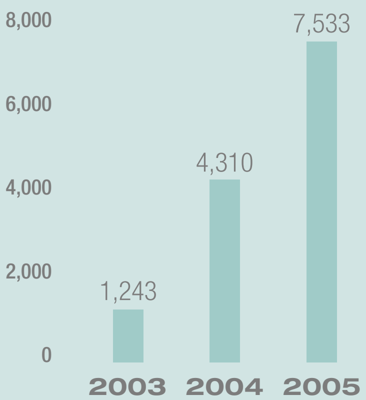
In 2005, risks were observed in particular in the field of development and legal dealings. The management operates a risk management system in keeping with §91 (2) AktG (German Stock Corporation Act), including risk reporting.

Our strong product portfolio and the competitive environment, which offers considerable opportunities, are thereby providing us with the chance to achieve additional, significant growth.

- Implementation difficulties, and technical difficulties in particular, could lead to penalty payments or reversed transaction for the existing large-scale projects which would have a negative effect on the earnings situation as well as the market reputation.
- A sharp decline in customer interest could endanger the company's operating basis.
- Risks are also posed by the time and budget planning of proprietary developments, deviations in which could cause substantial impact on marketing and costs.
- The migration of a large number of core knowledge carriers could lead to considerable difficulties in conducting operative business, at least on a short-term basis.

Like all companies, NEXUS is subject to management risks which are met with a systematic procedure that defines detailed planning and control processes. The Supervisory Board and the Management Board have obligated themselves to upholding the German Corporate Governance Code.

Cash Flow from operating activity in KEUR
+KEUR 3,223



8. Outlook for Future Development: Sales Growth and Continual Improvement in Performance

We succeeded in expanding our customer base substantially in 2005 to position the brand NEXUS clearly on the market and further technological consolidation. At the same time, we succeeded in achieving noticeable growth of sales and a significant improvement in our result. Consequently, we have created important prerequisites and a very promising starting situation for 2006.

Our strong product portfolio and the competitive environment, which offers considerable opportunities, are thereby providing us with the chance to achieve additional, significant growth. Thanks to a good order situation, we can grown organically and keep a lookout for attractive acquisitions in this turbulent market at the same time. NEXUS is benefiting in this phase from the fact that its modern and well recognized product portfolio has found an excellent reception on the market. Especially in the past year, we were able to communicate more strongly the strengths of NEXUS to the German market. NEXUS as a "modular, open provider of complete systems specializing in medical ward solutions": this positioning has become established increasingly strongly on the market. Consequently, our slogan "Medicine in Focus" has increasingly become an agenda.

The area of supporting medical processes has special potential for innovation and growth, which we have to concentrate on. There are significant challenges for us here, which we must master to achieve success in the future.

Consequently, growth and technological lead will remain paramount goals in 2006. NEXUS will also deal with further rapid technological consolidation of the acquired brands at the same time. We are simultaneously aiming to improve our cash flow and result further. Following the result improvements of the last periods, however, it is not so much a question of rapidly improving our result, but instead one of solid growth and successful customer and innovation projects: prerequisites for future success.

NEXUS is in a good position: a fantastic product portfolio, clear positioning, an extensive customer base and a stable economic situation. With this situation, we are facing a market in 2006, which promises stable growth and which has experienced or will experience intensive consolidation on the supplier side. This is the starting situation, on which we base our optimistic goals.

II. Corporate Governance

NEXUS AG is complying with this obligation and hereby submits the following explanations under consideration of its specific conditions, especially the size of the company:

Declaration of the Management Board and the Supervisory Board of NEXUS AG Villingen in compliance with § 161 AktG (German Stock Corporation Act) and § 15 EG AktG The Management Board and the Supervisory Board have decided to continue implementing the Government Commission's recommendations on the German Corporate Governance Code, barring the exceptions listed below, and to provide the following Declaration of Compliance in keeping with § 161 AktG (German Stock Corporation Act):

Regarding Point 3.8 Sentence 3 of the Code:

The existing D&O insurance has not designated a deductible for any of the persons covered by the insurance protection. NEXUS AG does not regard a deductible as significant in adherence to the rules of proper business management and therefore deviates from the Code on this point.

Regarding Point 4.2.2 ff. of the Code:

There are old contracts which were concluded before the Code went into effect. The contracts do not fully correspond with the Code guidelines in regard to remuneration. According to planning, the Code guidelines will be taken into account in future contract extensions or new contracts. There are no plans for listing the salaries paid to the individual members of the Management Board in the Notes.

Regarding Point 5.4.1 Sentence 2 of the Code:

There is currently no fixed age limit for members of the Supervisory Board members. As of 2005, the oldest member of the Supervisory Board was 61.

Regarding Point 6.6 Sentence 1 of the Code:

In conformity with the with the provisions laid down by the Exchange Rules and the obligatory admission criteria for the Prime Standard segment, the Securities Trading Act and the German Corporate Governance Code, NEXUS AG announces the purchases and sales of the company's stock and derivatives made by members of management. In accordance with the regulations of the Securities Trading Act, no report is made if the total sum of transactions of a person with management functions does not amount to EUR 5,000.00 by the end of a calendar year.

Regarding Point 7.1.2 Sentence 2 of the Code:

In conformity with the provisions laid down by the Exchange Rules (§§ 63, 78 BörsO new) and the obligatory admission criteria for the Prime Standard segment, NEXUS AG publishes its interim reports two months after the close of the reporting period at the latest.

The declaration is published on the website www.nexus-ag.de.

Villingen-Schwenningen, March 2006

NEXUS AG
The Executive Board
The Management Board


Hals, Nasen, Ohren
ORL

Healthcare Installations
Germany

Aachen
Achern
Allensbach*
Altenburg*
Altenkirchen
Altötting
Amberg
Andernach
Annaberg
Annaberg-Buchholz
Attendorn
Augsburg*
Backnang
Bad Berka
Bad Berleburg
Bad Driburg
Bad Friedrichshall
Bad Hersfeld
Bad Homburg
Bad Liebenstein
Bad Mergentheim
Bad Nauheim
Bad Neustadt
Bad Saarow
Bad Salzungen
Bad Sassendorf
Bad Schussenried
Bad Soden
Bad Zwischenahn
Baden-Baden
Bautzen
Bayreuth
Berg
Bergheim*
Berlin*
Bernburg
Biedenkopf
Bielefeld*
Bischofswerda
Böblingen
Bonn
Borna
Brandenburg*
Braunschweig
Bremen*
Bremerhaven*
Bremervörde
Bretten
Bruchsal
Brühl
Brunsbüttel
Bühl
Bünde
Burg
Burghausen
Burgwedel
Buxtehude
Calw*
Castrop-Rauxel
Celle
Cottbus
Cuxhaven
Darmstadt*
Deggendorf*
Delmenhorst
Dessau*
Detmold
Dinslaken
Donaueschingen
Dormagen
Dortmund*
Dresden*
Duisburg*
Dülmen
Düsseldorf*
Ebersberg
Eggenfelden
Eichstätt
Eisenhüttenstadt
Emmendingen
Erbach*
Erding
Erlangen
Eschborn
Eschweiler
Essen*
Essen (Borbeck)
Euskirchen
Eutin
Filderstadt
Flensburg
Forst*
Frankfurt*
Freiburg*
Freital
Freudenstadt
Friedrichshafen
Fulda
Fürstenfeldbruck
Fürth
Gailingen
Gardelegen
Garmisch-
Partenkirchen
Geesthacht
Gehrden
Geislingen
Gelsenkirchen
Germersheim
Gießen*
Gifhorn
Glauchau
Göppingen
Görlitz
Göttingen*
Greifswald*
Greiz*
Grevenbroich
Groß-Gerau
Groß-Umstadt
Gunzenhausen
Güstrow
Haan
Hagen
Haina
Halberstadt
Halle*
Hamburg*
Hameln
Hamm*
Hanau*
Hannover*
Hartmannsdorf
Haßfurt
Hausham
Heide
Heidelberg
Heilbronn
Helmstedt
Hemer
Heppenheim*
Herborn
Herford
Herten
Herzberg am Harz*
Hildburghausen
Hildesheim*
Hof
Holzminden
Horb
Höxter
Hoyerswerda
Husum
Illertissen
Iserlohn
Itzehoe
Kaiserslautern
Kandel
Karlsbad-
Langensteinbach
Karlsruhe*
Kassel
Kaufbeuren
Kehl
Kenn/Trier
Kiel*
Kirchen
Koblenz*
Köln*
Königs Wusterhausen
Konstanz*
Kösching
Krefeld*
Kronach
Lahr
Landau
Landsberg*
Landshut
Langen
Langenfeld
Lauterbach
Leer
Leipzig*
Lemgo
Leverkusen
Lichtenstein
Lingen
Lörrach*
Lübbecke
Lübben
Lübeck
Ludwigsfelde
Ludwigshafen*
Lüneburg
Magdeburg
Mainz*
Mannheim
Marburg
Marl
Memmingen
Mindelheim
Minden
Moers*
Mönchengladbach
Mühlacker
Mülheim an der Ruhr
München*
Münster
Nagold
Neubrandenburg
Neumarkt i. d. Oberpfalz
Neumünster
Neunkirchen
Neuss
Neustrelitz
Neu-Ulm
Nienburg
Nordhausen
Nördlingen*
Nürtingen
Oberhausen*
Oelde
Offenbach
Oldenburg*
Oldenburg i. Holstein
Olpe
Osterode
Ostfildern*
Paderborn*
Parchim
Passau*
Peine
Perleberg
Pfaffenhofen
Pforzheim
Plochingen
Potsdam
Pritzwalk
Püttlingen
Radebeul
Rastatt
Rathenow
Ravensburg
Recklinghausen*
Regensburg
Reichenau
Reinbek
Rendsburg
Reutlingen*
Rheine
Riesa
Rosenheim
Rostock
Rottweil*
Saarbrücken*
Saarbrücken-Dudweiler
Saarlouis
Salzgitter
Salzwedel
Sangerhausen
Schleiz
Schleswig
Schneeberg
Schönebeck
Schorndorf
Schramberg
Schwäbisch Gmünd
Schwäbisch Hall
Schwarzach im Pongau
Schwedt
Schweinfurt
Schwerin
Schwerte
Seligenstadt
Siegen
Sindelfingen
Singen
Spaichingen
Speyer
St. Marien Amberg*
Stade
Stolberg
Stralsund
Stuttgart*
Sulzbach-Rosenberg
Taufkirchen
Thuine
Troisdorf
Tuttlingen*
Uelzen
Ulm
Unna
Vechta
Viersen
Villingen-
Schwenningen
Warstein
Wasserburg
Weiden
Weilmünster
Weinheim
Weissenau
Weißenburg
Wernigerode
Westerstede
Westerwald
Wetzlar
Wickede-Wimbern
Wiechern
Wiesbaden*
Wittenberg
Wittingen
Wittlich
Wolfach
Wolfenbüttel
Wolfsburg
Wolgast*
Wriezen
Wuppertal
Wurmlingen
Würzburg*
Zwiefalten

* mehrere Installationen pro Standort

Healthcare Installations worldwide

Belgium
Brüssel*
Rocourt-Liege

China
Hongkong
Nanjing

Denmark
Veijle

France
Montrouge

Great Britain
Aberdeen
Dundee
Inverness
Newcastle upon Tyne
Nottingham

Italy
Bari
Bologna*
Bozen
Bussolengo
Palermo
Ravenna
Rom
San Bonifacio
Tarent
Turin
Vicenza

Kuwait
Kuwait*

Luxembourg
Luxemburg*

Netherlands
Alkmaar
Arnhem
Delft
Eindhoven
Gorinchem
Leeuwarden
Nijmegen*
Tilburg*
Zwolle

Norway
Gjøvik
Kristiansand
Oslo
Trontheim

Austria
Bad Ischl
Dornbirn
Feldkirch-Tisis
Freistadt
Gmunden
Hall in Tirol
Innsbruck*
Kirchdorf a.d. Krems
Kitzbühel
Kufstein
Lienz
Linz*
Mauer
Reutte-Ehenbichl
Ried im Innkreis
Rohrbach
Schärding am Inn
Schwarzach im Pongau
Schwaz
St. Johann
Steyr
Vöcklabruck
Wien*
Zams

Sweden
Borås
Lund
Sundsvall
Umea

Switzerland
Aarau
Baden
Basel*
Bern
Biel
Fribourg*
Locarno
Luzern*
Maennedorf
Marsens
Meyriez
Nottwil
Rheinfelden
Singine
St. Gallen*
St. Pirminsberg
Sursee-Wolhusen
Zihlschlacht
Zürich*

Spain
Cordoba
Fuenlabrada

USA
Atlanta
Brimingham
Brooklyn
Greenwood
Nyack
Phoenix
Scottsdale
Seattle
South Carolina

YU
Skopje

* Several installations per city

Consolidated Financial Statements 2005

Consolidated Balance Sheet of December 31, 2004 and 2005
ASSETS

	Notes	2004 (adjusted) KEUR	2005 KEUR
Long-term capital			
I. Intangible assets	(4) (8)		
1. Concessions, industrial property rights, and rights and assets as well as licenses for such rights and assets		439	158
2. Goodwill		6,083	6,080
3. Development costs		7,296	8,046
4. Customer Base / Technology	(3)	2,169	2,600
II. Property, plant and equipment	(6) (8)		
1. Tenant installations		33	29
2. Other equipment, factory and office equipment		418	434
III. Financial assets	(7) (8)		
1. Investments in associates		62	45
2. Other		43	43
IV. Deferred taxes	(9) (26)	3,418	2,976
Total long-term capital		**19,961**	**20,411**
Short-term capital			
I. Inventories	(10)	681	536
II. Receivables and other assets			
1. Trade receivables		6,052	4,665
2. Receivables from associated companies		24	0
3. Other assets		3,909	2,496
4. Tax refund claims		383	330
III. Prepaid expenses		78	105
IV. Securities	(11)	13,925	16,238
V. Cash and cash equivalents		2,769	3,151
Total short-term capital		**27,821**	**27,521**
TOTAL ASSETS		**47,782**	**47,932**

Consolidated Balance Sheet of December 31, 2004 and 2005
EQUITY AND LIABILITIES

	Notes	2004 (adjusted) KEUR	2005 KEUR
Equity			
I. Subscribed capital	(12 a)	13,720	13,720
II. Capital reserve	(12 b)	38,899	38,886
III. Other reserves	(12 c)	1	1
IV. Equity capital difference from currency translation	(12 d)	3	8
V. Valution reserve for financial instruments	(12 e)	75	4
VI. Reserve for pensions	(12 f)	-41	-139
VII. Loss carry-forward		-11,162	-11,632
VIII. Annual net profit / loss		-470	262
Equity capital attributable to stockholders of the parent company		**41,025**	**41,110**
Minority interest		440	190
Total Equity		**41,465**	**41,300**
Long term liabilities			
I. Pension provisions	(13)	405	590
II. Other provisions	(15)	357	475
Total long term liabilities		**762**	**1,065**
Short-term liabilities			
I. Tax provisions	(14)	6	1
II. Bank loans	(16)	184	0
III. Received payments or orders		998	522
IV. Trade accounts payable		2,293	2,142
V. Liabilities with associated companies	(16)	47	18
VI. Other liabilities	(16)	1,904	2,865
VII. Deferred income		123	19
Total short-term liabilities		**5,555**	**5,567**
TOTAL LIABILITIES AND EQUITY		**47,782**	**47,932**

List of the recorded income and expenditures from 1 January until 31 December 2005

	2004 KEUR	2005 KEUR
Actuarial profits and losses	-6	-161
Currency conversion differences	4	5
Valuation of financial instruments at Fair Value	81	-113
Deferred taxes	-28	105
Income and expenses entered directly in equity capital	**51**	**-164**

Consolidated Profit and Loss Account for the Fiscal Years 2004 and 2005

	Notes	2004 (adjusted) KEUR	2005 KEUR
Revenue	(19)	16,395	20,983
Increase / decrease in finished goods and work in progress		8	-418
Other capitalized company work		3,394	3,393
Other operating income	(20)	1,359	1,185
Cost of materials	(21)		
a) Cost of raw materials and supplies		3,614	4,354
b) Cost for purchased services		816	1,370
Personnel expenses	(22)		
a) Wages and salaries		9,018	9,607
b) Social costs		1,619	1,725
Depreciation and amortization of fixed intangible and tangible assets	(8)	3,082	3,498
Other operating expenses	(23)	2,813	4,724
Other taxes		10	10
Other interest and similar income		548	601
Revenue from associated companies		7	1
Depreciation of financial assets	(7)	797	0
Interest payable and other similar charges		61	35
Profit before tax		**-119**	**422**
Income taxes	(26)	-537	-333
Annual net profit / loss		**-656**	**89**
Minority interest		186	173
Annual net profit / loss attributable to stockholders of the parent company		**-470**	**262**
Earnings per share	(27)		
Weighted average of issued shares (in thousands)		12,292	13,720
Result per share in EUR (diluted and undiluted)		-0.04	0.02

Consolidated Cash Flow Statements for the Fiscal Years 2004 and 2005

	2004 (adjusted)	2005
1. Cash Flow from operating activities	**TEUR**	**TEUR**
Results of the year, before deduction of profit payable to other shareholders, income taxes, interest and finance income / expenditure	-119	422
Depreciation and amortization of intangible assets and plant, equipment and other fixed assets	3,082	3,498
Other expenses / income with no impact on cash	-666	62
Depreciation of financial assets	797	0
Profit / loss from disposal of long term capital	15	-88
Profit / loss from disposal of securities	-9	124
Increase / decrease in inventories	-19	145
Increase / decrease in trade receivables and other assets that cannot be allocated to investing or financing activities	3,989	1,977
Changes in provision	-1,563	104
Increase / decrease in trade accounts payable and other liabilities that cannot be allocated to investing or financing activities	-1,793	737
Interest paid	-61	-35
Interest payments received	486	537
Income taxes paid	-154	-182
Income taxes received	325	232
	4,310	**7,533**
2. Cash Flow from financing activities		
Cash paid for investments in property, plant and equipment / intangible assets	-3,562	-4,326
Inpayments from retirements of financial investments	0	100
Cash paid for investments in financial assets	-13	0
Purchase of subsidiaries after deduction of acquired payment means	29	-89
Cash received from disposal of securities	5,154	18,241
Cash paid for investments in scurities	-6,405	-20,611
	-4,797	**-6,685**
3. Cash Flow from financing activities		
Purchase of own shares	0	-76
Amount paid out for redeeming loans	0	-211
	0	**-287**
4. Cash and cash equivalents at end of fiscal year		
Cash-relevant changes in cash and cash equivalents (sum of 1 + 2 + 3)	-487	561
Change in currency translation adjustment	4	5
Cash and cash equivalents at beginning of fiscal year	3,068	2,585
	2,585	**3,151**
5. Composition of cash and cash equivalents		
Cash on hand	2,769	3,151
Bank liabilities due on demand	-184	0
	2,585	**3,151**

Development of Group Equity for the Fiscal Years 2004 and 2005

	Subscribed capital	Capital reserves	Other provisions	Equity difference from currency conversion	Reserve for financial instruments
	KEUR	**KEUR**	**KEUR**	**KEUR**	**KEUR**
Consolidated equity as of 1 Jan. 2004 IAS shown as in previous year in line with Group Financial Statement	10,292	35,025	1	-1	24
First-time application of IAS 19 Employee benefits					
Consolidated equity as of 1 Jan. 2004 (adjusted)	**10,292**	**35,025**	**1**	**-1**	**24**
Transfer of 2003 consolidated loss to consolidated loss carry-forward					
Equity difference from currency conversion with NEXUS Medizinsoftware and Systeme AG				4	
First-time application of IFRS 2 Stock-based payment		1			
Valuation of financial instruments at Fair Value					51
Valuation of employee benefits IAS 19					
Change in shares of third parties					
Capital increase due to capital subscribed in kind	3,428	3,873			
Consolidated deficit 2004					
Consolidated equity on December 31, 2004 (adjusted)	**13,720**	**38,899**	**1**	**3**	**75**
Transfer of 2004 consolidated loss to consolidated loss carry-forward					
Equity difference from currency conversion with NEXUS Medizinsoftware and Systeme AG				5	
Stock-based payment		62			
Change in shares of third parties					
Valuation of employee benefits IAS 19					
Valuation of financial instruments at Fair Value					-71
Costs for certification of new stocks		-75			
Consolidated profit 2005					
Consolidated equity on December 31, 2004	**13,720**	**38,886**	**1**	**8**	**4**

Reserve for pensions	Consolidated loss carry forward	Consolidated deficit / profit	Equity capital attributable to stockholders of the parent company	Minority interest	Sum equity	Authorized capital
KEUR	**KEUR**	**KEUR**	**KEUR**	**KEUR**	**KEUR**	**KEUR**
0	-10,107	-1,092	34,142	588	34,730	5,146
-37	37		0		0	
-37	**-10,070**	**-1,092**	**34,142**	**588**	**34,730**	**5,146**
	-1,092	1,092	0		0	
			4		4	
			1		1	
			51		51	
-4			-4		-4	
			0	-148	-148	
			7,301		7,301	-3,428
		-470	-470		-470	–
-41	**-11,162**	**-470**	**41,025**	**440**	**41,465**	**1,718**
	-470	470	0		0	5,142
			5		5	
			62		62	
			0	-77	-77	
-98			-98		-98	
			-71		-71	
			-75		-75	0
		262	262	-173	89	–
-139	**-11,632**	**262**	**41,110**	**190**	**41,300**	**6,860**

Notes to the Consolidated Financial Statements (IFRS) for the fiscal year 2005

1. General Information

In its "Healthcare Software" and "Healthcare Service" divisions NEXUS develops and sells soft- and hardware solutions and services for the medical sector. In its "Healthcare Software Division" the company concentrates on medical information systems for hospitals, rehabilitation centers and social care centers. The "Healthcare Service Division" sells IT service for the health care sector. They cover consultancy in the area of hardware equipment, security systems and intranet and internet solutions up to the complete management of IT-services for hospitals.

The registered address of NEXUS is:
Auf der Steig 6, Villingen Schwenningen (Germany). NEXUS is registered in the commercial register of the district court of Villingen-Schwenningen, Number HRB 2434. NEXUS AG is a company listed in the new Primary Segment of Frankfurt Stock Exchange.

2. Summary of significant accounting policies

Basic Rules

NEXUS AG is obligated to prepare an IFRS Group Financial Statement as a corporation listed on the stock market according to section 315a of the German Commercial Code In addition to IFRS, additional commercial regulations must be applied in line with section 315a. The Group Financial Statement of NEXUS AG has been prepared in accordance with the International Financial Reporting Standards (IFRS) as they are to be applied in the EU.

The Financial Statement was submitted to the Executive Board for publication after its preparation on 16 March 2006. The Financial Statement was discussed within the framework of a meeting of the Supervisory Board concerning the balance sheet with auditors present at the meeting as well as the Executive Board members on 17 March 2006 and approved in a resolution of 17 March 2006. The Financial Statement was prepared with inclusion of past procurement and manufacturing costs, excluding the available financial assets available for sale, which were valuated at the value of the time of first reporting.

Reporting currency

The consolidated financial statements are prepared in thousands of EURO (KEUR) unless stated otherwise.

Scope of consolidation

In addition to NEXUS AG as the parent company, the consolidated financial statements include all subsidiaries operating in Germany and abroad for which NEXUS AG directly or indirectly holds the majority of voting rights.

The balance sheet for five associated companies was prepared according to the equity method.

List of subsidiaries consolidated

	12/31/2004	12/31/2005
Full consolidation	**Shares of Capital in %**	
NEXUS Digitale Dokumentationssysteme Projektentwicklungsges.mbH, Wien (A)	100.00	100.00
NEXUS.IT GmbH SÜDWEST, Villingen-Schwenningen	100.00	100.00
NEXUS.IT GmbH SÜDOST, Villingen-Schwenningen	50.20	50.20
NEXUS.IT GmbH NORD, Villingen-Schwenningen	100.00	100.00
NEXUS Medizinsoftware und Systeme AG, Kreuzlingen (CH)	99.98	99.98
NEXUS Italia S.r.l., Bologna (I)	80.00	80.00
INOVIT Radiology Software GmbH, Ismaning	62.85	91.49
micom Gesellschaft für Organisationsberatung und Computersoftware mbH, München	100.00	100.00
micom Gesellschaft für Organisationsberatung und Computersoftware mbH, Wien (A)	100.00	100.00
NEXUS / GMT GmbH, Frankfurt am Main	–	100.00
Equity-consolidation		
G.I.T.S Gesundheitswesen IT-Service GmbH, Fürstenfeldbruck	49.00	49.00
SRH Kliniken Dienstleistungs GmbH, Heidelberg	24.00	0.00
Medidata GmbH, Berlin	25.00	25.00
VEGA Software GmbH, Aachen	30.00	30.00
Medizin Forum AG, Ober-Mörlen	22.32	15.63

Consolidation principles

The Consolidated Financial Statements are based on the annual financial statements as attested by independent auditors. The attested annual financial statements are reconciled into uniform statements ready for consolidation according to International Accounting Standards (IFRS). All of the companies included on December 31, 2005 use the calendar year as their business year.

The purchase method was used for company acquisitions. Consolidation of capital occurs at the time at which control is acquired. The reported equity capitals of the included companies are offset against the book value of participations. The assets and liabilities are shown at their current values.

For companies, which were purchased after March 31, 2005 IFRS 3 (Business Combinations) must be applied. Within the framework of an identification process immaterial assets previously not reported in the balance sheet but with the possibility of being reported are capitalized analog to the regulations of IAS 22 after IFRS 3. In addition, contingent depts are considered. Remaining positive differences were capitalized according to IFRS 3 as goodwill.

Minority shares are part of the period result and net assets, which are attributed to shares, which the Group does not own. Minority shares are shown separately from the result of the parent company in the profit and loss account and within the equity capital in the consolidated balance sheet.

The acquisition of GMT GmbH was carried in the balance according to the purchase method. The Group Financial Statement report contains expenses and revenues starting from April 2005.

Receivables and payables between the consolidated companies are balanced within the framework of debt consolidation. Internal sales have been eliminated within the framework of expenditure and revenue consolidation. Elimination of provisional results was not required.

The consolidated profit and loss account has been prepared as a fully consolidated profit and loss account according to the total expenditure format, in which all earnings and expenses between the companies included have been offset against each other. The conversion of international annual financial statements in foreign currency is undertaken according to IAS 21 in keeping with the concept of functional currency. The balance sheets from the foreign consolidated companies are thus converted using the exchange rates valid on the key balance sheet date, the profit and loss statement with the annual average exchange rates and the equity capital at the historical exchange rates. The functional currency is the respective national currency for all companies. The resulting conversion differences are recorded in equity capital with no impact on earnings.

Change of the Accounting and Valuation Method

The applied accounting and valuation methods correspond in principle to the methods used in the previous year. In addition, the Group used the new / revised standards, which are binding for business years beginning on or after 1 January 2005.

Changes in the balancing and assessment methods result from the application of the following new or revised standards:

- IFRS 2 “Share-based Payment“
- IFRS 3 “Business Combinations”
- IAS 1 “Presentation of Financial Statements”
- IAS 2 “Inventories”
- IAS 8 “Accounting Policies, Changes in Accounting, Estimates and Errors”
- IAS 10 “Events after the Balance Sheet Date”
- IAS 19 “Employee Benefits” (revised)
- IAS 24 “Related Party Disclosures”
- IAS 27 “Consolidated and Separate Financial Statements”
- IAS 28 “Investments in Associates”
- IAS 32 “Financial Instruments: Disclosure and Presentation”
- IAS 33 “Earnings per Share”
- IAS 36 “Impairment of Assets” (revised)
- IAS 38 “Intangible Assets” (revised)
- IAS 39 “Financial Instruments: Recognition and Measurement”

The essential changes resulting from these changes are explained below.

IFRS 2 “Share-based Payment“

The changed accounting and estimation methods for share-based transactions are explained in the “Summary of Essential Accounting and Estimation Methods” section. Essential effects of IFRS 2 on the Group are the recording of expenditures and a corresponding booking in equity capital.

The Group applied IFRS 2 retroactively and uses the provisional regulations in IFRS 2 in relation to the payment plans based on equity capital. Consequently, the Group only applies IFRS 2 to rights provided based on equity capital after 7 November 2002, which could not be performed by and including 1 January 2005.

Application of IFRS 2 resulted in a reduction of the annual net profit in the current year of EUR 62,103 (2004: EUR 1,465) due to increase personnel expenditures.
Application of IFRS 2 had non-essential effects on the watered and non-watered result per share (cf. p. 51)

IFRS 3 “Business Combinations”, IAS 36 “Impairment of Assets”, and IAS 38 “Intangible Assets”

IFRS 3 was applied to all company mergers with date of contract signing on or before 31 March 2004. As result of application of IFRS 3, the accounting method of the Group had to be adapted for entering restructuring provisions for liabilities and charges at purchase of a company. The Group may only carry a provision as a liability if this was already carried as a liability in the financial statement of the company at the time of purchase. Previously, restructuring provisions for liabilities could be carried as a liability independent of whether the purchased company had already carried this liability.

In addition, the Group estimates the identifiable assets, debts and possible debts in the full amount with their current values at the time of purchase. Minority shares are consequently shown in the amount of their share at the current values of the assets and debts.

The application of IFRS 3 and IAS 36 (revised) also resulted in the Group not writing off the planned depreciation of goodwill and instead annual remaining value tests have been conducted for goodwill on the level of units generating payment means (if an event does not occur that makes checking the goodwill necessary more often).

Additionally, it must be determined for each individual intangible asset whether it has a limited or unspecified utilization period. A limited utilization period was assumed for intangible assets until the end of last year, whereby the refutable assumption was maintained that the utilization period of an intangible asset will not exceed 20 years from the time of utilization availability of the intangible asset. The changed accounting and estimation methods, which could be applied to intangible assets, are explained in the "Summary of Essential Accounting and Estimation Methods" section.

IAS 19 "Employee Benefits" (revised)

Another option for treating actuarial profits or losses was created with revision of IAS 19. The Group applies IAS 19 at an early stage in 2005 and enters the actuarial profits and losses in equity capital without affecting the operational result in the period they occur after consideration of deferred taxes. Use of actuarial offsetting represents a method change according to IAS 8, whereby the treatment in accounting is to be adapted for 1 January 2004. Correspondingly, the opening balance value for provisions for pensions was entered new in equity capital in the amount of KEUR 37 after considered of deferred taxes, and the loss carried forward was reduced accordingly.
Additionally, the time-adjusted losses in 2004 affecting the operational result in the amount of KEUR 6 were canceled.

IFRS and IFRIC not applied yet

NEXUS Group has not applied the following standards and IFRIC interpretations, which have already been published but have not taken effect yet, in advance:
The IFRS and IFRIC interpretations adopted by the EU within the framework of the comitology process, which have not taken effect yet:
Changes of IAS 1 "Presentation of Financial Statements"
The additional information obligations, which result from the change of IAS1 "Presentation of Financial Statements", were not considered in the Group financial statement. The changes are to be applied for business years, which begin on or after 1 January 2007.

Changes of IAS 39 – Fair Value Option and Cash Flow Hedge Accounting
The changes are to be applied for business years, which begin on or after 1 January 2006. Management had not yet completed the analysis of the effects of this change at the time of preparing the Group Financial Statement.

Changes of IAS 39 and IFRS 4 – Financial Guarantee Contracts
Financial guarantees are solely in the application area of IAS 39 after revision of IAS 39 and IFRS 4. Previously, financial guarantees were either in the application area of IAS 39 or IFRS 4, depending on the formulation. The changes are to be applied for business years, which begin on or after 1 January 2006. There are currently no such guarantees in the Group; an effect is not expected.

IFRS 7 "Financial Instruments: Disclosures"
IFRS 7 regulates disclosure obligations about financial instruments both from industrial companies 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 obligations in IAS 32 "Financial Instruments: Disclosure and Presentation". IFRS 7 is to be applied for business years, which begin on or after 1 January 2007. Management had not yet completed the analysis of the effects of this standard at the time of preparing the Group Financial Statement.
IFRIC 4 "Determining Whether an Arrangement Contains a Lease" and IFRIC 5 "Rights to Interests arising from Decommissioning, Restoration and Environmental Funds"
These interpretations are to be applied for the first time for business years, which begin on or after 1 January 2006. It will probably not affect the Group Financial Statement.

The IFRS and IFRIC interpretations, which have not taken effect yet and which have not adopted by the EU yet within the framework of the comitology process:

Changes of IAS 21 "Effects of Change in Foreign Exchange Rates"
The changes are to be applied for the first time for business years, which begin on or after 1 January 2006. This change will probably not affect the Group Financial Statement.

IFRIC 8 "Scope of IFRS 2"
The changes are to be applied for the first time for business years, which begin on or after 1 May 2006. It will probably not affect the Group Financial Statement.

Uncertainties in Estimates

The most important assumptions with respect to the future as well as any other essential sources of estimate certainties on the cutoff date, based on which a substantial risk exists that a substantial adjustment of accounting value of asset values and liabilities will be required, are explained below.

Depreciation of goodwill

The Group checks at least once annually whether goodwill has depreciated. This requires estimation of the utilization value of the units generating payment means, to the goodwill is allocated. To estimate the utilization value, the Group must also select an appropriate discount rate allowed on advance payment of taxes to determine the cash value of this cash flow. The accounting value of the goodwill was KEUR 6,080 on 31 December 2005. You can find further details about this in the Appendix under point 4.

Active deferred taxes

Active deferred taxes reported insofar as sufficient income to be taxed is earned in a foreseeable time. This estimate is based on the development of business to be expected in the future, which is the basis for a realistically assumed future development of the industry-related environment at the time of preparing the financial statement. The actual value can deviate from the originally forecast values.

Balance Sheet Format

Asset and debt items in the balance sheet are classified according to their time to maturity. The Profit and Loss Account was drawn up according to the total cost type of short-term results accounting.

The shares of results, which other stockholders are entitled to, are shown within the Profit and Loss Account as expense or earnings items or their shares are shown as a separate item according to equity capital in the balance sheet.

Financial instruments

Financial instruments (financial assets and financial liabilities) carried on the balance sheet in the sense of IAS 32 und IAS 39 include certain financial assets, trade accounts receivable, investments, securities, cash and cash equivalents, short term dept, trade accounts receivable and certain other assets and payables based on agreements. In accordance with IAS 39, financial assets and liabilities are divided into the following categories:
a) financial investments to be held until bullet maturity,
b) assets or liabilities held for trading purposes,
c) financial assets available for sale and
d) loans and receivables issued by the NEXUS Group.

When a financial asset or financial liability is recognized initially, it is measured at its cost, which is the fair value of the consideration given (in the case of an asset) or received (in the case of liability) for it. Transaction costs are included in the initial measurement of all financial assets and liabilities. Costs are generally reported as of the trading day. Measurement after initial recognition is different for the various categories of financial assets and financial liabilities The accounting policies on subsequent measurement of these items are disclosed in the respective accounting policies found in this Note. Gains and losses arising from changes in the fair value of those available-for-sale financial assets are posted directly in equity capital neutral in their effects on profits.

The group operates internationally, however mainly in Europe. Therefore there is no significant exposure to market risks from changes in foreign exchange rates. The Group uses derivative financial instruments in a limited scope.

Intangible Assets

Acquired intangible assets are evaluated in the first-time report about procurement costs. The procurement costs of intangible assets, which were acquired at a company merger, correspond to the current value at the acquisition time. Intangible assets are shown if it is probable that the future economic benefit allocated to the asset will go to the company and that manufacturing costs of the asset can be measured reliably. After first-time reporting, intangible assets are reported with their procurement or manufacturing costs minus every cumulated depreciation and all cumulated expenditures for impairment of value. Self-procured intangible assets are not capitalized with exception of capitalized development costs. Costs connected with that are recorded as affecting operational results in the period, in which they occur. Whether intangible assets have a limited or unspecified utilization period must be determined first. Intangible assets with limited utilization period are written off via the economic utilization period and examined for possible reduction of value when there is reason to suspect that the intangible asset could have declined in value. The depreciation period and the depreciation method are checked for an intangible asset with a limited utilization period at least until the end of each business year. If the expected utilization period of the asset changed, a different depreciation period or a different depreciation method is selected. Such changes are treated as changes of an estimate.

For intangible assets with unspecified utilization period, tests are conducted for checking the remaining value for the individual assets or on the level of the unit generating the payment means at least once yearly. These intangible assets are not written off systematically. The utilization period of an intangible asset with unspecified utilization period is checked once annually to determine whether the estimate of an unspecified utilization period remains justified. If this is not the case, the estimate is changed from an unspecified utilization period to a limited utilization period on a tentative basis.

Profits or losses from the writing off of intangible assets are determined between the net capital gain and the accounting value of the asset and are entered affecting operational results in the period, in which the item was written off. The intangible assets contain maintenance contracts/customer master, software, goodwill, development costs and technologies.

a) Service contracts / customer base

In previous years, the company assumed service contracts as part of an asset deal. These were capitalized at their cost of purchase and amortized on a straight-line basis over a five-year period. The company acquired software maintenance contracts in 2005, which were capitalized as immaterial assets according to fair value in line with IFRS 3 and which will be written off linearly corresponding to their utilization period over the next seven or ten years.

b) Software

Software is capitalised and treated as an intangible asset, if these costs are not an integral part of the related hardware. Software is amortised on a straight-line basis over four years.

c) Technologies

Technology-related assets refer to process and development know-how, which NEXUS AG acquired within the framework of a share deal and were valued according to fair value in line with IFRS 3. Technologies are available to the Group in the long term and will be written off linearly over a period of 15 years.

d) Purchased Development Costs

NEXUS AG purchased development costs within the framework of a share deal and capitalized them at the adjusted current value in line with IFRS 3. They will be written off during a period of five years.

e) Goodwill

The excess of procurement costs of a company at the adjusted current values over the sum of identifiable assets and debts at the purchase time is called goodwill and entered in the balance sheet as an asset.

After first-time reporting, the goodwill is evaluated at the procurement costs minus the cumulated expenditures for depreciation. Goodwill is tested for depreciation at least once annually if circumstances or changes in conditions indicate that the accounting value could have declined.

For the purpose of checking whether deprecation exists, the goodwill, which was acquired at company merger, must be allocated from the takeover day to each of the units generating payment means or groups of units generating payment means, which should reap benefits from the synergies of the merger. This applies independent of whether other assets or debts of the Group have already been allocated to these units or groups of units. Each unit or group of units, to which goodwill is allocated:

• represents the lowest level within the group, on which goodwill is monitored for management purposes

• is not larger than a segment, which is based on the primary or secondary reporting format of the Group as is set according to IAS 14 “Segment Reporting”.

The depreciation is determined by the calculation of the amount, which the unit generating payments means (group of units generating payments means) can achieve. If the amount, which the unit generating payments means (group of units generating payments means) can achieve, is less than the accounting value, an expenditure for depreciation is entered. In cases, in which the goodwill represents a part of the unit generating payments means (group of units generating payments means) and part of this business area is sold, the goodwill attributed to the sold business area is included as a component of the accounting value of the business area in determining the result from the sale of the business area. Goodwill, which is sold in this way, is determined on the basis of the ratio of the sold business area to the part of the unit generating means of payment not sold.
Scheduled depreciation was last entered for goodwill evaluations, which were conducted before March 31, 2004, in the reporting year 2004. In the subsequent periods, the remaining value will be used as a basis for the annual value tests.

Goodwill written off unbudgeted is no longer subject to appreciation.

f) Self created costs of Development

Development costs are capitalized as intangible assets at their cost of production, provided that the following conditions apply:

• Completion of the intangible asset is technically feasible;
• Completion and the use or sale of the intangible asset is intended;
• The intangible asset is suitable for use or sale;
• The intangible asset is expected to generate future commercial benefit;
• Adequate technical, financial and other resources are available to complete the development and to use or sell the intangible asset;
• A reliable assessment of the expenditure relating to the intangible asset and generated during its development is possible.

These criteria are considered fulfilled as soon as performance specifications have been issued. If these prerequisites do not exist, the development costs are entered affecting the result in the year they occurred.

The cost of production includes all costs directly attributable to the development process and appropriate parts pf the development-specific overhead costs. Financing costs are not capitalized. Amortization is performed on a straight-line basis over a four-year period. In the profit and loss account, amortization on the development costs is included in the amortization on intangible and tangible assets.

The capitalized amount of development costs is checked for depreciation once annually if the asset has not been used yet or if there are indications of depreciation within a year.

Tangible assets

Tangible assets are stated at cost less accumulated depreciation and accumulated impairment loss. The initial cost of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition. The manufacturing cost of property, plant and equipment comprise expenditure for the use of assets, services for their manufacture. These include not only individual expense but an appropriate share of overhead. External funds costs are reported as expenditure in the period in which they occur.

Depreciation is computed on a straight-line basis over the estimated useful lives which are as follows:
1. tenant installations: 5 years
2. other equipment, factory and office equipment: 3 to 8 years

The accounting value of plants, equipment and other fixed assets are checked if there are indications that the accounting value of an asset exceeds its attainable amount.

Plant, equipment or other fixed assets are either written off at retirement or if no economic benefit can be expected from further use or sale of the asset. Profits or losses from the writing off of the asset are determined between the net capital gain and the accounting value of the asset and are entered in the profit and loss account with affects on the operational results in the period, in which the item was written off.

The remaining value of the assets values, utilization periods and depreciation methods are checked at the end of each business year and adapted if necessary. When more extensive maintenance work is performed, the costs are entered in the accounting value of the plant, equipment or other fixed assets as replacement if the reporting criteria have been fulfilled.

Financial Assets

Investments in associates are accounted for under the equity method pursuant IAS 28. An associated company is a company, over which the Group has decisive influence and which is neither a subsidiary nor a joint venture.

According to the equity method, the investments in associates are entered in the balance as procurement costs plus the changes of the share of the company in the net worth of the associated company following acquisition. The goodwill connected with the associate is contained in the accounting value of the share and is not written off systematically. When the equity method is used, the Group determines whether consideration of additional expenditure for depreciation is required with respect to the net investment of the Group in the associated company. The profit and loss account contains the share of the Group in the success of the associate. Changes entered directly in the equity capital of the associate are also entered by the Group in the amount of its share directly in equity capital and – if required – in the list about changes of equity capital.

The balance sheet date and the accounting and estimation methods are identical for similar business transactions and events of the associate and the Group.

The other financial assets were carried in the balance according to IAS 39 at their carried forward procurement costs.

Deferred taxes

Deferred taxes are determined using accounting-based liabilities method on all temporary differences existing the reported value of an asset or a liability in the balance sheet and the taxable value on the balance sheet date.

Deferred tax liabilities are entered for all temporary differences to be taxed. The following exceptions apply to this:
- The deferred tax liability from the first-time reporting of goodwill or asset or liability for a business transaction, which is not a company merger and which does not influence either the commercial period result or the result to be taxed, may not be shown.
- The deferred tax liability from temporary differences to be taxed, which are related to participation in subsidiaries, associates and shares in joint ventures, may not be shown if the temporal course of the reversal of temporary differences can be controlled and it is probable that the temporary differences will not be reversed in the foreseeable future.

Deferred claims under tax relationships are entered for all temporary differences liable for deductions, taxable losses carried forward not used yet, and tax credits not used yet in the measure, in which it is probable that the income to be taxed will be available against which the temporary differences liable for deductions, taxable losses carried forward not used yet, and tax credits can be used. The following exceptions apply to this:
- Deferred tax claims from temporary differences liable for deductions, which result from the first-time reporting of an asset or liability for a business transaction, which is not a company merger and which does not influence either the commercial period result or the result to be taxed, may not be shown.
- Deferred tax claims from temporary differences to be taxed, which are relation with participation in subsidiaries, associates and shares in joint ventures, may only be shown in the scope, in which it is probable that the temporary differences will be reversed in the foreseeable future and a sufficiently large result to be taxed will be available against which the temporary differences can be used.

The accounting value of the deferred tax claims is checked on each balance sheet date and reduced in the amount, in which it is probable that a sufficiently large result to be taxed will be available against which the deferred tax claim can be used at least in part. Not shown deferred tax claims are checked on each balance sheet date and shown in the amount, in which it has become probable that a result to be taxed in the future will make it possible to use the deferred tax claim.

Deferred tax claims and liabilities are measured using the tax rates, the validity of which is expected for the period in which the asset will be realized or a debt paid. When this is done, the tax rates (and tax regulations) are used as a basis, which are valid or announced for the balance sheet date.

Revenue taxes, which refer to positions that are entered directly in equity capital, are entered in equity capital and not the in profit and loss account.

Deferred tax claims and deferred tax liabilities are offset if the Group has a cause of action for offsetting actual tax refund claims against actual tax liabilities and these refer to revenue taxes of the same tax subject, which were levied by the same tax authority.

Inventories

Inventories including raw materials and supplies, goods for resale and incomplete projects are valued at the lower of cost and net realizable value. In addition to the individual costs, the cost of production includes appropriate parts of the necessary material and production overheads and production-related amortization that is directly attributable to the project completion process. Administration costs are taken into account if they are attributable to the project completion process. Interests for borrowed capital are not capitalized. Inventories not available for sale are amortized in full.

The net sale value is the estimated sale price, which can be expected in a normal business transaction, minus the estimated costs until completion and the estimated, required sale costs.

Receivables and Other Assets

The receivables and other assets, which normally have a maturity period of 30-90 days, are entered with the original invoice amount minus valuation adjustment for uncollectible receivables. Value adjustment is performed is a substantial and objective indication exists that the Group will not be able to collect the receivables. Receivables are written off if they cannot be collected.

Securities

Securities were classified as “financial assets available for sale”. When being reported for the first time, they are posted at the cost of purchase, which corresponds to the legitimate current value of the return service. Transaction costs are included in the first-time valuation. After the first-time valuation, securities are valued at their legitimate current value without deduction of any transaction costs that may be incurred on the sale of the securities. The legitimate current value is calculated on the basis of the prices publicly listed on a securities stock exchange. Profits or losses are posted directly under equity capital in the equity schedule, until the financial asset is sold, withdrawn or otherwise disposed of, or until a reduction of the value for the financial asset has been determined. This means that the cumulated profit or loss previously posted under equity capital is included in the net result for the period at this point.

Cash and cash equivalents

Cash includes cash on hand and cash with banks.

Prepaid expenses

Prepaid expenses are initially measured at their nominal value and subsequently recognized as an expense according to the consumption of services received.

Depreciation of Assets

The Group evaluates on each balance sheet date whether indications exist that an asset could have depreciated. If such indications exist or if annual checking of an asset for depreciation is required, the Group estimates the attainable amount. The attainable amount of an asset is the higher of the two amounts from the connected current value of an asset or a unit generating payment means minus sales costs and the utilization value. The attainable amount should be determined for each individual asset unless an asset does not generate any injection of funds, which are mainly independent from other assets or other groups of assets. If the accounting value of an asset exceeds its attainable amount, the asset is considered depreciated and written off at its attainable amount. The estimated cash flows are discounted at their cash value (based on a discount rate allowed before payment of taxes) and are used for determining the utilization value, which reflects current market expectations with respect to the rate of interest effect and the specific risks of the asset. Expenditures for depreciation of the business areas to be carried forward are entered in the expenditure categories, which correspond to the function of the depreciated asset.

A check is made on each reporting cutoff date to determine whether indications exist that an expenditure for depreciation, which was entered in previous reporting periods, no longer exists or could have decreased. If such an indication exists, the attainable amount is estimated. A previously entered expenditure for depreciation should be canceled if estimates have changed since the entry of the last expenditure for depreciation, which was used for determining the attainable amount. If this is the case, the accounting value of the asset should be increased to its attainable amount. This increased accounting value may not exceed the accounting value, which would result after consideration of write-offs if no expenditure for depreciation had been entered in previous years. Such depreciation should be entered in the period result immediately unless the asset is entered at a newly estimated amount. In this case, the value adjustment should be treated as a value increase due to revaluation. After a value has been adjusted, the expenditure for depreciation should be adjusted in future reporting periods to split the corrected accounting value of the asset, minus any remaining accounting value, among its remaining utilization period.

Stock Options

In line with IFRS 2, the company determines the adjusted current value of the granted stock options and splits them over the servicing period, which corresponds to the contractually agreed-upon qualifying periods of two, three and four years. The allocation is entered on one hand as personnel expenditures and on the other hand as investment in capital reserves.

Pension Provisions

The Group has three pension plans. Performance is not financed via a fund. Expenditures for the services granted within the framework of the performance-oriented plans are determined separately for each plan using the potential pension cash value method. Actuarial profits or losses are entered neutrally in equity capital after consideration of deferred taxes.

The amount to be entered as liability from a performance-oriented plan is the sum total of the cash value of performance-oriented obligation and the actuarial profits and losses entered, which do not affect profit. The reference tables 2005 of Heubeck-Richttafeln-GmbH are used as biometric calculation basis (death and disability probability, marriage probability).

Other provisions

Other provisions were formed in case that a present obligation exists as a result of a past event and will probably lead to an outflow of resources the amount of which can be estimated reliably. Provisions for operating expenditure are not posted. If the timing of the fulfillment of the obligation produces a material interest effect, the provision is reported at cash value.

Liabilities

After initial recognition, all financial liabilities, other than derivatives that are liabilities, are measured at amortised cost.

Contingent liabilities

Contingent assets are not shown as liabilities in the consolidated financial statement until utilization is probable. They are disclosed in the Notes to the consolidated financial statements as long as utilization is not improbable.

Deferred income

Deferred income is recognized for considerations received before the balance sheet date representing revenues or other income for a specified period after the balance sheet date. Deferred income is measured at the amortised nominal amount of the consideration received. Subsequently, it is deferred and recognized a revenue over the period during which the service is performed.

Sales

The company sells software licenses and services connected with that, which serve for implementation, maintenance and other services. The company normally grants its customers use of the software for unlimited time. The company also sells hardware.
Revenues are entered when it is probable that the economic benefits will flow to the Group and the amount of revenue can be determined reliably. In addition, the following reporting criteria must be fulfilled for realizing revenue:
License sales are realized in the amount of the agreed-upon license fee according to IAS 18. Realization is performed at delivery, because no essential modifications are required. Consulting services are invoiced monthly according to work performed. Maintenance services are invoiced in installments during the service period.
Sales of consulting or other services are realized in multiple component contracts independent of the realization of software sales, because these services are not essential for the software functions. Revenues for consulting and other services are realized as soon as they are provided. Realization is normal on the basis of performed and measured hours and refundable expenses. The value of a maintenance element is measured according to contractually set rates. The software share is realized with the residual value.

Foreign Currencies

Foreign currency transactions are entered in the report currency in that the foreign currency is converted at the exchange rate between the report currency and the foreign currency valid at the time of the business transaction.

Exchange rate differences arising on the settlement of monetary items and from measurement at the balance sheet date at rates different from those at which they were initially recorded during the periods are recognized in the income statement in the period in which they arise.

Operating lease

Leases of assets under which substantially all the risks and rewards of ownership are effectively retained by the lessor are classified as operating leases. Lease payments within an operating lease contract are posted as expenditure in the profit and loss account on a straight-line basis over the term of the lease contract.

3. Company Mergers

micom GmbH

NEXUS AG acquired 100% of the shares of micom GmbH, Jena with signing of the contract on June 8, 2004. A purchase price was agreed upon in NEXUS stock (3,427,699 shares) for capital subscribed in kind. The calculated, provisional net purchase price was KEUR 7,301 at acquisition, whereby the achievement of objectives set the final purchase price on 30 March 2005. DEWG AG, Jena, assumed the obligation with the achievement of the objectives by the NEXUS AG to transfer 820,000 shares of NEXUS stock from the increase of non-cash capital to a fiduciary, who is to transfer the equivalent value to the NEXUS AG, use the stock for purchasing company shares or service due stock options according to the instructions of the NEXUS AG.

Within the framework of this transaction, 470,000 shares of NEXUS stock were sold, 200,000 shares of NEXUS stock were used to purchase a company (GMT GmbH, Frankfurt) and 132,000 shares of NEXUS stock were used to cover due stock options.

The equivalent value of the returned shares was deducted from the purchase price. Consequently, the purchase price for micom GmbH was reduced to KEUR 5,679. The goodwill was reduced from KEUR 6,036 to KEUR 4,290 due to the purchase price reduction.

NEXUS / GMT GmbH

NEXUS AG acquired 100% of the shares of Gesellschaft für Medizintechnik mbH (GMT GmbH), Frankfurt a. M. with the contract of 22 April 2005. The name of the company was changed after the purchase. A purchase price was agreed upon in NEXUS stock for capital subscribed in kind. The tentative accounting par value of the net purchase price was KEUR 633. The purchase price was split in accordance with IFRS 3/ IAS 38 (revised 2004) and is still tentative, because the final purchase price for the GMT GmbH will only be set after 31 March 2006 when the target values of the performance clause are known. NEXUS AG acquired the following assets and debts with takeover of GMT GmbH with the assumed current market value shown below:
On the basis of a tentative split, the following assets were identified and capitalized as follows: KEUR 535 was capitalized as maintenance contracts (regular customers), KEUR 139 as intellectual property rights (technology) and KEUR 1,525 as goodwill. The final distribution will be made after adaptation of the purchase price in line with the performance clause.

Gesellschaft für Medizintechnik mbH (GMT GmbH), Frankfurt a. M. was consolidated as of April 2005 and had profits of KEUR 115 and a consolidated sales contribution of KEUR 1,840 in the past year. No reliable statement can be made about the result and the development of revenue of the Group if the company merger had taken place at the beginning of the year, because no audited year-end financial statement exists for 31 December 2004 due to the different business year (31 March) of GMT GmbH.

INOVIT Radiology Software GmbH

NEXUS AG acquired 62.9% of the shares of INOVIT Radiology Software GmbH, Ismaning as of January 1, 2005. NEXUS AG acquired a nominal share from the Essential Invest GmbH & Co. KGaA of EUR 818,100.00 (28.6%) with the purchase contract of 30 September 2005. Consequently, the participation share increased to 91.5%.

Assets / Depts

Positions Assets / Depts	**Total in EUR**
Cash on hand	4,016.08
Financial Assets	40,096.00
Inventories	140,506.63
Receivables	146,174.09
Prepaid expenses	10,090.00
Prepaid taxes	-523.00
Provisions	-1,400.00
Liabilities	-1,758,998.66
Deferred income	-146,000.00
Equity as of 03/31/2005	**-1,566,038.86**
Customer Base / Technology	674,048.00
Goodwill	1,525,150.75
Total purchase price	**633,159.89**
The purchace price is composed of the following:	
Stocks resulting from purchase price reduction of micom GmbH at market price	540,000.00
Incidental procurement expenses	93,159.89
Total purchase price	**633,159.89**
Means of payment from this acquisition development as follows:	
Minus purchased means of payment	4,016.08
Purchase price paid in cash	93,159.89
Inflow of means of payment	**-89,143.81**

4. Intangible assets

Intangible assets comprise service contracts/customer base, concessions, industrial property rights and similar rights and assets as well as licenses for such rights, goodwill and development costs. The concessions, industrial property rights and similar rights and assets comprise mainly software and service contracts acquired in former years.

On the balance sheet dates, balance of the individual items was as follows:

	12/31/2004	12/31/2005
	KEUR	KEUR
Concessions, industrial property rights and similar rights and assets as well as licenses for such rights and assets	439	158
Goodwill	6,083	6,080
Development costs	7,296	8,046
Customer Base / Technology	2,169	2,600
	15,987	**16,884**

The decrease in „Licenses, industrial property rights and similar rights and assets as well as licenses for such rights and assets" can, for the most part, be attributed to the write-off of maintenance contracts within NEXUS.IT GmbH SÜDWEST, NORD and SÜDOST.

The capitalized company value is tentative and created mainly by the acquisition of the shares of micom Gesellschaft für Organisationsberatung und Computersoftware mbH, GmbH, Munich (hereafter referred to as micom GmbH). On the basis of a tentative split, KEUR 1,525 was capitalized as goodwill for GMT GmbH. The goodwill within the acquisition of micom GmbH is KEUR 4,290 from now on. Included in the goodwill are intangible assets which can neither be identified in detail nor can be correctly measured. These issues are mainly the possibilities to enter new markets.

Within the framework of the split of the purchased assets from GMT GmbH, KEUR 535 was capitalized as customer relations (regular customers), which will be written off linearly over ten years, and KEUR 139 as intellectual property rights (technology), which will be written off over 5 years. KEUR 61 was written off for customer base and technology in the reporting period.The purchased assets capitalized in the previous year as customer relations (regular customers) (utilization: 7 years) and technology (utilization: 15 years), were written off with KEUR 182 this year.

Development costs have been reported in as much as they fulfill the criteria stipulated in the accounting and valuation principles. They are capitalized within the actual year, provided they are not related to orders or basic research. All in all, development costs totaling KEUR 3,393 (previous year KEUR 3,394) were capitalized in 2005.

The development costs will be written off according to schedule over a utilization period of four years. The remaining utilization period of the development costs capitalized in the previous years is for a time period of from one to three years. KEUR 2,643 was written off in the reporting year.

Please refer to the schedule of fixed assets in section 8 for the development of the individual items.

5. Depreciation of Goodwill

The goodwill will be checked annually according to the regulations of IAS 36 (rev. 2004) and no longer written off according to a schedule.

The purchased goodwill was allocated for checking the value of micom, Inovit und NEXUS / GMT (which represent units required to file reports) as units generating means of payment. All units generating payments are in the Healthcare Software segment. The goodwill attributed to NEXUS / GMT will only be tested in 2006 due to the purchase during the year. No indicators for depreciation existed.
The attainable amount was calculated on the basis of calculating the utilization value for confirming the goodwill of micom GmbH (KEUR 4,290). This calculation was made on the basis of cash flow forecasts, which in turn are based on the financial plans approved by management for a time period of five years. The discount rate allowed on advance payment of taxes used for the cash flow forecasts is 9.0% (2004: 9.0%). Cash flows after a period of five years are extrapolated without growth rates. The cash flow forecasts are based on past values with respect to expected growth rates. This also applies to the development of personnel costs. The goodwill attributed to Inovit (KEUR 47) will only be written off systematically until and including 2004. This value was checked in 2005. The value of the remaining goodwill was corrected on the basis of the utilization value and in turn cash flow forecasts.

6. Tangible assets

Please refer to the schedule of group assets in section 8 for the development of the individual items.

7. Financial Assets

The retirements of KEUR 12 are attributed to the sales of the 24% share in SRH - Kliniken Dienstleistungs GmbH, Heidelberg. The company was carried in the balance sheet according to the equity method previously. No result was to be considered in the reporting year.

Refer to the breakdown of investments in point 8 concerning the development of the individual positions in the reporting year.

The following table contains summarized financial information about associated companies of the Group.

	2004	2005
Share of participations in the balance sheet	KEUR	KEUR
Short-term assets	59	38
Long-term assets	0	0
Short-term debts	-4	-7
Long-term debts	-1	-3
Prorated net assets	**54**	**28**
Shares in revenue and profit of participations		
Revenue	52	73
Profit	7	1
Accounting value of participation	**62**	**45**

8. Development of Group Assets of December 31, 2005

	Cost of purchase and production				
	01/01/2004	Additions due to change of scope of consolidation 04/01/05	Additions	Disposals	12/31/2005
	EUR	EUR	EUR	EUR	EUR
A. Fixed assets					
I. Immaterial assets					
1. Concessions, industrial property rights, and similar rights and assets as well as licenses for such rights and assets	2,582	150	60	3	2,789
2. Goodwill	6,213	1,790	0	1,747	6,256
3. Development costs	13,942	0	3,393	0	17,335
4. Customer Base / Technology	2,275	674	0	0	2,949
	25,012	**2,614**	**3,453**	**1,750**	**29,329**
II. Tangible assets					
1. Lands and buildings	53	0	0	0	53
2. Other equipment, factory and office equipment	2,031	214	209	60	2,394
	2,084	**214**	**209**	**60**	**2,447**
III. Financial assets					
1. Shares in affiliated companies	828	0	1	18	811
3. Other lendings	323	0	0	0	323
	1,151	**0**	**1**	**18**	**1,134**
Total	**28,247**	**2,828**	**3,663**	**1,828**	**32,910**

8. Development of Group Assets

see below

9. Deferred taxes

A netting of deferred taxes on the assets and liabilities side was undertaken in accordance with IAS 12. The breakdown of deferred taxes on assets and liabilities according to origin is as follows:

	12/31/2004	12/31/2005
Deferred tax receivable	**KEUR**	**KEUR**
Tax carry forward	9,475	9,378
Valuation differences in securities	26	63
Others	30	28
	9,531	**9,469**
Deferred tax payable		
Development costs	2,766	3,064
Lump sum value adjustment	16	11
Technology / Know How	857	1,030
Elimination of individual value adjustments in connection with debt consolidation	2,429	2,385
Valuation differences in securities	45	3
	6,113	**6,493**
Balance	**3,418**	**2,976**

Accumulated depreciations					Book values	
01/01/2005	**Additions due to change of scope of consolidation 04/01/05**	**Additions**	**Disposals**	**12/31/2005**	**12/31/2004**	**12/31/2005**
EUR	**EUR**		**EUR**	**EUR**	**EUR**	**EUR**
2,143	144	346	1	2,631	439	158
130	0	47	0	177	6,083	6,080
6,646	0	2,643	0	9,290	7,296	8,046
106	0	243	0	349	2,169	2,600
9,025	**144**	**3,279**	**1**	**12,447**	**15,987**	**16,884**
20	0	5	2	24	33	29
1,614	180	213	48	1,960	418	434
1,634	**180**	**218**	**50**	**1,984**	**451**	**463**
766	0	0	0	766	62	45
280	0	0	0	280	43	43
1,046	**0**	**0**	**0**	**1,046**	**105**	**88**
11,705	**324**	**3,498**	**51**	**15,477**	**16,543**	**17,436**

Deferred taxes changed as follows:

	12/31/2004	12/31/2005
Change in deferred taxes affecting profits	-532	-328
Adjustment of deferred taxes on valuation reserve through financial instruments, neutral in its effects of profits	-30	42
Performance-neutral adjustment of deferred taxes within the framework of provisions for pensions	26	63
Change in the scope of consolidation	-86	-219
Change in deferred taxes affecting profits	**-622**	**-442**

Within the framework of initial consolidation of NEXUS / GMT GmbH, deferred tax liabilities were formed on technologies / knowhow.

10. Receivables and other assets

Receivables and other assets are composed as follows:

	12/31/2004	12/31/2005
	KEUR	**KEUR**
Trade accounts receivable	6,323	5,005
. /. Provisions for losses on individual accounts	271	340
	6,052	**4,665**
Other assets	5,009	3,796
. /. Provisions for losses on individual accounts	1,100	1,300
	3,909	**2,496**

The addition of provisions for losses on trade accounts receivable in the amount of KEUR 69 (previous year KEUR 92) was recorded in other operating expenses. In the trade accounts receivable, no position is contained with a remaining time to maturity of more than one year (previous year KEUR 71).

The other assets also contain accrued interest for securities and short-term loans.
Since the business year 2004, the claim for payment of the economic loss from the share in Medizin Forum AG, Ober-Mörlen, made against the tbg Technologie-Beteiligungs-Gesellschaft mbH of the Deutsche Ausgleichsbank was entered in the balance account in amount of the expected value. The legal proceedings are pending.

11. Securities

As per the balance sheet date, securities comprised fixedincome mortgage bonds of KEUR 3,436 (interest rate: 2.5% to 3.3%) (2004: KEUR 5,087; 3.3% to 5.5%), participation certificates of KEUR 4,593 (interest rate: 3.6% to 8.3%) (2004: KEUR 5,250; 2.5% to 6.6%), bearer shares of KEUR 7,118 (2004: KEUR 1,039) and money market bonds of KEUR 1,091 (2004: KEUR 2,549). The bullet maturities of the individual securities range from 2006 to 2020.

An asset of KEUR 5,000 was transferred for the first time to external asset management in the reporting year.

No value reductions were posted in the net result for the period in the reporting year and previous year.

A valuation reserve for financial instruments was formed in equity capital, comprising the cumulated profits or losses from the financial assets available for sale minus applicable deferred taxes. There are no securities pledged to banks as accounts payable of a subsidiary (previous year: KEUR 184).

12. Equity

On the cutoff date, equity totaled KEUR 41,300 (2004: KEUR 41,465). Please see development of group equity on the following pages.

a) Subscribed capital

Subscribed capital is divided into 13,720,000 (2004: 13,720,000) individual no-par share certificates made out to the bearer, with a theoretical share of EUR 1.00 in the capital stock

	in thousands	KEUR
As of 1 January 2004	10,292	10,292
Expense from capital increase against capital subscribed in kind	3,428	3,428
As of 1 January 05 / 31 December 05	**13,720**	**13,720**

Own Shares

At the general shareholders' meeting on June 27, 2005 Nexus AG was authorized to acquire company shares by November 30, 2006 up to a total value of 10% of the capital stock, i.e. up to 1,372,000 no-par shares at a nominal value of EUR 1.00. This authorization may not be used by the company to deal in own shares.
This authorization can be exercised by the company in full or in partial sums, once or on several occasions, and also for the account of a third party.

Authorized Capital

Authorization for increasing the capital stock by EUR 5,146,150 granted in the general stockholders meeting of 28.06.04 and not used in the amount of EUR 1,718,451 was rescinded at the general stockholders meeting of 27 June 2005.

At the same time, the Executive Board was empowered to increase the capital stock of the company in the period until 31 May 2010 with approval of the Supervisory Board one time or several times up to a total of EUR 6,860,000 via issue of new no-par bearer stocks (individual share certificates) against cash and/or capital subscribed in kind. The Executive Board shall decide about the conditions of the stock issue subject to approval by the Supervisory Board. The Executive Board is also empowered – subject to approval by the Supervisory Board – to decide about the exclusion of stock rights of stockholders in the following cases:

a) For residual amounts
b) For a capital increase with capital subscribed in kind for purchase of a company or a share.

Conditional capital

Conditional capital II of EUR 514,615 was resolved in the general shareholders' meeting on June 28, 2004. The Management Board was authorized, subject to the approval of the Supervisory Board, to issue up to 514,615 stock options as part of a stock option program III.

The stock options are only intended for purchase by members of the Management Board and employees of the company, as well as by management members and employees of group companies in line with Article 15 of the Stock Corporation Law. Please refer to the stock option plans in section 18.

b) Capital reserve

The capital reserve primarily comprises premiums from the capital increase implemented in 2000 in connection with the IPO of NEXUS as well as the increase of the capital reserves in the amount of KEUR 3,873 from the issue of new shares against a noncash capital contribution in connection with the purchase of micom GmbH, Munich in 2004.

The directly allocable expenses generated as a result of the cash capital increases were offset against the capital reserve in 2000 and 2005 as within the framework of a capital increase with capital subscribed in kind.
In keeping with § 150 AktG (German Stock Corporation Act), the statutory reserve and the capital reserves must exceed one-tenth of the share capital before they can be used to compensate for losses or fas a capital increase from company funds. As long as the statutory reserve and the capital reserve together do not exceed one-tenth of the share capital, they may not be used to compensate for losses in as far as the loss is not covered by accumulated earnings or the annual net profit and cannot be compensate for though withdrawal of other retained earnings.

c) Other earnings reserves

Other earnings reserves comprised a free reserve of KEUR 1 formed in 2002 by NEXUS Digitale Dokumentationssysteme Projektentwicklungsges. m.b.H.,Vienna.

d) Equity capital difference from currency translation

The equity capital difference from currency translation is produced from differences in currency translation that arise as a result of the consolidation of the annual financial statement of one foreign subsidiary.

e) Valuation reserve for financial instruments

The valuation reserve for financial instruments comprises the cumulated profits and losses from the valuation of the legitimate current values of the financial assets intended for sale after offsetting of deferred taxes.

	12/31/2004	12/31/2005
	KEUR	KEUR
Accumulated profits or losses	120	7
Deferred taxes neutral in effects on profits	-45	-3
Valuation reserve for financial instruments	**75**	**4**

f) Pension Provisions

The provisions contain neutrally entered adjustments of pension accruals based on time-adjusted profits or losses.

13. Pension Provisions

Pensions provisions have been accrued for NEXUS.IT GmbH SÜDOST, NEXUS.IT GmbH SÜDWEST and NEXUS.IT GmbH NORD for the direct pension obligations (employer's pension commitments) taken over by the Forest Gesellschaft für Products & Services mbH as of 30 September 2000.

The extent of the payments of the pension commitments taken on depends on the service time and the respective salary of each beneficiary. The provisions are set up for payable benefits in the form of old age and disability pensions and for surviving dependents' benefits. It is a question of unforfeitable expectancy of future benefits. Evaluation according to the "projected unit credit method" uses the following parameters: Calculation of the pension obligations considers market interest rates as well as wage/salary and pension trends. Evaluation deviated from the reference tables 1998 used in the previous year and was instead was on the basis of the reference tables 2005 G as well as based on the following assumptions:

	2004	2005
Average annual fluctuation rate	5.0%	5.0%
Interest rate calculated	5.5%	4.0%
Annual increase of current pensions	1.5%	1.8%

The change of the cash value of performance-oriented obligations are as follows:

	2004	2005
	KEUR	KEUR
Cash value of pension obligation at beginning of reporting period	373	405
Interest payments	20	21
Current staff expenses	6	6
Paid benefits	0	-3
Actuarial losses	6	161
Cash value of obligation at end of reporting period	**405**	**590**

Actuarial losses were entered neutrally in equity capital after consideration of deferred taxes.

The total expenditures for performance-oriented employer's pension commitments are composed of the following:

	2004	2005
	KEUR	KEUR
Cost for insurance claims acquired during the reporting year	6	6
Interest payments	20	21
Paid benefits	0	-3
	26	**24**

14. Tax reserves

Tax reserves are as follows:

	12/31/04	Use 2005	Dissolution 2005	Addition 2005	12/31/05
	KEUR	KEUR	KEUR	KEUR	KEUR
Tax reserves	6	0	6	1	1

The tax reserve concerns NEXUS Digitale Dokumentationssysteme Projektentwicklungsgesellschaft mbH, Vienna, Austria and NEXUS Medizinsoftware und Systeme AG, Kreuzlingen, Switzerland.

15. Other Provisions

The stated liabilities shown under this position in the previous year are shown under liabilities from deliveries and services or other liabilities in the business year. KEUR 419 was reassigned to the liabilities from deliveries and services from the previous year's amounts and KEUR 819 to the other liabilities.

The other provisions are composed of the following: (see below right)

Liability reserves have been accrued for proceedings pending before a court in the amount of KEUR 50. It is expected for the reserves for expected warranty obligations that the warranty expenditures will occur in 2006. Reserves for performances to be provided as well as reserves for threatened losses have been accrued due to the situation in project business.

16. Liabilities

As per balance sheet day there are no liabilities towards banks (2004: KEUR 184).

Liabilities towards associated companies take into account an outstanding capital contribution undertaking of NEXUS. IT GmbH SÜDOST for G.I.T.S, Gesellschaft für IT Service Gesundheitswesen, Fürstenfeldbruck, and micom for VEGA Software GmbH, Aachen for Liabilities with associated companies.

Other liabilities primarily include commitments for salary liabilities as well as sales tax payments. See also point 15.

17. Contingent liabilities and other obligations

(1) Various legal actions and claims are pending or may be asserted in the future against Group companies from litigation and claims incident to the ordinary course of business. Related risks have been analysed as to likelihood of occurrence. Although the outcome of these matters cannot always be ascertained with precision, Management believes that no material liabilities are likely to result.

(2) Contingent liabilities furthermore result out of the rent of offices as well as from the operating lease of cars. In accordance with the commercial content of leasing contracts, the leasing conditions are to be classified as operating leasing conditions.

The contingent liabilities split up as follows:

	2005	2006	2007 to 2009	from 2010
	KEUR	KEUR	KEUR	KEUR
Rent	584	767	738	49
Lease	390	337	301	0
	974	**1,104**	**1,039**	**49**

The following contingent liabilities arised to the previous year:

	2004	2005	2006 to 2008	from 2009
	KEUR	KEUR	KEUR	KEUR
Rent	553	547	1,088	121
Lease	379	396	195	3
	932	**943**	**1,283**	**124**

Rental and leasing agreements contain neither extension nor purchase options according to price adjustment clauses.

18. Stock Option Plans

Stock Option Programs I and II

The stock option programs I and II from the years 2000 to 2004 (SOP 2000, SOP 2002, SOP 2004 I and II) expired on 30 June 2005. In 2005, a total of 132,000 options were served from existing shares of common stock of NEXUS AG from these programs.

Stock Option Program III

NEXUS AG has provided the stock option plans 2004 (SOP 2004) and 2005 (SOP 2005) from stock option program III for executive board members, members of management and employees of the NEXUS Group.
A maximum of 514,615 stock option rights can be issued during the five year term of the stock option plans. A total of 308,000 stock option rights in SOP 2004 and 80,000 in SOP 2005 have been issued till now.

In these stock option plans, the exercise price corresponds to the market price of these stocks during a period of four weeks before granting the option on the Frankfurt securities market in XETRA trade. The maximum term of the options is five years for SOP 2004 and four years for SOP 2005, whereby 40% of the stock option rights can be exercised after a qualifying period of two years, another 40% after three years, and the remaining 20% after four years following issue of the respective stock options, but at the latest on 30 June 2009.

The performance of the NEXUS stock in the time between issue of the stock options and the last trading day on the Frankfurt securities market before exercise of the stock option rights from the stock options must exceed the performance of the reference index (TECDAX). The average index level on the basis of the closing rate in XETRA trading in the last four weeks before issue of the respective stock options or the last four weeks before the options are due is used for calculating the reference index.

Exercise of the option rights is only permitted three times per year after expiry of the respective qualifying period, within four weeks respectively following the regular meeting of stockholders, disclosure of the results of the second quarter and of the third quarter, as well as at the latest possible exercise time of 30 June 2009.

Other Provisions

	01/01/05	Purchase of a subsidiary	Use 2005	Dissolution 2005	Addition 2005	12/31/05
	KEUR	KEUR	KEUR	KEUR	KEUR	KEUR
Legal costs	3	0	0	0	50	53
Guarantees	65	1	36	8	39	61
Benefits still to be paid	160	0	159	1	225	225
Threatened losses	108	0	105	0	115	118
Duty to preserve books of account and other records for a specified period	18	0	0	0	0	18
Misc. other provisions	3	0	3	0	0	0
	357	**1**	**303**	**9**	**429**	**475**

The option rights develop during the business year as follows:

	2004	Average weighted exercise price	2005	Average weighted exercise price
Number of option rights on 1 January	230,900	5.28	538,900	3.38
Newly granted during the reporting period	308,000	1.95	80,000	3.69
Option rights expired during the reporting period	0		-98,900	5.28
Service using existing shares of common stock	0		-132,000	1.75
Number of option rights on 31 Dec.	**538,900**		**388,000**	

The exercise prices for the option rights not exercised at the reporting time are EUR 1.95 (SOP 2004) and EUR 3.69 (SOP 2005). The weighted, average contractual period for these stock option rights is 2.01 years (previous year: 0.50 years).

In line with IFRS 2, granted stock options are valued at the time of granting the options and split over the servicing period, on one hand as personnel expenses and on the other hand as addition to capital reserves. The addition for SOP 2004 and SOP 2005 was first made in the business year 2005, whereby the result 2004 and personnel expenditures for SOP 2004 were adjusted. Future addition to capital reserves will be made during the performance period, which corresponds to the contractually agreed-upon qualifying periods. The issued stock options were valued according to the option price model of Black/Scholes at the time of their granting.

The following assumptions were used for calculating the adjusted current value:

Term	2, 3, 5 years
Risk-free interest rate	4.0%
Volatility	52.7%
Dividends	deduced
Fluctuation / exercise obstacle	40.0%

The following personnel expenditures were considered as of 31 December 2005:

	2004	2005
Personnel costs	**KEUR**	**KEUR**
SOP 2004*	1	59
SOP 2005	0	3
Transfer to capital reserves	**1**	**62**

* The result 2004 and the balance sheet of 31 December 2004 were adjusted in line with IFRS 2.55 for personnel expenditures and the addition to capital reserves from SOP 2004.

19. Sales revenues

Revenues including internal sales are broken down according to region and division as follows: see below

Sales revenues

	Healthcare Software				Healthcare Service			
	2004		2005		2004		2005	
	KEUR	%	KEUR	%	KEUR	%	KEUR	%
Germany	7,347	66.8	12,062	76.8	5,319	98.5	5,223	99.0
Austria	683	6.2	464	3.0	54	1.0	49	0.9
Switzerland	1,966	17.9	2,298	14.6	16	0.3	3	0.1
Italy	115	1.0	107	0.7	2	0.0	0	0.0
USA, other regions	886	8.1	777	4.9	7	0.2	0	0.0
Total	**10,997**	**100.0**	**15,708**	**100.0**	**5,398**	**100.0**	**5,275**	**100.0**

From these values the following amounts account for:

	2004		2005	
	KEUR	%	KEUR	%
Deliveries	3,176	19.4	4,178	19.9
Services	6,190	37.8	9,575	45.6
Licenses	7,029	42.8	7,230	34.5
Total	**16,395**	**100.0**	**20,983**	**100.0**

20. Other operating income

The other operating revenues essentially concern revenues form further sales of securities as well as the passing on of charges for trade fair costs. Foreign currency profits in the amount of KEUR 8 (previous year: KEUR 12) were recorded successfully in the reporting year.

21. Cost of raw materials, supplies and purchased services

Cost of raw materials and purchased services developed as follows:

	2004	2005
	KEUR	KEUR
Raw materials and supplies	3,614	4,354
Purchased services	816	1,370
	4,430	**5,724**

22. Number of employees and personnel expenses

Personnel expenses are distributed among employees and trainees. The following number of employees and trainees were employed in the respective business year on the end-of-year date:

	2004	2005
Employees	193	193
Trainees	4	6
	197	**199**

The personnel expenses in the reported period developed as follows:

	2004	2005
	KEUR	KEUR
Wages and salaries	9,018	9,607
Social costs	1,619	1,725
	10,637	**11,332**

The previous year's value was corrected by KEUR 1 via subsequent addition within the framework of the stock option program. Additional personnel costs in the amount of KEUR 976 resulted from the NEXUS / GMT GmbH in the business year 2005.

23. Other operational expenditures

The other operational expenditures are as follows:

	2004	2005
	KEUR	KEUR
Operating costs	653	1,190
Distribution costs	738	1,096
Administrative costs	1,158	1,433
Other operating expenses	264	1,005
	2,813	**4,724**

The other operational expenditures in the table above include payment to the auditing company for the Group Financial Statement as follows:

	2004	2005
	KEUR	KEUR
Audit (individual accounts and Group audit)	74	77
Other confirmation or valuation services	5	10
Tax consultant services	6	9
Other services	0	0

24. Profits from long-term financial investments

Profits from long-term financial investments is in the amount of KEUR 1 (2004: KEUR 1).

25. Revenue from Participating Interest and Retirement Profits

NEXUS.IT GmbH SÜDOST sold its share in the SRH Kliniken Dienstleistungs GmbH, Heidelberg, to SRH Kliniken AG with the contract for sale of participating interest of 30 November 2005 .

26. Income taxes

Income taxes comprise actual and deferred tax expenses. Current tax liabilities for the current and prior years are measured at the amount expected to be paid to the tax authorities, using the tax rate and the tax laws that have been enacted or substantively enacted by balance sheet date. Deferred tax liabilities are measured at the tax rates that are expected to apply to the period when the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date.

Starting in 2003, no further capitalization of deferred taxes from unused losses carried forward will be undertaken. Liability-side deferred taxes, especially those created through the capitalization of development costs, will be recorded as deferred tax expenses with the capitalized deferred taxes. Taxes relating to the result before income taxes are broken down into actual and deferred income taxes as follows:

	2004	2005
	KEUR	KEUR
Actual tax expenditure	-3	-5
Deferred tax income	-534	-328
	-537	**-333**

In Germany, corporation tax, including the solidarity surcharge, and trade earnings tax are posted as taxes on income and profits, and comparable earnings-dependent taxes are posted as the same position outside Germany. In addition, this item includes deferred taxation on all material differences between the commercial balance sheet and the tax balance sheet, and on consolidation measures if applicable.

Furthermore, until 2002, deferred taxes on unused tax loss carryforwards are capitalized by the extent to which it is likely that they can be realized through income that will be taxable in future. Conversely, deferred taxes on the asset side on unused tax loss carryforwards were reduced by the extent to which it is unlikely that sufficient income taxable in future will be available.

Essential indications for the realization of the deferred tax claims on unused tax loss carryforwards that exceed the earnings effects from the reversal of existing taxable temporary differences result from:

- The continued improved earnings from core business
- The increasing maintenance volumes
- The planning of the individual companies belonging to the NEXUS group.

A tax rate between 37.3% and 41.9% was used for calculating deferred tax expenditures or revenues both in business year 2005 as in the previous business years depending on the company in question. In determining the tax rates in 2004 and 2005, a tax rate of 25.0% plus solidarity surcharge were set for the Group tax burden, and rates between 12.3% and 16.9% were set for the trade tax on earnings depending on the municipality.

A combined average rate of 37.7% is used for calculating the latent taxes for corporate income tax and trade tax.

The relation of the expected tax rate to the tax rate, which results from the Group Profit and Loss Account, shows the following transitional calculation:

	2004	2005
	KEUR	KEUR
Profit before tax	-119	422
Profit tax expenses (previous year profit tax yield) At tax rate of 37.7%	45	-159
Tax increases / decreases due non-deductible expenses and tax-free revenue	101	-33
Depreciation of company assets / losses carried forward	-8	-46
Taxable losses carried forward, which did not result in capitalization of deferred taxes	-646	-231
Use of taxable losses carried forward	0	147
Effect from tax rate differences	8	-14
Other	-37	3
Effective tax expense	**-537**	**-333**

As at the balance sheet date, there are corporation tax loss carryforwards of KEUR 4,019 (2004: KEUR 3,451) and trade tax loss carryforwards of KEUR 3,821 (2004: KEUR 3,309) for which no deferred tax claim is capitalized in the balance sheet.

27. Earnings per share

The undiluted earnings per share are calculated by dividing the net earnings/loss for the period to which the shareholders are entitled by the average weighted number of the shares in circulation during the period. To calculate diluted earnings per share, the earnings for the period allocable to the shareholders as well as the weighted average of the shares in circulation would have to adjusted for the impacts of all diluting potential shares that arise as a result of exercising of the options extended.

As not all of the options extended can be exercised yet, and the target agreed in the corresponding stock option plans (performance of the NEXUS share compared to the performance of a reference index) was not achieved in the fiscal year or the previous year, there is no dilution effect for the fiscal year of the previous year.

Options were granted in 2004 and 2005, from which a watering effect results in an amount below EUR 0.01.

	2004	2005
Consolidated loss (group share) in KEUR	-470	262
Average of shares issued (in thousands)	12,292	13,720
Earnings per share in EUR (diluted and undiluted)	-0.04	0.02

28. Cash flow statement

The cash flow statement shows how NEXUS AG group's funds have changed over the year under review with inflow and outflow of funds. In the cash flow statement, the flow of funds is structured according to current operations, investment activity and financial activity. The cash flow from current operations is posted in line with the indirect method. NEXUS / GMT GmbH, Frankfurt, was integrated with balancing of its book value changes only with its items connected with payments.

29. Cash flow from operating activities

The cash flow from operating avtivities could be highly increased in 2005. With a value of KEUR 7,533, the previous year's value (KEUR 4,310) could be exceeded by KEUR 3,223. These are on one hand the positive development of results and on the other hand contributions from the substantial write-offs and the development of receivables.

30. Cash flow from investing activities

The cash flow from investing activities is negative at KEUR 6,685 (previous year: -4,797) Matured securities and profit positions were reinvested in securities.
The investments in immaterial assets, especially in development services, were the focus of investing activities even in 2005.

31. Cash flow from financing activities

Thanks to the sufficient financial basis of NEXUS AG, no measures were taken for financing business in the business year 2005.

32. Cash funds

Cash funds in 2005 consisted just of liquid funds (cash in hand, deposits at banks) and no more current account liabilities to banks.

33. Divisional reporting

Healthcare Software

In the Healthcare Software division, NEXUS develops and sells software solutions for the medical field. The electronic patient record NEXUS / MEDFOLIO, the hospital information system micom medicare.plus and the Radiology Management System INORIS and GEBDAT in Obstetrics and Gynecology, represents our core business. ONCENTRA IM, a product that has been developed together with our Dutch partner Nucletron B.V. is also part of the Healthcare Software division.

Healthcare Service

The Healthcare Service division comprises services provided by the NEXUS.IT companies. Consultancy for hospital-IT-departments, the configuration of networks-, intranet and internet solutions and security concepts are included in the service portfolio. The management of IT services is provided by the service companies G.I.T.S. Gesundheitswesen IT-Service GmbH, Fürstenfeldbruck (Germany) and SRH Kliniken Dienstleistungs GmbH, Heidelberg (Germany).

On behalf of the prospect and risk structure the company is mainly managed by divisions. Therefore the segmentation by divisions represents the primary segmentation level.

We have the following data on the segments of the divisions: see right side

We have the following data on the geographic segments:

	2004	2005
Sales	**KEUR**	**KEUR**
Germany	12,666	17,285
Austria	737	513
Switzerland	1,982	2,301
Italy	117	107
Rest of Europe, USA	893	777
	16,395	**20,983**
Segment assets		
Germany	41,593	42,437
Austria	580	402
Switzerland	1,597	1,592
Italy	106	107
	43,876	**44,538**
Investments		
Germany	2,793	4,308
Austria	782	10
Switzerland	0	2
Italy	0	6
	3,575	**4,326**

34. Financial instruments

Financial risk management

Some of the Group's activities are on an international scale, exposing it to market risks from exchange rate fluctuations. In addition, the company partly gets finance from bank loans, resulting in interest-rate risks. It is assumed that these risks will have an essential impact on the Groups profits and financial situations. No hedging transactions were therefore entered into.

Liquidity risks

In order to meet commitments in the next few years, the Group's policy is one of securing sufficient amounts of cash equivalents or comparable irrevocable credit lines. In addition, the company has authorized capital worth KEUR 6,860 (2004: KEUR 1,718) for further capital increases.

Default risks

Default risks and risks that a contracting party may not fulfil its payment obligations are managed by means of loan commitments, credit lines and other checks in the context of debt management (e.g. credit investigations).
There are no concrete concentrations of default risks in the group

The maximum amount results from capitalized financial instruments.

Currency risks

They derive from sales in Switzerland and and resulting receivables which are subject to exchange rate fluctuations until payment is made.

Interest risks

NEXUS AG does not have long-term bank loans. The securities mainly concern fixed-interest loans and bearing bonds. Due to the fixed-interest rate, the investments are subject to interest or market value risks in principle. Therefore these risks are not considered essential, pending by the short termed keeping of these financial instruments (one to two years).

Current value

Financial instruments of the Group whose current value is not shown in the balance sheet include primarily trade accounts receivable, trade accounts payable and other liabilities. Due to the short terms of these financing instruments, the accounting value of currencies and their equivalents, and of overdrafts is quite close to their current value.

In the case of receivables and debts deriving from normal commercial credits, the accounting value which is based on historical initial costs is also very close to the current value.

35. Liability risks

There were no liability risks as of December 31, 2005.

36. Relationship to closely associated companies and persons

Affiliated Companies

NEXUS AG is the highest ranking parent company. Insignificant transactions were conducted with the affiliated companies G.I.T.S. Gesundheitswesen IT-Service GmbH, Fürstenfeldbruck, and VEGA Software GmbH, Aachen for the Group during the reporting period. Overall, sales in the amount of KEUR 25 and purchases in the amount of KEUR 40 were made. There were no outstanding receivables from deliveries and services on the cutoff date. In addition, there

Divisional reporting

		Health-care Software	Health-care Service	Consolidation	Group
Revenues		**KEUR**	**KEUR**	**KEUR**	**KEUR**
External sales	2005	15,708	5,275		20,983
	2004	10,997	5,398		16,395
Intersegment sales	2005	101	635	-736	0
	2004	20	423	-443	0
Segment sales	2005	15,809	5,910	-736	20,983
	2004	11,017	5,821	-443	16,395
Divisional operating result	2005	-123	-22		-145
	2004	737	-555		182
Plus financial result	2005				567
	2004				-303
Plus income tax	2005				-333
	2004				-537
Plus result belonging to other companies	2005				-173
	2004				-186
Result of annual net profit / loss attributable to stockholders of the parent company	2005				**262**
	2004				**-470**
Segment assets	2005	42,410	2,128		44,538
	2004	42,515	1,361		43,876
Financial investments	2005				88
	2004				105
Plus deferred tax refund claims	2005				2,976
	2004				3,418
Plus tax refund claims	2005				330
	2004				383
Total assets	2005				**47,932**
	2004				**47,782**
Segment debt	2005	4,835	1,796		6,631
	2004	4,432	1,695		6,127
Plus finance liabilities	2005				0
	2004				184
Plus tax accruals	2005				1
	2004				6
Total liabilities	2005				**6,632**
	2004				**6,317**
Investments	2005	**4,319**	**7**		**4,326**
Investments in immaterial assets	2005	3,904			3,904
Investments in tangible assets	2005	415	7		422
	2004	**3,566**	**9**		**3,575**
Investments in immaterial assets	2004	3,447			3,447
Investments in financial assets	2004	13	0		13
Investments in tangible assets	2004	106	9		115
Amortisation	2005	**3,271**	**281**		**3,498**
Amortisation in immaterial assets	2005	3,013	267		3,280
Amortisation in tangible assets	2005	204	14		218
	2004	**2,707**	**375**		**3,082**
Amortisation in immaterial assets	2004	2,451	352		2,803
Amortisation in tangible assets	2004	256	23		279
Other non-cash expenses	2005	26			26
	2004	-116			-116
Net result from associated companies	2005		1		1
	2004		7		7
Shares in affiliated companies	2005	20	25		45
	2004	20	42		62

Transactions between the segments were mainly debited as procurement or manufacturing costs.

are accounts payable from deliveries and services in the amount of KEUR 6 and from an investment still to be made in nominal capital in the amount of KEUR 12. There were no business transactions with the affiliated companies Medizin Forum AG, Ober-Mörlen, and Medidata GmbH, Berlin, in the business year. The participating interest in Medizin Forum AG, Ober-Mörlen was written off completely as of 31 December 2004.

Sales to and purchases from affiliated companies are at normal market conditions. The outstanding positions at the end of the business year are not collateralized, non-interest bearing and will be paid in cash. There are no guarantees for receivables or payables in connection with affiliated companies. The Group did not correct any values for receivables with respect to affiliated companies as of 31 December 2005. The necessity of reporting a valuation adjustment is checked annually by checking the financial situation of the affiliated company and the market, in which it is active.

Affiliated Persons

A business relation exists with a former Chief Executive Officer of NEXUS AG, Mr. Ralf Gropengiesser, within the framework of a rental contract for offices and parking spaces (Auf der Steig 6, 78052 VS-Villingen). Mr. Gropengiesser rented the property at customary conditions in line with the market to NEXUS AG at an annual rental price of KEUR 151 p.a. (previous year: KEUR 151 p.a.) Mr. Gropengiesser had accounts payable in the amount of KEUR 1,389 (pervious year: KEUR 1,450) against the Group, the debts of which were serviced in the amount of KEUR 122 (pervious year: KEUR 62). The loan is correspondingly collateralized, so that there was no correction of values for receivables with respect to affiliated persons as of 31 December 2005. Consulting services were paid in the amount of KEUR 158 (pervious year: KEUR 179) via RG Consulting GmbH.

The obligation to report about the relation to affiliated persons is solely due to the activity of Mr. Gropengiesser as former Chief Executive Officer and stockholder. There is no possibility of influencing the situation of assets, finances and revenue of NEXUS AG or one of its participating interests, and consequently we are reporting about this relation for the last time in 2005.

37. Executive bodies

Supervisory Board:

Dr. jur. Hans-Joachim König, Singen
Chairman

Dr. Herwig Freiherr von Nettelhorst, Berlin
Deputy Chairman

Diplom-Betriebswirt (FH) Wolfgang Dörflinger, Konstanz

Ronny Dransfeld, Michelbach

Prof. Dr. Ulrich Krystek, Hofheim

Dr. Dietmar Kubis, Jena

Executive Board:

Dr. Ingo Behrendt, Konstanz
Chairman

Dipl.-Betriebswirt (FH) Stefan Burkart, Stockach

The overall remuneration of the Executive Board of the parent company was KEUR 398 in the reporting year (previous year: KEUR 317). These are compose of as follows:

	2004	2005
Salary components	**KEUR**	**KEUR**
Short-term services	317	398
Components with long-term incentive effect: options at adjusted option value	1	30

Severance payments were not made. The overall remuneration of the Supervisory Board amounted to KEUR 63 (previous year: KEUR 49). This increase is due to the increase of the number of members on the Supervisory Board from three to six approved at the General Stockholders meeting on 28 June 2004.

38. Directors Holdings

In 2005, the number of shares held by the supervisory board has changed as follows:
The number of shares of the former Chairman of the Executive Board, Ralf Gropengießer are 1,306,000 (2004: 1,596,874).

	Number of shares	Number of options
Supervisory Board		
Dr. jur. Hans-Joachim König	81,099 in 2004 (81,099)	0 in 2004 (0)
Dr. Herwig Freiherr von Nettelhorst	0 in 2004 (0)	0 in 2004 (0)
Ronny Dransfeld	0 in 2004 (0)	0 in 2004 (0)
Prof. Dr. Ulrich Krystek	0 in 2004 (0)	0 in 2004 (0)
Diplom-Betriebswirt Wolfgang Dörflinger	0 in 2004 (0)	0 in 2004 (0)
Dr. Dietmar Kubis	0 in 2004 (0)	0 in 2004 (0)
Executive Board		
Dr. Ingo Behrendt (MBA)	82,000 in 2004 (40,000)	165,000 in 2004 (210,000)
Diplom-Betriebswirt (FH) Stefan Burkart	116,147 in 2004 (76,147)	0 in 2004 (0)

Ronny Dransfeld is General Manger of Jupiter Technologie GmbH & Co. KGaA, which holds 16,7% of the shares of NEXUS AG.

39. Events after the Balance Sheet Date

Events after the balance sheet date, which provide additional information about the situation of the company as of the balance sheet date, are considered in the balance sheet. Events after the balance sheet date, which do not result in any adjustments, are shown in the Appendix insofar as they are essential.

40. Explanation in accordance with § 161 AktG (Corporation Law) on the Corporate Governance Codex

As the only listed company in the Group, the NEXUS AG has submitted the explanation for 2005 on December 16, 2005, in accordance with § 161 AktG and made it available to the stockholders.

Auditors Report

We have provided the following audit certificate for the Group Financial Statement and the Group Status Report:
"We have audited the Group Financial Statement drawn up by the NEXUS AG, Villingen-Schwenningen, composed of balance sheet, profit and loss account, equity capital modification account, cash flow statement and appendix as well as the Group Status Report for the business year from 1 January until 31 December 2005. The preparation of the Group Financial Statement and the Group Status Report in line with IFRS, as they are to be applied in the EU, and the supplementary commercial law regulations according to paragraph 315a clause 1 of the commercial code are the responsibility of the legal representatives of the company. Our job is to provide an assessment of the Group Financial Statement and the Group Status Report on the basis of an audit, which we conduct.

"We conducted our audit of the Group Financial Report in accordance with paragraph 317 of the commercial code under consideration of the German principles set by the Institute of Auditors (IDW). Accordingly, the audit should be planned and conducted in such a way that misstatements and violations, which have an essential effect on the depiction of the picture of the situation of assets, finances and revenue communicated by the Group Financial Statement under consideration of the applicable regulations and by the Group Status Report, are detected with sufficient certainty. At setting the auditing procedures, knowledge about the business operations and the economic and legal environment of the Group as well as the expectations of possible errors are considered. Within the framework of the audit, the effectiveness of the internal control system related to accounting as well as proofs from the information in the Group Financial Statement and the Group Status Report are judged mainly on the basis of spot checks. The audit includes judgment of the year-end financial statements of companies included in the Group Financial Statement, delimitation of the consolidation circle, the applied accounting and consolidation principles and the essential estimates of the legal representatives as well as an assessment of the overall depiction of the Group Financial Statement and the Group Status Report. We believe that our audit provides a sufficiently reasonable basis for our judgment.

"Our audit did not find anything objectionable.
According to our judgment based on the information obtained in the audit, the Group Financial Statement and the Group Status Report are in line with IFRS, as they are to be applied in the EU, and the supplementary commercial law regulations according to paragraph 315a clause 1 of the commercial code, and communicate a picture of the situation of the assets, finances and revenue of the Group corresponding to actual conditions. The Group Status Report is in agreement with the Group Financial Statement and communicates a general accurate picture of the situation of the group and presents the chances and risks of future development correctly."

Villingen-Schwenningen, 17 March 2006

Ernst & Young
Wirtschaftsprüfungsgesellschaft

Dr. Eckart Wetzel
Wirtschaftsprüfer

Andreas Nietzer
Wirtschaftsprüfer

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