nexus | ag

Annual Report 2010

"Our products are getting a very positive reception on the market. This is our biggest success in 2010 and is even more important than our very positive development of sales and result."

Dr. Ingo Behrendt
Chief Executive Officer of NEXUS AG

NEXUS presents 3 reference customers in this year-end report:

The Pathology Institute of Heidelberg University takes care of multifaceted tasks in treatment of the ill. The institute supplies the complete area of histologic, cytologic, molecular pathologic and autoptic diagnostics. The focal point of treatment is diagnostic evaluation of tissue (histology) and cell preparation (cytology) using the most modern methods.

+ More than 60,000 submissions from all medical areas per year
+ Approx. 120 employees
+ New institute building by end of 2011 – investment of 19.5 million euros

iPH Institute of Pathology Heidelberg

UniversitätsKlinik um Heidelberg

The Vitos GmbH Kassel controls 12 non-profit companies as a holding company. The sole partner is the Hesse State Charity Association (LWV Hessen). The Group is the largest psychiatric organization in Hesse with psychiatric clinics for adults, children and young people, clinics for forensic psychiatry and other specialist clinics. Vitos Haina provides 534 beds/places for psychiatry and psychotherapy as well as forensic psychiatry and uses NEXUS / HIS for documenting and billing psychiatric treatment. The facts of the Vitos Group:

+ Organization of hospitals and institutes of social welfare
+ 3,682 inpatient/part-time inpatient hospital beds/places
+ 32,000 inpatient/part-time inpatient and 175,000 outpatients annually
+ 9,000 employees
+ Approx. 520 million Group turnover annually

vitos:

The newly constructed hospitals in the regions Providenciales and Grand Turk on the Caribbean islands Turks & Caicos have the most modern facilities and consequently guarantee high-quality medical treatment on the island. Works is completely paperless in the two hospitals thanks to NEXUS software.

+ 2 sites with a total of 60 beds
+ 200 employees
+ 3,000 inpatients and 42,400 outpatients since opening

Contents

Letter to Our Stockholders

Dear Sir or Madam

NEXUS is continuing to grow and become increasingly profitable. We closed the year 2010 with this encouraging news, and I am pleased to be able again to report to you about an extraordinarily successful business year. We surpassed our expectations in every respect this year. Consequently, we were able to continue our trend of many years of two-figure growth in sales with a disproportionately high rate of increasing profits. An especially pleasing occurrence in 2010: Our stock price has also reacted and is far removed from its low levels in 2009. Our business development 2010 is not just reflecting a short-time, one-time success, but instead corresponds to our long-term business policy of betting on healthy, profitable growth and a convincing product strategy. We remain conscious that our market requires reliability and a long-term strategy from its core suppliers and does not honor short-term optimizations.

Dr. Ingo Behrendt / Chief Executive Officer

The economic recovery in 2010 has not resulted in any lasting relief for government budgets until now, and the financial situation in many states and municipalities remains tight. The investment reticence of public hospitals has hardly decreased at all in this environment. However, there are signs that the trend in Germany to privatization is not going to continue unrestricted and that municipal bodies want to make more means available for their hospitals and psychiatric institutions. Despite substantial budget restrictions, we are also seeing willingness in the states to invest more in modernizing the health care system.
This basically positive development for NEXUS is being accompanied by a continuing consolidation process in our industry. There were additional acquisitions globally in 2010, and the number of companies in our industry decreased again. It is obvious that only a small circle of companies can compete internationally at the present time. On one hand, the requirements for solution quality are increasing continually, and on the other hand, the economic efficiency of market activities is advancing further to the forefront for suppliers and customers. The market will only trust companies in the long term, which are able to demonstrate positive results.

NEXUS earned this trust in 2010. Not only our greatly increased business figures are convincing, but also and especially the good reception of our products on the market, it has become very clear with our order successes that the market is honoring our product innovations of the last years. Encouragingly, the demand has extended to the complete range of products of the NEXUS Group, but especially to our new core product NEXUS / HIS on the German market. Following the order successes in 2009, numerous decisions in favor of NEXUS / HIS in 2010, e.g., Vinzenz von Paul Hospital Rottweil, the Psychiatric Hospital Rickling, the Bad Salzungen Hospital and the Stuttgart Diakonie Hospital, have underlined the positive start of the product impressively. At the end of the year, the decision of the German military to award NEXUS the contract for equipping military hospitals has again provided a clear sign for the outstanding product position of NEXUS / HIS. This decision noticed throughout the industry has confirmed to us that our product strategy is the right one. We are convinced that we have achieved a very essential innovation in our sector with the conceptual approach and contents of NEXUS / HIS. The solution not only sets standards with respect to being state-of-the-art, but is also the most comprehensive product with respect to scope available on the German market in the meantime. NEXUS / HIS covers almost all hospital and administrative processes today, which can be supported digitally in hospitals. In this, we do not limit ourselves to the main processes such as surgical documentation and logistics, but also provide our customers with standardized depiction of special diagnostic processes based on a uniform technology platform. In addition, we have been able to set a clear focal point with the requirement of "simplicity" in designing the system, which is being well received on the market.

However, the good demand is not just concentrated on NEXUS / HIS. We were able to show positive development in almost all product areas, and especially grow considerably in the areas of pathology and quality management. We consistently implemented our "new generation technology" in the product NEXUS / PATHOLOGY and solidified our position as market leader very clearly in this segment. The products of the quality management also received numerous new orders and are considered as market standard in the meantime. The big draw here is NEXUS / CURATOR, which is a software product that supports hospital knowledge management and coordinates quality-oriented activities of hospitals. In international business with NEXUS / HIS, new orders from French-speaking Mersens (CH), Italian-language Locarno (CH) and from Libya have resulted in interesting rates of increase. It is also shown here that our strategy of consistent internationalization is successful and will be of even greater significance in the long term.

As a result of these positive developments, we were able to increase sales considerably in 2010 and increase our overall result very strongly at the same time. As a result, we have two-figure growth in sales and profit for the tenth year in a row.

Total sales increased to KEUR 44,82 million (previous year: KEUR 40,36 million) during the reporting year. Compared to the previous year, sales thus increased by approx. 11.0%. Sales in the Healthcare Software Division grew by 11.3% to KEUR 40,12 million (previous year: KEUR 36,04 million). In the Healthcare Service Division, we were able to achieve KEUR 4,70 million following KEUR 4,33 million in the previous year. International business represented a share of 39.7% in the total Group in 2010 following 34.5% in the previous year.

We made a number of organizational changes in 2010 and consequently reacted to our growing and increasingly international volume of business. We already restructured our business with respect to operations in 2009. In 2010, we continued the development of the new business division NEXUS / CSO (Clinical Solutions) consistently. Within the new organization, the CSO Division is responsible for international HIS projects and those requiring intensive development, while the NEXUS / CIS Division concentrates on German HIS projects. In this way, we will avoid mixing different project types and create room for optimizing specific project workflows. At the same time, the parallel development of independent hospital and diagnostic information systems in NEXUS / DIS based on uniform technology creates substantial advantages for the NEXUS / CIS and NEXUS / CSO Divisions. We consider this to be an essential factor of success for our business. We consider the possibility of investing in the hospital and the diagnostic product lines nationally and internationally parallel without committing the error of uncompromising standardization as an essential strength.

The comparably high degree of innovation power of NEXUS AG is certainly one positive effect of this strategy. We were also able to present and launch a number of supplementary modules on the market in 2010, already one year after the introduction of NEXUS / HIS.

This includes the module NEXUS / EMERGENCY, a solution that handles complete management of the emergency ward, and a solution for bedside management, which we presented in collaboration with Honeywell-Ackermann. In the area of applications, we were able to present a reference file for an iPad, and we enhanced our planning functionality in the area of OP management. We were also able to present a new DRG workstation in Switzerland for introduction of SwissDRG and consequently set standards on the market at a very early time. Another example refers to medical laboratories. We developed a new product for automating documentation obligations here and installed it at a first customer. Thanks to our majority share acquisition of Flexreport AG, Baar (CH) in the area of management information systems, we were able to close another technology gap last year. The technology platform that we acquired there makes it possible for us to provide completely integrated, multidiminensional evaluations in the area of NEXUS / HIS in the future. We enable fast and flexible evaluation of data via CUBES and consequently simplify business and medical control of hospitals. We have entered another innovation field here, which is very promising for the future.

We have also invested in the future technology switch of our applications with a look to the future. Based on a Group-wide framework, we are migrating our applications to a new technology platform over a longer time period.

In 2010, we were able to convert additional modules (Human Resources, Pathology and Finances) and achieved considerable progress in development of the area of "application containers" and NEXUS / RIS ng. We have assured our customers that we will convert the installations within the context new releases with respect to the modules. This "soft" migration is especially important, because numerous workstations are affected in the partially very big installations of our customers.

Ralf Heilig / Chief Sales Officer

NEXUS is oriented to long-term collaboration with its customers and considers this to be a special obligation, which is expressed through intensive support and communication customers. In 2010 alone, we acquired a significant number of new customers with 65 institutions and consequently created a good basis for the following years. These sales successes are of course reflected in the result of the current year:

The overall result again increased strongly in 2010. Profit before taxes was KEUR 2,3 million for 2010 following KEUR 2,23 million in the previous year (+48.2%), and Group profit was KEUR 3.54 following KEUR 2,10 in the previous year (+68.2%). The EBITDA reached KEUR 9,45 million following 7,60 million in the previous year (+24.4%). The cash flow was substantially higher than the previous year at +90.5% thanks to the good results and substantial down payments at the end of the year of 13,93 million euros.

The projects running several years play a special role in considering this result, which also put high demands on us in 2010. This includes projects in the VITOS hospitals, in St. Gallen (CH), in Fribourg (CH), in the German Heart Center in Berlin and recently for the German military and in Benghazi (LY). We are proud of these projects, because they confirm the quality of our products and at the same time provide important stimuli for developing our applications.

Edgar Kuner / Chief Information Officer

Overall, 2010 was an extraordinarily successfully year for NEXUS AG. We convince people with our products, win large calls for bids, are growing on a healthy level, and have oriented our organization to further growth. We have become very attractive for the capital market in the meantime, and our outlook for the future is extremely positive.

The NEXUS team is determined to use our outstanding position in 2011 to acquire new customer groups. We want to expand our position in our main markets and search for new growth stimuli in new and international markets at the same time.

We are convinced that we can increase our current success, which we have with our products, even more. We are also certain that we can advance even faster as a significant international supplier of medical informatics than we have in the past. We are excellently equipped with this confidence to achieve outstanding results in 2011 too.

Dear Stockholders, we have only been able to achieve this positive development thanks to our customers, you, our staff and our partners. The NEXUS team thanks you for this as well as for the trust that you put in our ability to perform now and in the future.

Dr. Ingo Behrendt

Ralf Heilig

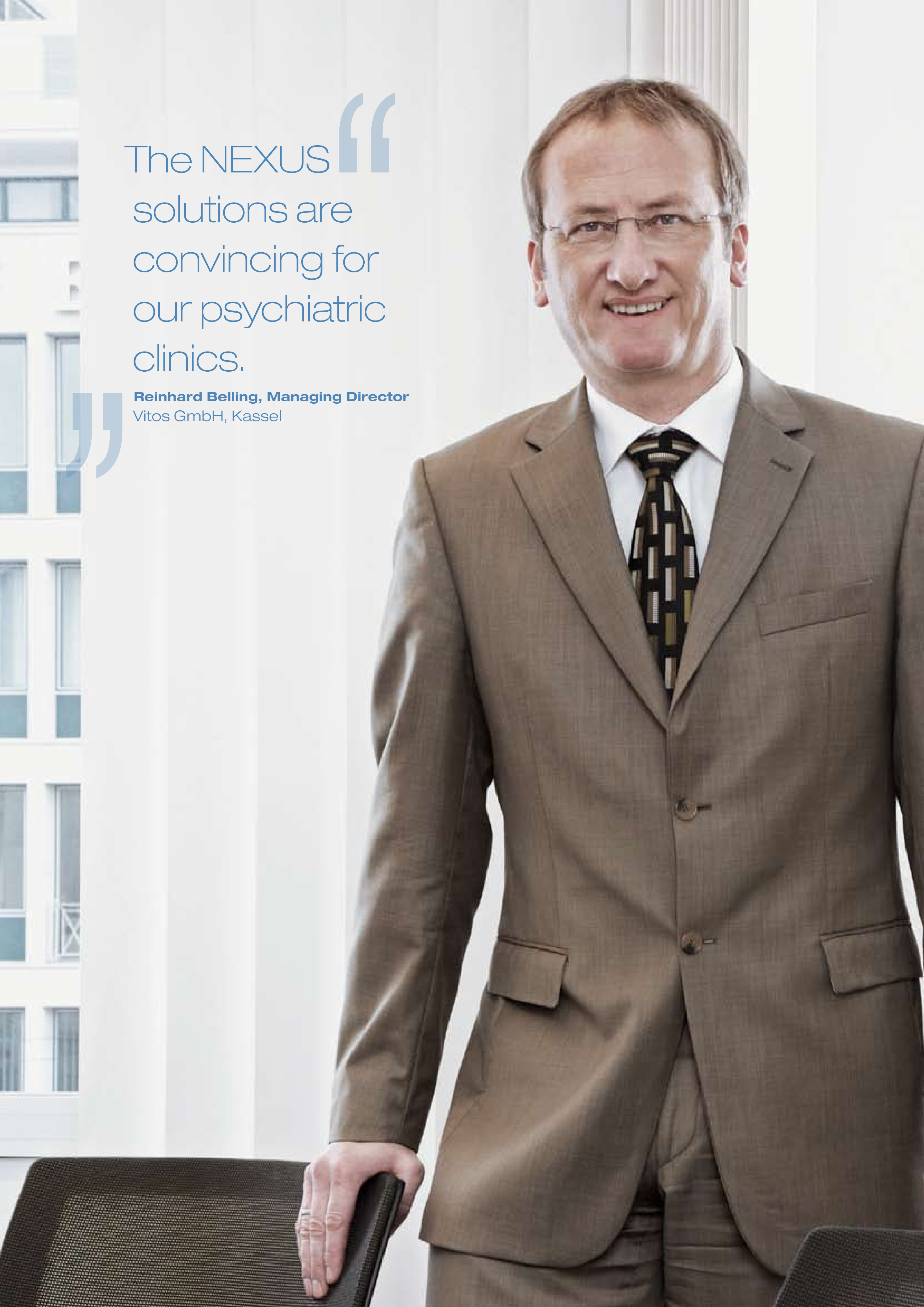
Edgar Kuner

Key Figures 2010

	2010		2009	2008
	KEUR	%	KEUR	KEUR
REVENUE AND RESULT				
Sales	44,823	11.0	40,363	34,824
Sales Healthcare Software	40,119	11.3	36,035	30,175
Sales Healthcare Service	4,704	8.7	4,328	4,649
Sales National	27,017	2.2	26,438	23,386
Sales International	17,806	27.9	13,925	11,438
Result of the period before tax	3,308	48.2	2,232	1,854
Result of the period	3,538	68.2	2,103	1,533
EBITDA	9,449	24.4	7,596	6,155
Result per Share	0,25	66.7	0.15	0.11
INVESTMENTS AND DEPRECIATION				
Investments in intangible and tangible assets	5,032	-10.6	5,629	5,370
Depreciation	5,719	5.4	5,424	4,829
ASSETS, EQUITY AND LIABILITIES				
Balance sheet assets	68,336	16.2	58,787	55,372
Capital assets	31,189	4.8	29,772	28,305
Short-term assets	34,915	31.6	26,529	23,102
Net Liquidity	20,697	79.7	11,519	9,460
Equity	52,796	12.2	47,042	44,494
Equity ratio (in %)	77.3		80.0	80.4
Bank loans	0		290	111
Short-term liabilities	13,359	32.0	10,117	8,232
KEY FIGURES				
Cash Flow from operative activities	13.929	90.5	7,313	4,258
Cash Flow from financing activities	-4,988	138.2	-2,094	-1,532
Number of Users of NEXUS-Software	108,200	16.7	92,700	76,500
EMPLOYEES (END OF THE YEAR)	371	4.5	355	340

“The NEXUS solutions are convincing for our psychiatric clinics.”

Reinhard Belling, Managing Director
Vitos GmbH, Kassel



Highlights 2010

January

Successful Live Operation Startup at the Turn of the Year 2010

All NEXUS customers, who were scheduled to be converted to the new NEXUS / HIS at the turn of the year 2009/2010, went into live operation smoothly. The many new projects and customers acquired present a real challenge for the various NEXUS project teams, but which they have been mastered very professionally.

Red Cross Hospitals South bet on NEXUS for Quality Management

The Munich nursing staff from the Bavarian Red Cross is using NEXUS / CURATOR for easy and fast document routing in its four hospitals, including a link to the KTQ self-assessment report. The flexibility of the solution was the decisive factor in selecting NEXUS.

February

NEXUS / CURATOR experiences high demand

Four new customers in the district of Weissenburg-Gunzenhausen, in Pforzheim, Göppingen and Schwarzach (A) have selected the quality management solution from NEXUS. The decisive factors for the decision of the various institutions in favor of NEXUS were – among others – the individual and flexibly adaptable editing system and document routing with workflow processes, with which the complete hospital staff always has direct access to work documents.

Lucerne Canton Hospital (CH) introduces SwissDRG using NEXUS software

The hospital information system NEXUS / HIS and the patient administration system NEXUS / HOSPIS were enhanced for the introduction of SwissDRG, so that billing takes places in a continual process according to SwissDRG. Although introduction of the flat-rate compensation system will only take place throughout all of Switzerland affecting rates in 2010, billing is already according to SwissDRG using NEXUS software at Lucerne Canton Hospital.

March

Workshop: "New Compensation System in Psychiatry" (OPS)

NEXUS zeigte in der Kunden-Veranstaltung zum Thema „Neues Entgeltsystem in der Psychiatrie“, dass das psychiatrische Informationssystem von NEXUS bereits ein Modul hat, das die Therapiedokumentation unterstützt und die OPS-Codes nach dem Katalog 2010 ableitet. Damit ist gewährleistet, dass NEXUS-Kunden auch künftig sachgerecht Leistungen in der Psychiatrie abrechnen können.

Vinzenz von Paul Hospital selects NEXUS

Vinzenz von Paul Hospital gGmbH in Rottweil has decided in favor of NEXUS / HIS. As a result, NEXUS is again replacing the software in a former Siemens Clinicom hospital. Decisive for the decision in favor of NEXUS is that fact that NEXUS / HIS is an integrated system with a uniform user interface and very open interfaces. In addition, NEXUS has a great deal of experience with concepts for data transfer from the Clinicom system, which makes this possible within one year.

April

NEXUS hosts new procurement portal at Vitanas

NEXUS is the implementation partner of the Heiler solution and introduced a new platform in purchasing at Vitanas. Vitanas GmbH & Co. KGaA operates approx. 40 centers for senior citizens, disabled persons and psychiatric care in all of Germany. The Heiler Business Catalog serves as central search and order medium in e-procurement.

Clinica Santa Chiara, Locarno (CH) converts to NEXUS software

Clinica Santa Chiara, Locarno, is converting its complete hospital informatics to NEXUS / HIS. The clinic in Ticino is betting on interdisciplinary NEXUS software in all administrative and medical processes including radiological examinations and is thus creating synergies.

NEXUS / HIS is our leading system for clinical workflows.

Lutz Lenhard, Jörg Imbeck, Jens Wernhardt, HIS Introduction Team
Vitos Haina gemeinnützige GmbH

Highlights 2010

May

Hospitals on Turks & Caicos are using the new NEXUS / RIS

In the newly constructed hospitals in the regions Providenciales and Grand Turk on the Caribbean islands Turks & Caicos, the new radiology solution has also been commissioned following the introduction of NEXUS / HIS. The installation of NEXUS / RIS is composed of a radiology information system that stands for flexible workflow support in organization, documentation and communication as well as a PACS for digital picture archiving.

NEXUS / CURATOR supports RiliBÄK for QA in laboratories

The new guidelines of the German Medical Association concerning quality assurance of medical laboratory analyses – abbreviated as "RiliBÄK" – has resulted in an enormous increase of administrative work in Germany laboratories. Simplified and automated documentation obligations according to RiliBÄK are made possible with the software solution from NEXUS / CURATOR. The Vinzenz von Paul Hospitals in Stuttgart are reducing their workload substantially with this software.

June

Hospitals in Sulzbach-Rosenberg and Auerbach use QM software from NEXUS

The hospitals of the Amberg-Sulzbach district have introduced NEXUS / CURATOR for converting paper-related document routing to an EDP-supported QM system. The reason for the decision was the especially easy and structured document routing, which ensures order, clarity and continual version numbering in the QM manual and allows definition options for the workflow processes.

Thun Hospital (CH) uses the module from NEXUS for Budgeting

To have budget figures and important information on hand quickly and in a simple way, the hospital STS AG decided to introduce the budgeting module of the administration system NEXUS / HOSPIS in Thun Hospital. The hospital is obtaining valuable support in evaluating and processing data with the new software tool.

July

Stuttgart Diakonie Hospital converts to NEXUS / KIS

Stuttgart Diakonie Hospital selected the hospital information system from NEXUS within the context of a call for bids. With that, NEXUS won against seven other bidders and again received an order from a former Siemens Clinicom Hospital for conversion to the new NEXUS / HIS.

New Product Presentation: NEXUS / EMERGENCY: The Dashboard for the Emergency Department

The new intelligent management system NEXUS improves the information situation at emergency admissions considerably and provides an optimum overview of the occupancy of the emergency ward with all relevant information. NEXUS / EMERGENCY supports the complete process of the emergency ward from admission to moving or discharge.

August

Continued growth and operating result increase in the first half year

NEXUS AG, listed in Prime Standard, improved its sales to KEUR 20,731 in the first half year from KEUR 18,829 (+10.1%) and achieved an improved result before taxes of KEUR 1,576 compared to KEUR 981 (+60.6%) in the previous year.

ZRN in Dormagen starts use of NEXUS / Radiology

Thanks to the introduction of the integrated radiology solution from NEXUS, the Center for Radiology and Nuclear Medicine is going to use a radiology management system at three sites in the future, which supports doctors in diagnosing, recording services, scheduling and billing.

Highlights 2010

September

Vitanas Group and NEXUS: Strategic Partnership

The Berlin-based Vitanas Group and NEXUS have agreed upon a strategic partnership. The goal of the cooperation is to equip the 40 senior center and clinics of Vitanas GmbH & Co. KGaA with the latest information technology in order to support administrative and nursing workflows. NEXUS is going to support operation and expansion of the IT landscape of the Vitanas Group in the long term.

Additional hospitals select NEXUS / CURATOR

Three additional hospitals have decided in favor of the quality management software with the Gütersloh Hospital and Ludmillenstift Hospital in Meppen. Above all, the link to customary certification processes and support in self-assessment and third-party assessment produce effective advantages in the QM process.

Vitanas LÄNGER BESSER LEBEN.

October

Männedorf Hospital (CH) converts completely to NEXUS / HOSPIS

Thanks to complete conversion to NEXUS / HOSPIS, Männedorf Hospital is using an integrated administrative system, which links management tasks and medical services and depicts all administrative hospital processes. An essential factor is that the interlinking of administrative and medical processes is completely supported by NEXUS solutions.

NEXUS / CERTIFIED SYSTEMS: The "Everything-from-One-Source" Solution

Complete systems of hardware and software are being offered under the new brand name NEXUS / CERTIFIED SYSTEMS. Customers of the NEXUS Group profit from compatible systems and an "everything-from-one-source" solution. NEXUS / CERTIFIED SYSTEMS have been tried and tested and designed for use with NEXUS software certified equipment and technical system solutions.

Spital Männedorf

November

Sanitätsdienst

German Military Hospitals decide in favor of NEXUS / KIS

With the introduction of NEXUS / HIS, all clinical workflows of the four military hospitals in Berlin, Hamburg, Coblenz and Ulm are being combined in one uniform solution with state-of-the-art technology. With the HIS from NEXUS, which was selected within the context of a public call for bids, the hospitals have a software solution that controls all interdisciplinary processes.

Ackermann by Honeywell and NEXUS conclude partnership

Ackermann, the leading supplier of communication and security solutions in hospitals, and NEXUS have agreed upon a partnership. Innovative solutions at hospital beds will be developed further with the goal of equipping nurse calling systems with additional functions for general improvement of quality and increases in efficiency in nursing. The linking of the nurse calling system with the HIS is a unique feature of the new joint system.

ACKERMANN by Honeywell

December

nexus | ccc customer care center

NEXUS combines customer support in a Customer Care Center

With NEXUS / CCC GmbH, NEXUS is concentrating technical service and customer support of the complete corporate group in one center. The central NEXUS Customer Care Center was founded thanks to the very positive development of business in all areas. As a result, NEXUS can react even more quickly and effectively to the requests and requirements of customers.

Safety and transparency with NEXUS / MEDICATION – ZfP places order

The medication module for NEXUS / HIS simplifies the medication process in a complete hospital with increased safety and transparency. Hospital logistics are also automated thanks to the possible integration into the materials handling application. In addition, the workload of staff is reduced and legally required documentation about drug therapy is ensured. These reasons were sufficient for the South Wurttemberg Center for Psychiatry (ZfP) to select NEXUS / MEDICATION.

zfp Südwürttemberg

The easy-to-use interface creates acceptance among users.

Jörg Riether, Head of IT Department
Vitos Haina gGmbH

“We are able to process many different findings efficiently with NEXUS.”

Prof. Dr. Peter Schirmacher,
Managing Director
Pathology Institute of Heidelberg University

NEXUS Product Portfolio:
Hospital Control with Information from NEXUS / HIS

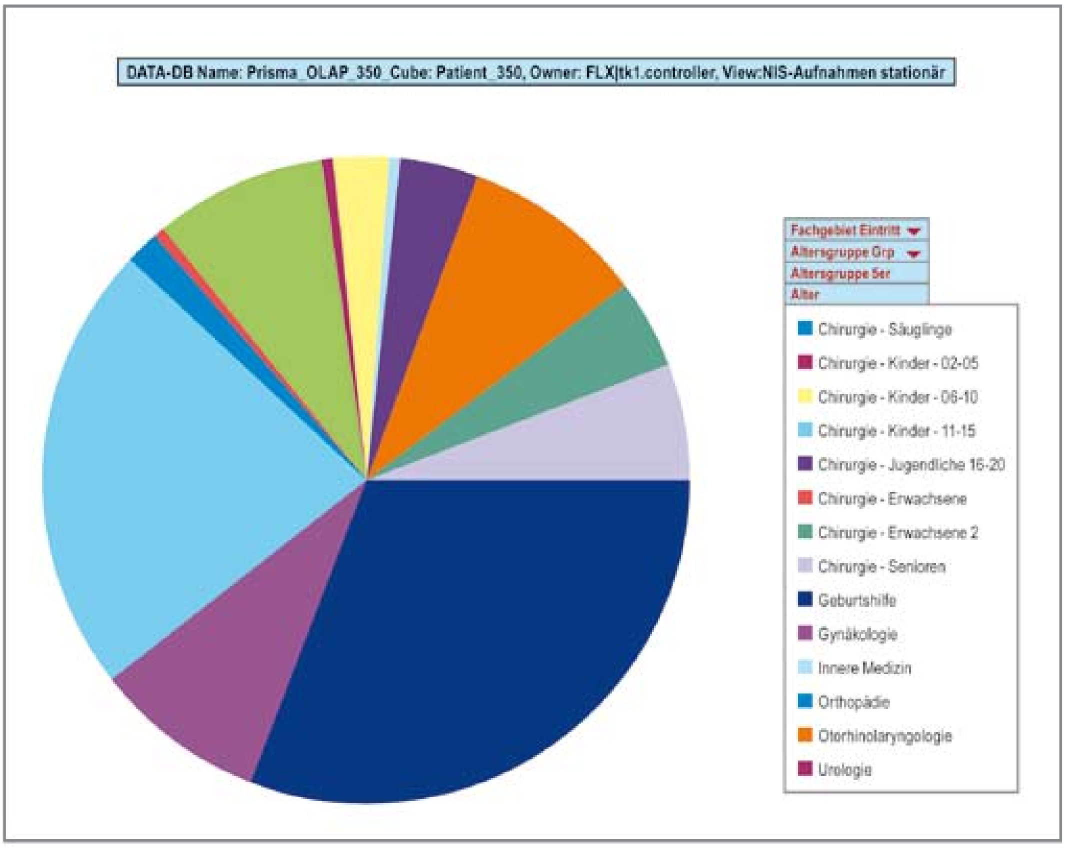
NEXUS presents the new product NEXUS / INFORMATION STORE: A management information system (MIS) as an integrated component of NEXUS / HIS.

Management figures, ad-hoc analyses, budget monitoring and statistics: Efficient hospital management is increasingly dependent on obtaining evaluations at regular intervals about the performance of wards/departments and the economic efficiency of treatments. Undesirable trends and measures to correct them can only be detected sufficiently quickly in this way.

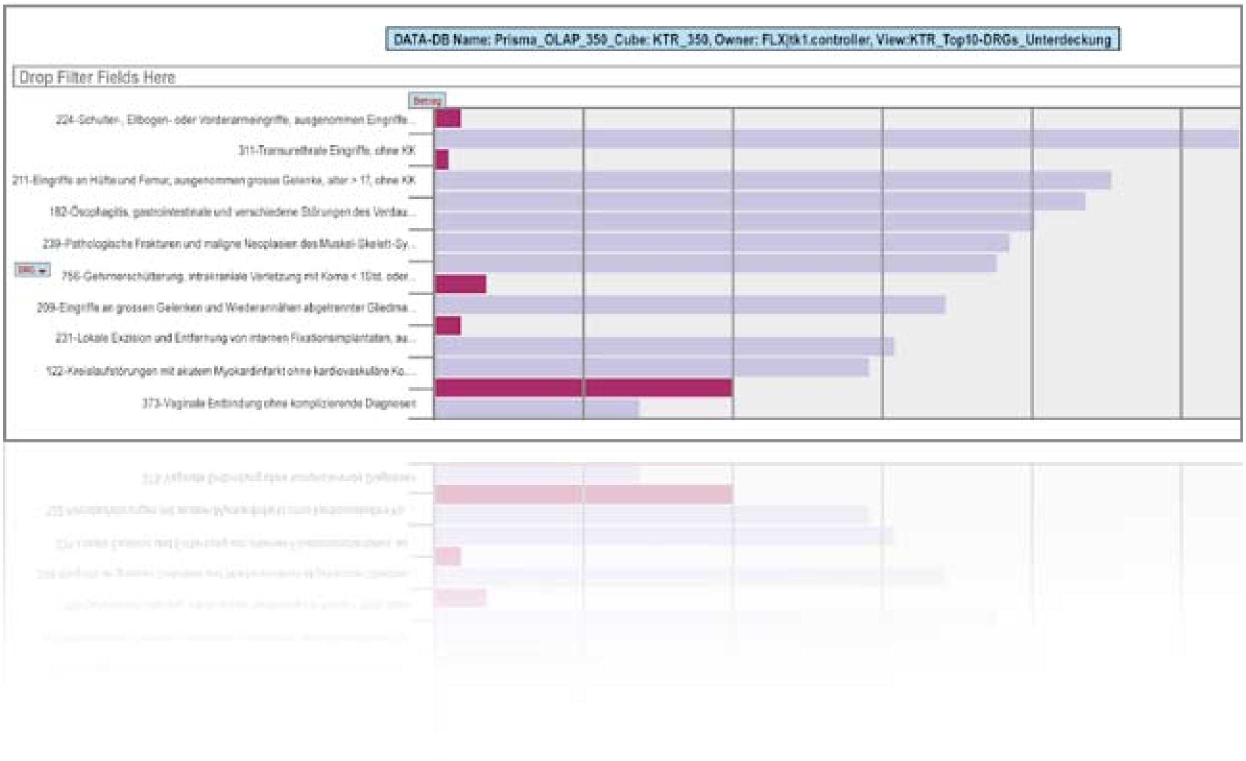
With the acquisition and integration of an MIS technology (Flexreport), NEXUS has increased the value of the NEXUS / HIS decisively. Today, we are able to supply the CUBE technology as an integrated component of the NEXUS product range and provide users with direct access to standard analyses and multidimensional analysis tools. This is an essential component in setting up comprehensive hospital controlling.

With that, we make it possible for medical controllers and finance departments to create complex analyses that go beyond the ad-hoc matrixes. As a result, decisively more precise bases for decision-making can be supplied than in the past.

Working with CUBE



Cost unit CUBE



NEXUS provides a simple and fast option to extract all relevant data from NEXUS / HIS and display them in a clearly structured way.

We have adapted the options for using the new product to fulfill the requirements of modern hospital management as thoroughly as possible. For example, we provide hospital-wide key figure management, which displays essential management figures at a glance. An individual list can be created from more than 140 key figures, in which the current figures are compared with the target values. We provide all key figures directly to the person responsible for the budget via an authorization concept and also enable more far-reaching analyses of the values online.

However, NEXUS / INFORMATION STORE also stands for hospital controlling and provides an intuitive and powerful analysis tool for specific wards. NEXUS supplies a number of standard CUBES (e.g., the finance cube, the cost carrier cube and the patient cube) with INFORMATION STORE and enables further analysis of data from NEXUS / HIS, including data from other systems (e.g., laboratory system) via simple navigation. For example, this makes it easy to display which DRGs have a shortage in a specific time period and which cost centers were involved in treatment. You can also display which doctors have referred the most cases and from which regions the patients come. This is information that is indispensable for efficient managing of hospitals today.

We are convinced that we have made a very promising investment for the future with the integrated MIS approach. It will be easier to measure whether the introduction of NEXUS / HIS also results in improvement of business and increased transparency in economic matters for customers – a question, which is important in an increasing number of institutions.

“We coordinate hospital processes interdisciplinary using NEXUS / HIS.”

Dr. Rolf Speier, Medical Director
Vitos Hospital Haina

NEXUS / HIS:
New Modules and Enhancements

The NEXUS team already presented a number of enhancements and new modules in the year following the introduction of the new NEXUS / HIS, which make the product even more attractive on the market.

The introduction of NEXUS / HIS on the German market last year is undoubtedly a great success. It is being shown that the experiences, which were integrated into the development, and the many users, who contributed their knowledge from national as well as international projects, have resulted in an outstanding product. Our modern, open hospital information system has focused development on ease of use. Employing the premise of "operation has to be simple", the application was structured in such a way that users can find desired information at many places with only one click of the mouse (one-click to information). We have obviously met the needs of doctors and nurses in hospitals with this, which is reflected in the many new orders.

However, we have not rested on our laurels, but instead have invested consistently in enhancing our product. Via new modules and innovations, we make it possible for our customers to simplify, digitalize and automate processes further in hospitals.

NEXUS / EMERGENCY: Enhancement of the Application in NEXUS / HIS

We already presented a product with the new "Emergency Module" in January 2010, which supports the complete process of the emergency ward. From monitoring the triage time to controlling occupancy of emergency care beds: the new intelligent management system NEXUS / EMERGENCY improves the information situation at emergency admissions considerably and provides an optimum overview of the occupancy of the emergency ward with all relevant information. Patient data are visualized on large TFT screens, which can be seen clearly by all emergency ward staff. The display of the web-based dashboard is updated automatically as soon as new data is entered in the electronic patient file.

Optimal view with the NEXUS Dashboard

NEXUS / LABORATORY-SOP: Automation of Workflows in NEXUS / HIS

Implementing the quality assurance of medical laboratory analyses – abbreviated as "RiliBÄK" – has resulted in an enormous increase of administrative work in laboratories over the past months.

NEXUS has developed a solution within the context of its software-supported quality management systems and launched it on the market successfully, which provides substantial relief for the affected laboratories. The basis for the new solution is the established QM knowledge database NEXUS / CURATOR, which runs integrated in NEXUS / HIS and generates standard operating procedures (SOPs) automatically. All SOPs used for the examination procedure are generated and stored at the push of a button, without the necessity of anyone doing anything. Dr. Matthias Orth, Medical Director at the Institute for Laboratory Medicine commented on the introduction: "NEXUS / CURATOR provided us with the solution to this urgent problem within a few days. As a result, our expected total workload was reduced by 90%. We comply with RiliBÄK and the requirements for certification with that and in addition now have access to the QM documents at all times and a good overview of revised QM documents."

NEXUS / REFERENCE FILE

Mobility in using NEXUS / HIS: This is one of the core demands of doctors and nursing when hospital information system software is introduced. NEXUS expanded its offer of mobile solutions last year and now provides a NEXUS / REFERENCE FILE based on the iPad from Apple in addition to "bedside solutions" and "tablet pc". Doctors and nurses can use the reference file, a summarized depiction of the patient file, at visits or in discussions to obtain information about patients quickly.

NEXUS / PSYCH-OPS: Support for OPS Encoding

Procedures have also been encoded in OPS (operation and procedures code) in psychiatry since 1 January 2010. Data will be recorded, and flat-rate fees and their "financial value" will be calculated until the end of 2012. Starting in 2013, hospital financing in psychiatry will be completely according to the DRG system, as it has already been customary in somatic areas for years. NEXUS already presented a new module for OPS generation to the market at the beginning of 2010. The unique feature: OPS codes are deduced automatically from the therapy documentation according to the catalog 2010. This ensures that NEXUS / HIS customers can also bill psychiatric services properly in the future and that the work required for this remains slight.

FIBU.NET: Financial and cost accounting for NEXUS / HIS

The completely integrated financial accounting already introduced NEXUS / HIS in 2009 was enhanced both with respect to ergonomics and contents in 2010. Today, we provide our solution with integrated cost accounting and standard management evaluation, e.g., for DRG final costing, cost carrier statistics and material consumption analyses. NEXUS / FIBU has already been realized in the NEXUS New Generation-Technology and is certainly among the most modern financial accounting programs specifically for the heatlhcare market. We optimized the interface further with respect to ergonomics last year and simplified accounting work considerably via new functions.

Bedside Management: NEXUS / HIS integrated in a multimedia terminal

In collaboration with the market leader in communication solutions in hospitals, Ackermann Company, NEXUS provides integration of NEXUS / HIS on a multimedia terminal directly a bedside. The functions of a hospital information system and a nurse calling system are combined in a modern form here. Many functions of NEXUS / HIS can be called directly on the terminal, e.g., recording patient vital data, nursing guidelines or information for patients about procedures. At the same time, video on demand, Internet access and telephone services can be used on the terminal. This is a decisive advantage for doctors and nurses. The patient file can be viewed directly at a bedside, diagnoses can be retrieved and an entry medium is available at the same time: This is a step into the mobility of hospital applications.

NEXUS / PDMS: Equipment integration in intensive care medicine

A PDMS can no longer be an isolated solution today, but instead must be integrated into the hospital information system with respect to functionality and ergonomics. NEXUS has recognized this requirement and completed the NEXUS / PDMS as an integral component of NEXUS / HIS last year. This has made it possible to realize the complete range of functions, which are required in an intensive care ward, directly with the tools of the HIS, including equipment connections. NEXUS uses the data concentrator for this, which is the central unit for connecting equipment in NEXUS / PDMS. Interfaces to more than 450 devices and automatic detection technology simplify connecting intensive care equipment and enable fast and inexpensive installation. The special feature in NEXUS / PDMS is in depicting processes in intensive care medicine. All processes, for example:

- Drug prescriptions
- Care process planning
- Recording services
- Billing
- Display of patient charts

have been implemented using the standard module of the NEXUS / HIS solution. The advantage is that doctors and nurses can find what they want more easily, because the same applications are used on wards and in intensive care. Access to the patient chart is retained when a patient is moved from intensive care. NEXUS has broken down the wall between intensive care solutions and HIS with this innovative approach. This is something that customers are already honoring.

We are convinced that we are fulfilling the needs of users with the enhancements in the new NEXUS / HIS. The successes of this module in the first months confirm this.

NEXUS / PDMS shows all important patient information very clearly.

We maintain an overview with NEXUS of the enormous data volumes required by our institute size.

Uschi Horr Project Director for Introducing the Pathology Information System and Admin/Key User and Ralf Bassauer Admin/Key User
Pathology Institute of Heidelberg University

NEXUS at a Glance

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

Fields of Business
Healthcare Software: software solutions for hospitals, rehabilitation clinics and social welfare institutions, healthcare Service: IT consulting for the healthcare system

Subscribed capital
KEUR 14,171,150

Equity
KEUR 52,796

Number of employees
371 (31.12.2010)

WKN/ISIN Code
522090/DE 000 522090 9

Market segment
Prime Standard of the Frankfurt Securities Exchange

Healthcare Software

+ Software solutions for hospitals, rehabilitation clinics and social welfare institutions

+ Hospital Information Systems – Complete Hospital Solutions
+ Diagnostic information system – ward/department solutions
+ Quality management- solutions – software for QM and certifications

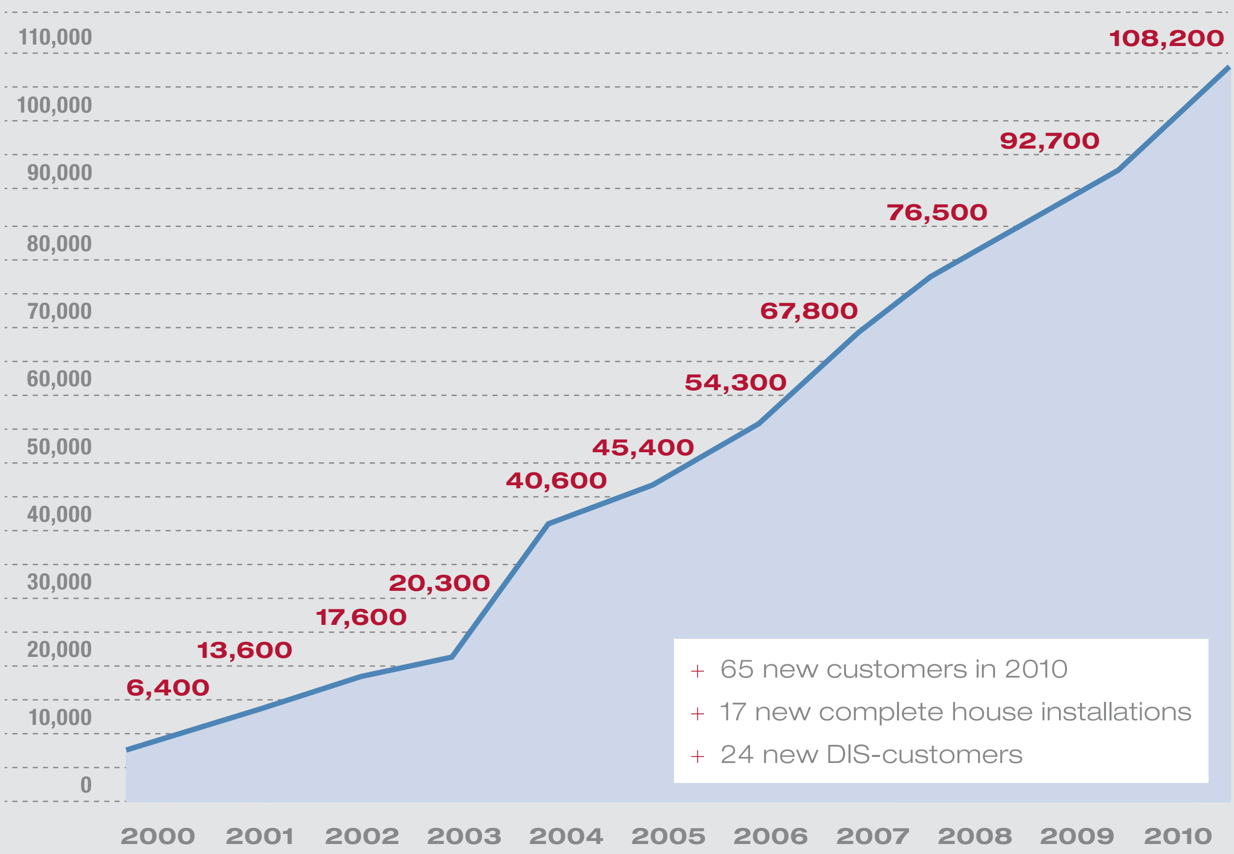
Healthcare Service

+ IT consulting for the healthcare system

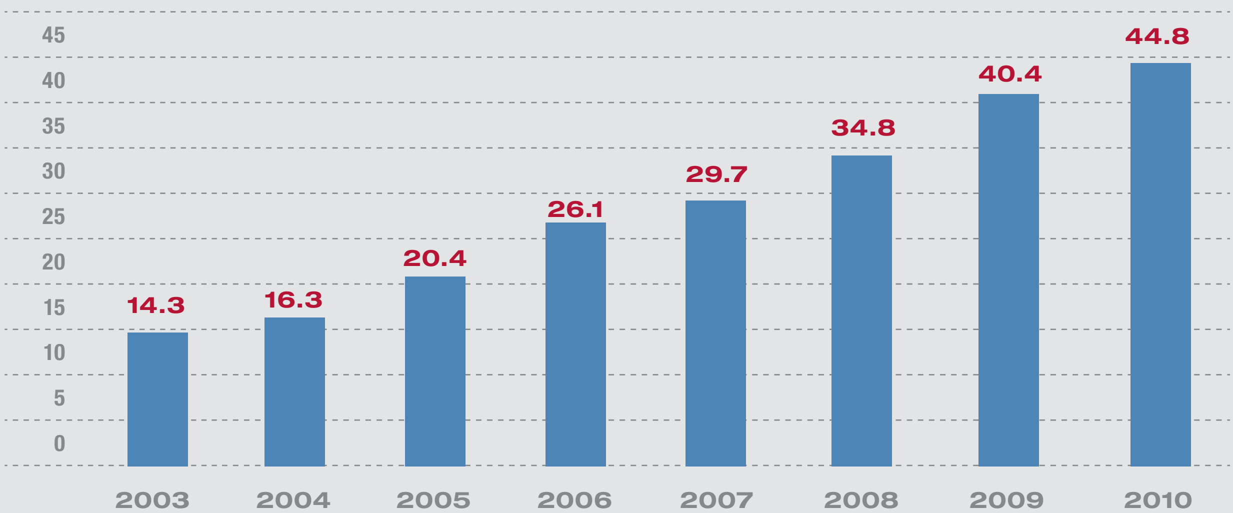
+ Services for the healthcare system
+ Outsourcing / computing center solutions
+ Individual hardware solutions for NEXUS applications
+ SAP-Channel-Partner

NEXUS-Management-Team

Number of users of NEXUS Information systems



Sales 2003 – 2010



Finance and Event Schedule

02/02/2011
Small & Mid Cap Conference, Frankfurt (Germany)

05 /23/2011
Quarterly Report Q1/2011

06/01/2011
General Stockholders Meeting
11.00 Uhr, Haus der Wirtschaft, Stuttgart (Germany)

08/22/2011
Half Year Report 2011

11/07/2011
Quarterly Report Q3/2011

11/21–11/23/2011
German Equity Forum, Frankfurt (Germany)

Trade Fairs and Congresses

04/05–04/07/2011
conhIT, Berlin (Germany)

06/01–06/04/2011
Deutscher Röntgenkongress, Hamburg (Germany)

06/16–06/19/2011
Jahrestagung Pathologie, Leipzig (Germany)

09/21–09/22/2011
eHealthCare, Nottwil (CH) (Switzerland)

09/23–09/24/2011
KTQ-Forum, Berlin (Germany)

11/16–11/19/2011
MEDICA, Düsseldorf (Germany)

11/23–11/26/2011
DGPPN-Kongress, Berlin (Germany)

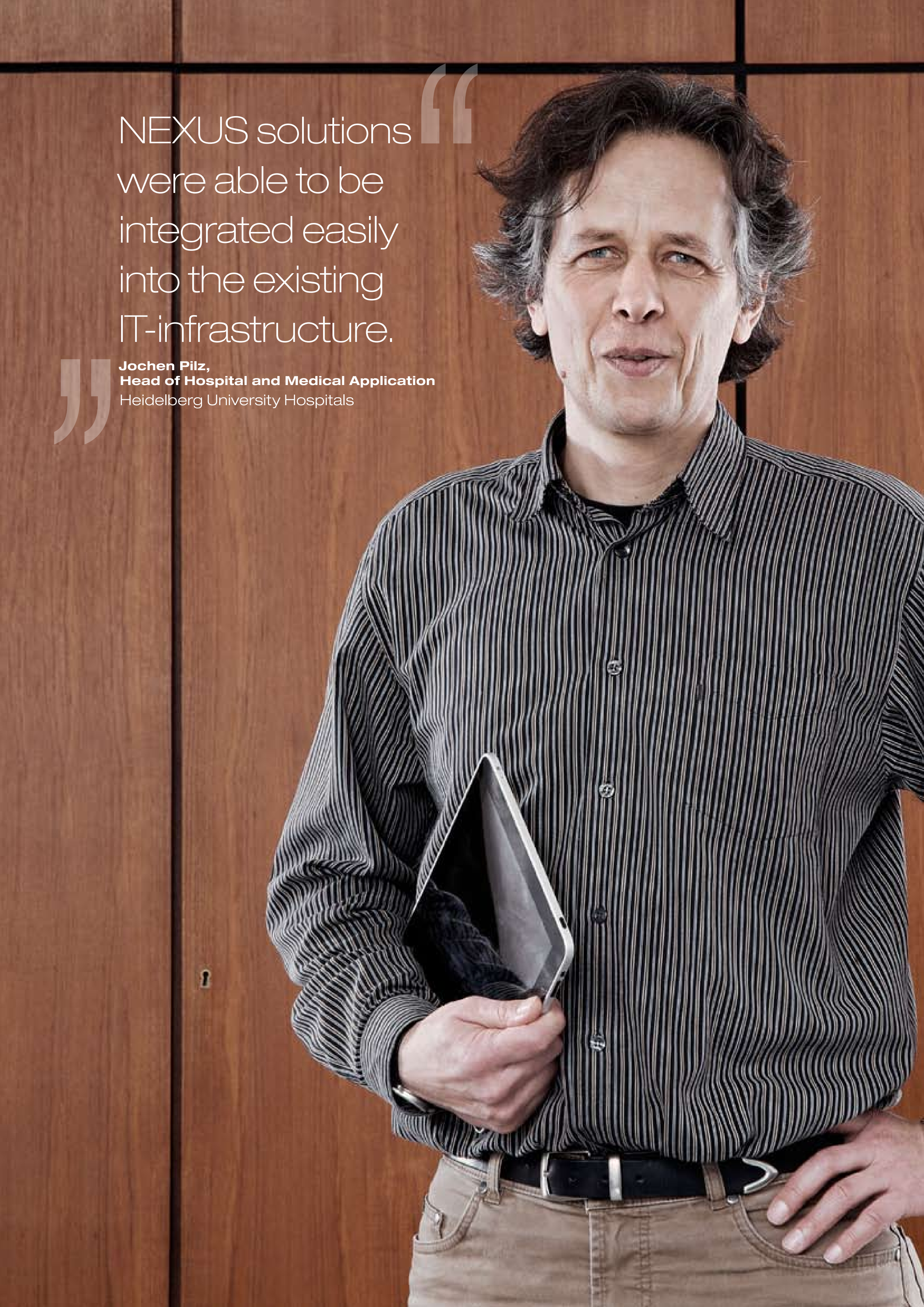
Simon Holzer / Investor Relations

Investor Relations

Active communication with our stockholders, potential investors, analysts and the finance market are the focal point of our investor relation activities. We continually inform all market participation promptly and comprehensively via press releases and ad hoc announcements as well as the mandatory quarterly, semi-annual and annual financial reports. In addition, we cultivate intensive dialog with institutional investors and finance analysts via telephone conferences and one-on-one meetings and on roadshows.
Our homepage provides a precise overview of current measures and the schedules. We publish our business figures soon after each ended reporting period. In addition, our investor relations staff is of course available as a contact partner to provide information to you.

Performance 2010 (Frankfurt Stock Exchange closing prices for the NEXUS share)

PERFORMANCE (FRANKFURT STOCK EXCHANGE CLOSING PRICES FOR THE NEXUS SHARE)	12/31/2010	12/31/2009	12/31/2008	12/31/2007
High	4.70	3.89	3.25	4.24
Low	2.83	1.86	1.39	2.79
Market Capitalization (year end in million KEUR)	63.59	46.25	21.54	43.49
Result per share in KEUR (average)	0.25	0.15	0.11	0.08



„NEXUS solutions were able to be integrated easily into the existing IT-infrastructure."

Jochen Pilz,
Head of Hospital and Medical Application
Heidelberg University Hospitals

Overview of NEXUS solutions

NEXUS / HIS
Complete information system for somatic hospitals.

NEXUS / PSYCHIATRY
Complete information system for psychiatric hospitals.

CLINIC MANAGEMENT
This covers processes of hospital management such as accounting and controlling as well as administration.

+ NEXUS / INVOICING
+ NEXUS / FINANCIAL ACCOUNTING
+ NEXUS / INFORMATION STORE
+ NEXUS / MATERIALS MANAGEMENT

CASE MANAGEMENT
Processcoordination of clinical cases including patient management, administration and biling.

+ NEXUS / PATIENT MANAGEMENT
+ NEXUS / DDC
  Activity recording central, local or automated.
+ NEXUS / PSYCH-OPS

WORKFLOW MANAGEMENT
Controls the complete process of communicating findings.

+ NEXUS / AGREEMENT MANAGEMENT
+ NEXUS / CASEMAPS
+ NEXUS / CLEAN
+ NEXUS / DIGITAL SPEECH SOLUTION
+ NEXUS / DOCUMENT CONTROL
+ NEXUS / EMERGENCY
+ NEXUS / LABORATORY SOP
+ NEXUS / MEDICATION
+ NEXUS / MEDOFFICE
+ NEXUS / REFERENCE FILE
+ NEXUS / RISK MANAGEMENT
+ NEXUS / SCHEDULER
+ NEXUS / WORKFLOW

NEXUS / DIS
Special solutions for all wards and offices in hospitals from planning to equipment integration and all the way to documentation. Available as a stand-alone or diagnostic system.

+ NEXUS / BRACHYTHERAPY
+ NEXUS / CARDIOLOGY
+ NEXUS / CYTOLOGY
+ NEXUS / DENTAL
+ NEXUS / DIGITAL IMAGING
+ NEXUS / GERIATRICS
+ NEXUS / GYNECOLOGY
+ NEXUS / INTENSIVE
+ NEXUS / NEONATOLOGY
+ NEXUS / OBSTETRICS
+ NEXUS / OPERATION THEATER AND ANESTHESIA
+ NEXUS / PATHOLOGY
+ NEXUS / PSYCHIATRY
+ NEXUS / RADIOLOGY (RIS / PACS)
+ NEXUS / RADIOONCOLOGY

QUALITY MANAGEMENT
A knowledge database and an assessment-solution as tool set for quality management and -assurance according to established procedures (i.e.: KTQ, EFQM, proCumCert, BQS).

+ NEXUS / CURATOR
+ NEXUS / QM-CONSULTING
+ NEXUS / HOLL
+ NEXUS / WEBZERT

NEXUS / ARCHIVING
Uniform archiving of all documents, pictures and films on the NEXUS / COMMSERVER.

NEXUS / IT
IT-Consulting and SAP-Partner for the Healthcare sector. With its own brand NEXUS / CERTIFIED SYSTEMS NEXUS offers proven and certified hardware and technical solutions for NEXUS-software.

NEXUS Healthcare Installations **Worldwide**

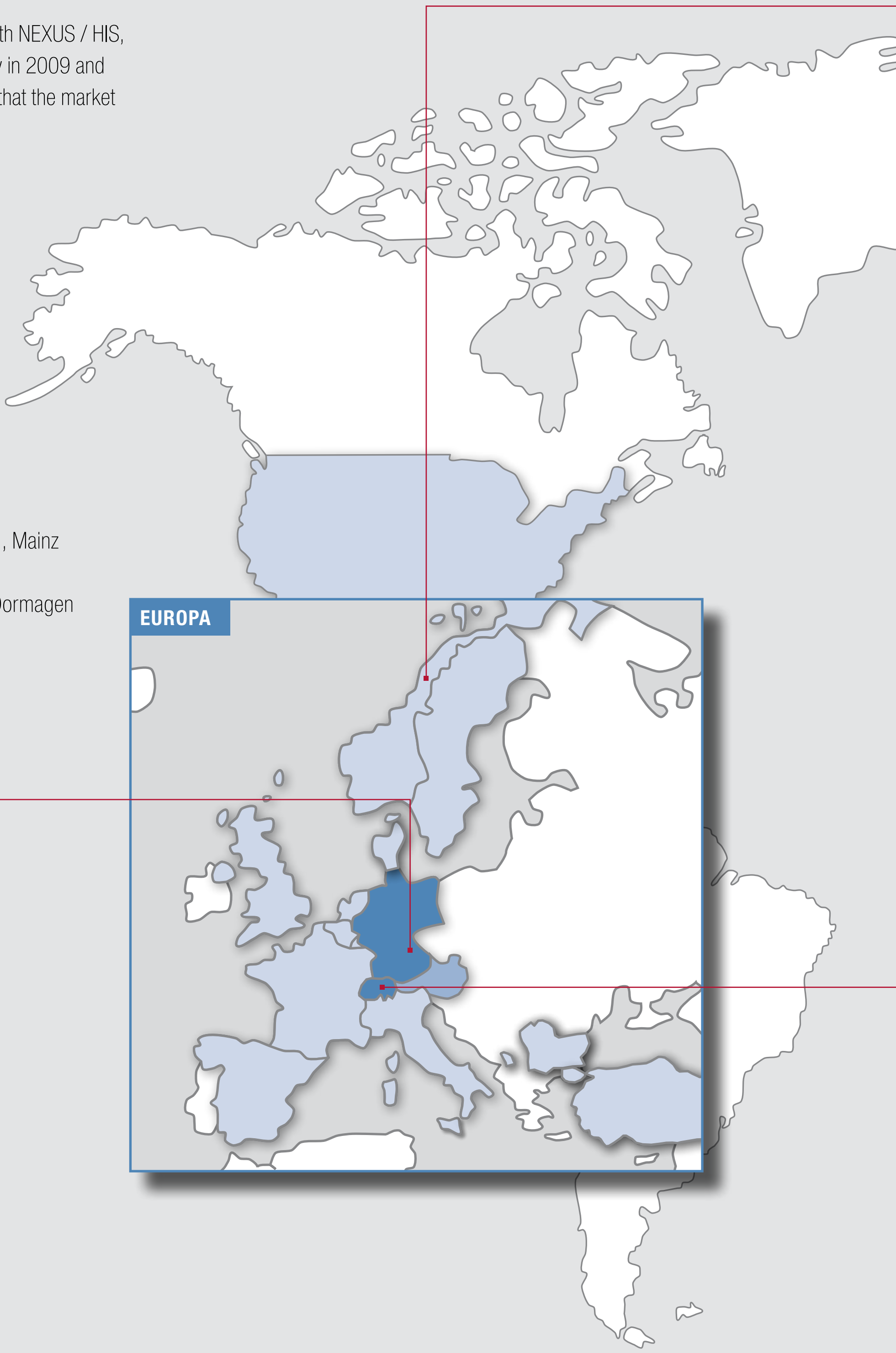
0 – 20 INSTALLATIONS 20 – 40 INSTALLATIONS 40 – 100 INSTALLATIONS

NEXUS in Germany and Austria – very successful 2010

NEXUS is an important supplier in these regions with NEXUS / HIS, NEXUS / DIS and NEXUS / QM systems. Especially in 2009 and 2010, we were able to win many new projects, so that the market share of NEXUS increased substantially last year.

Newest customers/projects:

+ Diakoniewerk, Zschadraß
+ Sonnenberg-Klinik, Stuttgart
+ Bundeswehrzentralkrankenhaus, Koblenz
+ Bundeswehrkrankenhaus, Hamburg
+ Bundeswehrkrankenhaus, Ulm
+ Bundeswehrkrankenhaus, Berlin
+ GPR Klinikum, Rüsselsheim
+ Friedrich von Bodelschwingh – Klinik, Berlin
+ Katholische Kliniken, Essen
+ Ortenau Klinik, Offenburg
+ Gesellschaft für Paritätische Sozialarbeit (GPS), Mainz
+ Vinzenz von Paul Hospital, Rottweil
+ Zentrum für Radiologie und Nuklearmedizin, Dormagen
+ Psychiatrisches Zentrum, Rickling
+ Diakonie-Klinikum, Stuttgart
+ Gesundheitszentrum, Treuchtlingen
+ Klinikum, Bad Salzungen
+ Otto Wagner Spital, Wien (A)



NEXUS in Europe –

special solutions for innovative customers

NEXUS is also active in markets outside of Germany, Austria and Switzerland in the environment of diagnostics. Innovative customers bet on NEXUS solutions in many countries.

Newest customers/projects:

+ Sykehusset Innlandet, Gjøvik (NO)
+ Rikshospitalet, Oslo (NO)
+ St. Olavs Hospital, Trondheim (NO)
+ Hospital Clinico Universitario de Valladolid, Valladolid (ES)
+ AZ Ziekenhuis St.-Dimpna, Geel (BE)
+ Centre Hospitalier de Mouscron, Mouscron (BE)

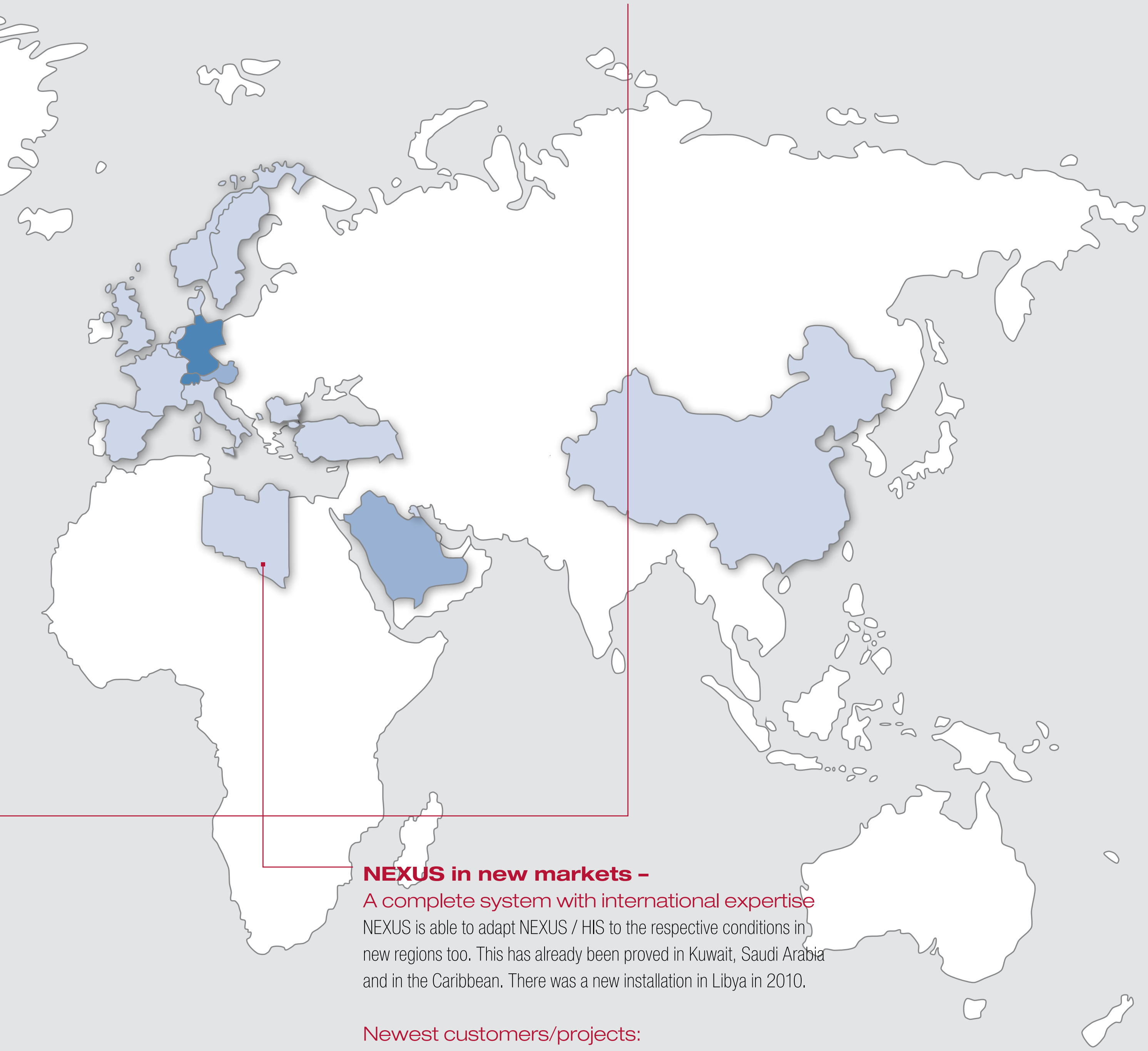
NEXUS in Switzerland

Market leader with innovation offensive

NEXUS is the market leader with more than 100 regular customers on the Swiss market. The innovation offensive of 2010 is being continued in 2011. Topics such as SwissDRG, budgeting and MIS are the focal point.

Newest customers/projects:

+ Kantonsspital Liestal, Liestal (CH)
+ Hôpital fribourgeois, Fribourg (CH)
+ Hôpital Psychiatrique Cantonal de Marsens, Marsens (CH)
+ Spital STS AG, Thun (CH)
+ See-Spital, Horgen (CH)



NEXUS in new markets –

A complete system with international expertise

NEXUS is able to adapt NEXUS / HIS to the respective conditions in new regions too. This has already been proved in Kuwait, Saudi Arabia and in the Caribbean. There was a new installation in Libya in 2010.

Newest customers/projects:

+ BMC – Benghazi Medical Center, Libyen (LY)

Report
of the Supervisory Board

The Supervisory Board was informed promptly 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 in the business year 2010. 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. In addition, the Chairperson of the Supervisory Board as well as his deputy were informed about the course of business at regular intervals.

The Supervisory Board dealt in depth the topic of "Corporate Governance" in its session on 11 December 2010, especially with the German Corporate Governance Code. 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 corresponding declaration is published in the Internet at www.nexus-ag.de.

In the four sessions during the business year, the Supervisory Board dealt above all with the current business situation, further strategic development as well as possible and current company acquisitions. The chances and risks of acquisition candidates were discussed intensively and negotiations were supported actively. Other focal topics are the organizational and market-conform orientation, further development of technology and marketing for the product range as well as the further internationalization of the company. The composition of the Supervisory Board did not change in 2010 due to the respectively running terms of office. The Supervisory Board members are still Dr. Hans-Joachim König, Prof. Dr. Ulrich Krystek, Wolfgang Dörflinger, Prof Dr. Alexander Pocsay, Erwin Hauser and Matthias Gaebler. None of the Supervisory Board members was absent at more than half of the Supervisory Board meetings.

The Auditing Committee created by the Supervisory Board met once in the business year 2010. The Human Resources Committee created by the Supervisory Board did not convene in the business year 2010. The Supervisory Board did not create other committees.

The Annual Financial Statement drawn up by the Executive Board of NEXUS AG, the Status Report, the Group Financial Statement and Group Status Report for the business year 2010 were audited with inclusion of the accounting of HHS Hellinger Hahnemann Schulte-Gross GmbH, Auditing Company, Stuttgart. The auditors did not raise any objections and confirmed this in an unrestricted audit certificate. The Annual Financial Statement documents and the auditing report were submitted to the Supervisory Board on time; it checked them thoroughly and discussed them in detail in the meeting of the Auditing Committee and the Supervisory Board of 23 March 2010. The auditor also took

Dr. Hans-Joachim König / Chairperson

part in the financial audit committee meeting and in the meeting on 23 March 2010 of the Supervisory Board, and the auditor reported about the essential results of the audit and answered any questions.

On the basis of the check of the Audit Committee and its own audit, the Supervisory Board approved the result of the check of the audit with a resolution of 23 March 2010. No objections were raised following the final result of the check by the financial audit committee and the check by the Supervisory Board. The Supervisory Board assessed and approved the Annual Financial Statement and the Status Report drawn up by the Executive Board, the Group Financial Statement and Group Status Report as of 23 December 2011.
The Supervisory Board would like to thank the staff and the Executive Board of the company for their work and their high degree of personal dedication to the NEXUS AG and all associated companies.
The Supervisory Board would also like to express its congratulations for another successful business year in 2010.

Villingen-Schwenningen, den 27. März 2011
The Supervisory Board

Dr. Hans-Joachim König

Chairperson

Annual stockholders meeting 2010– NEXUS AG

Group Management Report 2010

DEPICTION OF THE GROUP AND THE COURSE OF BUSINESS

1. Development of NEXUS Group in the Overall Economic and Industry Environment

NEXUS is a supplier of IT solutions for hospitals and specialist clinics. With the product groups

- NEXUS / HIS: Complete information system for somatic hospitals
- NEXUS / PSYCHIATRY: Complete information system for psychiatric institutions
- NEXUS / RADIOLOGY: Radiology information (RIS) and diagnosing system (PACS) for radiology wards and offices
- NEXUS / GYNECOLOGY: Information system for obstetric institutes and gynecology
- NEXUS / DIS: Interdisciplinary diagnostic information system
- NEXUS / HOSPIS: Complete administration information system for Swiss hospitals
- NEXUS / PATHOLOGY: Information system for pathology and cytology institutes
- NEXUS / QM: Information system for quality management in the healthcare system
- NEXUS / INFORMATION STORE: Management information systems for hospitals
- NEXUS / CCC: Services and hotline for customers
- NEXUS / IT: Outsourcing / services and SAP partner in the healthcare system

IT solutions for problems of customers in the healthcare area are adapted and specific processes are depicted as well as specific services provided. The software architecture is modular, open and service-oriented. The service orientation of the products makes it possible to integrate functionalities (services), especially into third-party products. In this way, regular customers of newly acquired companies can profit directly from additional functions.

The various modules of the software solution are used for improving administration processes, billing processes and course of treatments as well as for optimizing the quality of the documentation of patient data. The goal of our products is to offer tools to our customers in the healthcare system, with which they can digitalize, accelerate and improve the quality of their business processes. IT services round out the performance range.

NEXUS Group is represented at the sites Villingen-Schwenningen, Ismaning, Jena, Frankfurt (Main), Berlin, Hanover, Singen (Hohentwiel), Oberhausen, Schwerzenbach (CH), Kreuzlingen (CH), Basel (CH), Baar (CH), Vienna (A), Bologna (I) and Riyadh (KSA). NEXUS AG sets the decisive strategic orientation of the Group.

NEXUS sells mainly to customers in the public healthcare system domestically and abroad with focus on Germany and Switzerland. Consequently, the number of orders is strongly dependent on the developments of budgets in the healthcare system, especially in these two countries, and structural changes in hospitals in addition to the competitive situation. NEXUS AG weathered the global financial and economic crisis in 2009 well and could profit from the general economic recovery in 2010. However, the further effects of this current boost to business of NEXUS AG cannot be assessed definitely, because the framework conditions – especially the development of government budgets in the respective countries – can change very quickly. Independent of that, the topic of digitalization in the healthcare sector remains the focus of the respective national interests.

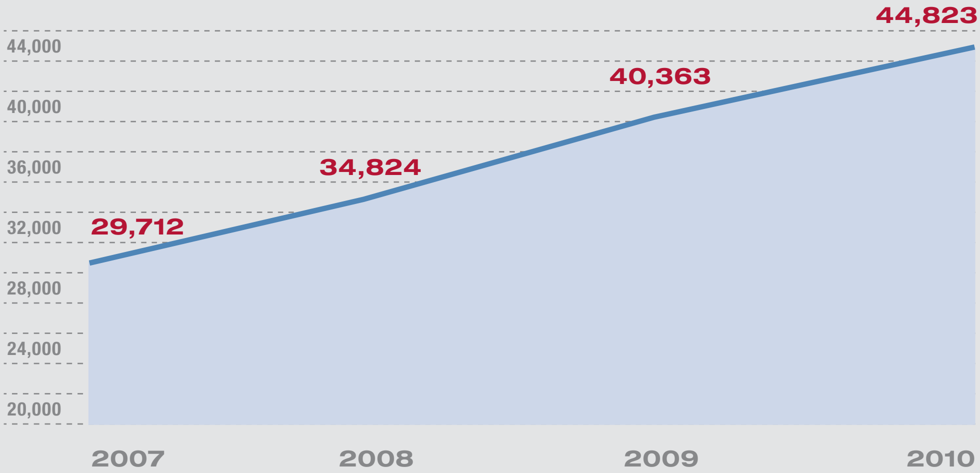
Industry trends

There are currently a number of new developments, which will set the course for the future in the software industry:

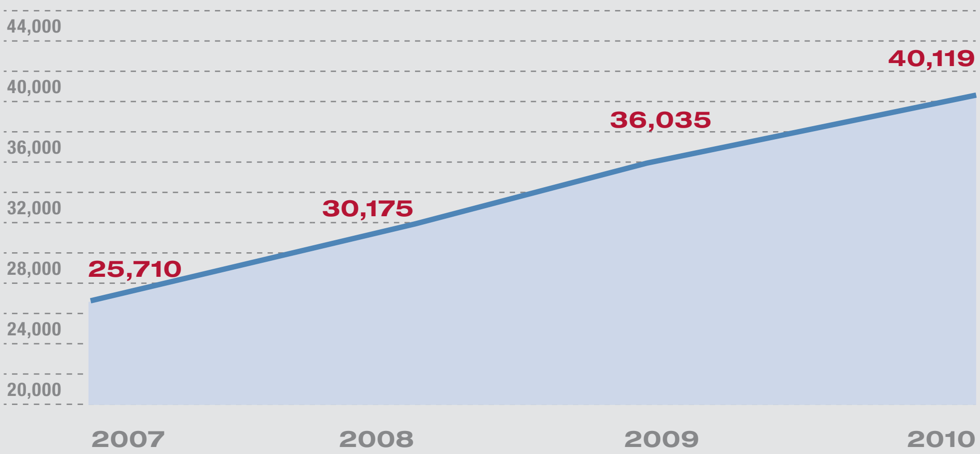
A. Trend switch Cloud Computing: Cloud Computing seems to have been the most important trend in 2010. The term usually denotes established services such as “managed services”. In the area of IT security, every third company contracts this to third parties and often in cloud with that. Managed security services were also a decisive growth field in 2011. The trend in cloud computing is still a controversial issue. The reason for the lack of consensus is that the cloudy term “cloud computing” has many differing definitions and concepts. Analysts, suppliers and users cannot agree and use the term differently to market their offers. Consequently, this term is used to denote many established concepts such as outsourcing, managed services and software as a service.

B. Trend switch to mobility: The considerable increase in use of mobile terminals and the associated adaptation of software applications have been essential developments of recent times. This also includes the

Sales in KEUR +11.0%



Sales Healthcare Software Division in KEUR +11.3%



EBITDA in KEUR +24.4%

coalescence of mobile applications and the Internet. The central question of the future operating system plays a significant role for software companies. The change of user prompting (keyword: apps) associated with mobile applications is decisive for planning future software interfaces.

C. Trend switch to individualism: The Internet is changing the business models of software companies further. The trends to social networking as well as the individualization of applications can be observed increasingly. At the same time, it must be noted that most decisions of IT decision-makers are made according to their own preferences. The market research company Gartner states that rational decisions play a role in fewer than half of the decisions.

D. Trend switch to SOA/SaaS: Service-Oriented Architectures (SOA) with a high degree of networking already penetrated 80 percent of the market by 2010. This will increasingly be the case for critical business applications too. It must thereby be noted that applications have to satisfy very finely differentiated needs. Software as a Service (SaaS) and other collaborative solutions increase the desire for more services. This applies to the complete IT market: to clients, providers, investors, businessmen, IT pros and consumers.

E. Trend switch to market concentration: The market research institute Gartner confirms the opinion that market power will be concentrated in increasingly fewer and thereby increasingly powerful system suppliers of software. These mega-suppliers support a wide range of various systems and consequently affect and influence customer expenditures in numerous markets.

Outlook: Software innovations will also remain the dominating topic in the healthcare system over the coming years. The next years will remain characterized by current interests of customers for inexpensive software and large suppliers, who want to provide everything from one source. Software customers will want to counter this contradiction with differing strategies. Increased orientation to cloud computing as an operating concept will play a role just as great as the increasing standardization of software and the introduction of new forms of user prompting.

Sales and market development

The year 2010 was very successful for NEXUS with respect to the number of orders received. With 65 new customers for the Group overall, NEXUS has again positioned itself very well in new business. This applies especially to the German and Swiss markets, while one project was acquired in countries outside of Europe. In the area of complete systems, 17 new hospitals and psychiatric institutions decided in favor or our NEXUS / HIS. We had 24 new customers in the area of diagnostic systems. Our new contracts in the quality management as well as in the area of management information systems are to be emphasized here. We were able to sign up 20 new customers in this area.

Production and company integration

Activities in subareas were reorganized in the NEXUS Group in 2010. The newly created product area NEXUS / CSO started operation and is taking over the essential share of the customer business of NEXUS AG. The company links the international activities of the NEXUS Group in the area of hospital Information systems and is responsible for projects with a strong special development character on the German market.

NEXUS / CCC GmbH was also relaunched on the market with the changing of the name of NEXUS . IT GmbH SÜDWEST in 2010 and is responsible for expanding the service activities of NEXUS Group. The organization in the direction of divisions was developed further, and the central areas of marketing and development were reorganized. NEXUS AG itself is taking more of a holding function and is responsible for central functions such as accounting and marketing as well as development.

NEXUS AG acquired 90% of the shares of the Swiss company Flexreport AG, Baar (CH) on 23 July 2010. There is an option for the remaining 10%. The purchase essentially serves for technology enhancement in the Group and for securing our market position in Switzerland. The approx. 20 employees at the Baar site also contribute substantial expertise in this area and are a meaningful and welcome enhancement to our staff.

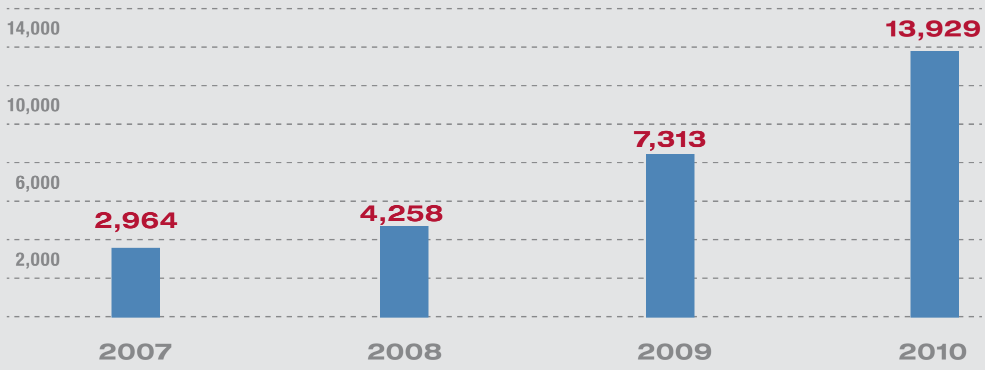
Growth and improvement in performance

With sales of KEUR 44.8 million, NEXUS AG surpassed its previous year's sales of KEUR 40.4 million by a considerable amount. The result before taxes increased from KEUR 2.2 million in the previous year to KEUR 3.3 million.
Thanks to numerous new orders and operation startup of new projects, NEXUS expanded its market position further.

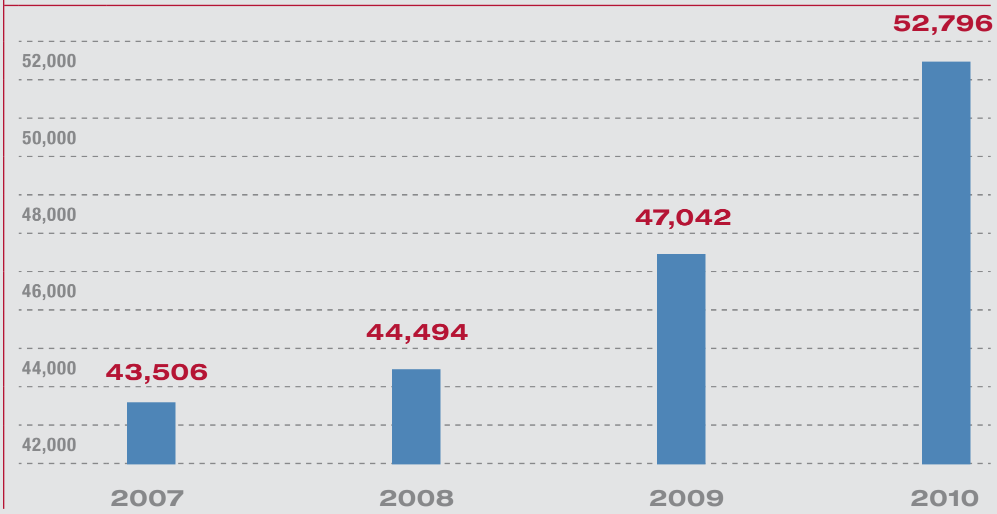
The sales focus of NEXUS in 2010 remained in the Healthcare Software Division. In comparison to 2009, the division again achieved a substantial increase in sales. Our international business in the Healthcare Software area increased to 44.2% (previous year: 39.5%) of total sales in 2010. Our activities in Switzerland, Austria, Arabian countries as well as other European and non-European countries remain an essential component of our business. The Healthcare Service Division also improved its sales figures and result compared to the previous year. The increasing concentration of the division on service business produced positive effects there.
Our growth and revenue situation were steered based on the key figures in sales, personnel and EBIT in the short-term income statement of the group subsidiaries.

Result of the period before tax in KEUR +48.2%

Cash Flow from operating activity in KEUR +90.5%



Equity capital in KEUR +12.2%



Product Development

The year 2010 was marked by developments of new modules for "NEXUS / HIS" and the development of "NEXUS New Generation". Substantial resources were also invested in development and further development of new medical software components (NEXUS / DIS), for example, the intensive care module, the new radiology and the new obstetrics and gynecology solution. The further development of the solution for all the hospitals of St. Gallen Canton was also a decisive development in 2010. Our development of international accounting is also significant; this is a product that provides substantial advantages for the complete Group.

2. Assets, Finances and Profit Situation

The NEXUS Group had consolidated sales of KEUR 44,823 in 2010 following KEUR 40,363 in 2009. This represents an increase in sales of KEUR 4,460 (+11.0%).

The EBITDA 2010 was KEUR 9,449 following KEUR 7,596 in 2009 (+24.4%). As a result, NEXUS AG has improved the EBITDA for the tenth year in succession on an annual basis. However, higher revenues are the main reason for the result improvement, especially in the product areas of NEXUS / CIS and NEXUS / DIS.

The period result before taxes (EBT) for the year improved from KEUR 2,232 in the previous year to KEUR 3,308 (+48.2%). Write-offs of securities due to continual decreases in value affected the result negatively with KEUR 611. This concerns money market bonds and pension funds, whose rates did not recover fully in 2010 from the financial crisis.

The period result before taxes also improved considerably from the previous year (KEUR 2,103) to KEUR 3,538 (+68.2%). Thanks to the positive development of earnings in almost all companies of the NEXUS Group, a positive tax yield results as of the balance sheet date due to additional capitalization of taxable losses carried forward not used yet.

The segment results also developed positively. The Healthcare Software Division achieved a result of KEUR 2,946 before taxes and interest (EBIT) following an EBIT of KEUR 1,448 in the previous year. The development of results at Schweiz GmbH contributed substantially to this development. The Healthcare Service Division increased its result before taxes and interest from KEUR 724 in the previous year to KEUR 784 in 2010.

Goodwill and company values in the amount of KEUR 12,793 (previous year: KEUR 11,642) have maintained their value completely as of the balance sheet cut-off date according to our performed impairment tests. For the other intangible assets in the amount of KEUR 17,044 (previous year: KEUR 16,629), which are composed mainly of our own developments as well as acquired technology and customer base, there were no indications of value reductions in 2010. Intangible assets including goodwill currently amount to KEUR 29,837 (previous year: KEUR 28,271) and thus represent 43.7% (previous year: 48.1%) of the balance sheet total.

The equity capital of NEXUS was KEUR 52,796 on the cut-off date following KEUR 47,042 in the previous year, which corresponds to an equity capital rate of 77.3% (previous year: 80.0%). The received down payments increased substantially compared to the previous year from KEUR 1,483 to KEUR 5,392. The main reason for this is attributable to customer down payments for software projects.

The amount of liquid funds including securities increased by KEUR 9,178 and was KEUR 20,697 as of 31 December 2010 (previous year: KEUR 11,519). This corresponds to 30.3% (previous year: 19.6%) of the balance sheet total. Fewer outstanding receivables from deliveries and services of approx. KEUR 977 as well as the increase of down payments cited above had a positive effect on cash assets.

The inflow and outflow of funds is shown in the cash flow statement. A cash flow from current business activities of KEUR 13,929 was generated in 2010 following KEUR 7,313 the business year 2009 (+90.5%). The cash flow from investment activities before incoming payments from sales of securities was KEUR 4,988 (previous year: KEUR 5,864). Investments in our development services are especially reflected in this. No liquid funds (previous year: KEUR 3,770) were generated from outflows of securities. No loans were to be repaid anymore in the area of financing transactions (previous year: KEUR 30).

General statement about the condition of the group

NEXUS Group has an attractive product program and stable customer relations. Current growth plans can be achieved with our cash assets on hand and our existing capital base.

3. Course of Business of the Company Divisions

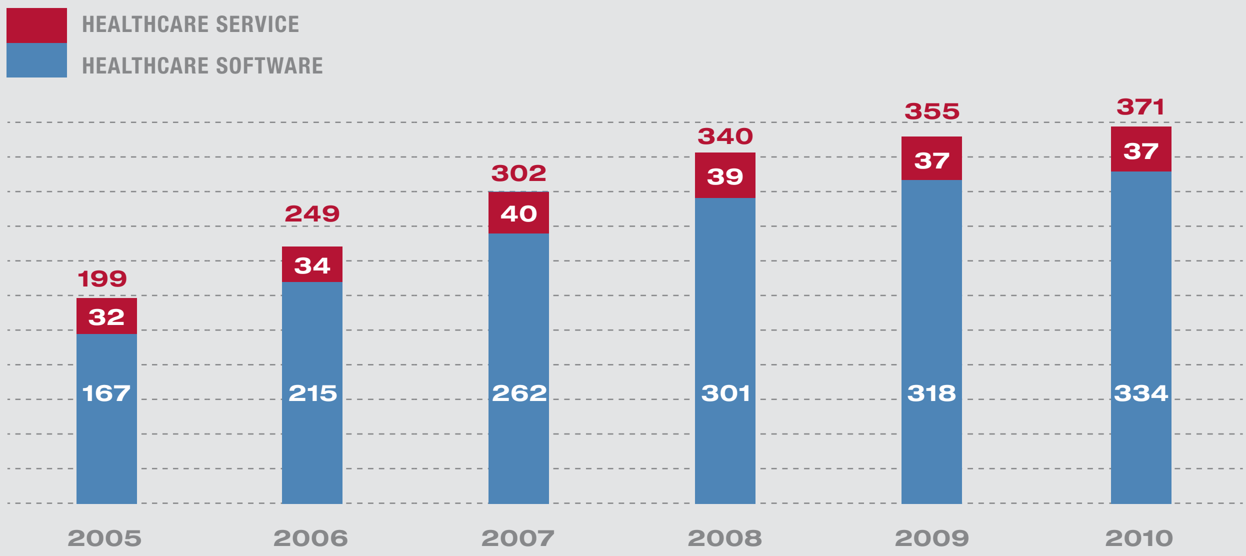
Health Care Software Division: Continued Growth and New Orders

The Healthcare Software Division provides software products, which we created, on the international market for institutions in the health care sector. This division achieved sales of KEUR 40,119 in 2010 following KEUR 36,035 in the previous year. This represents an increase of 11.3%. The growth of this sector is especially the result of the good order situation of the area of hospital information systems (NEXUS / HIS).

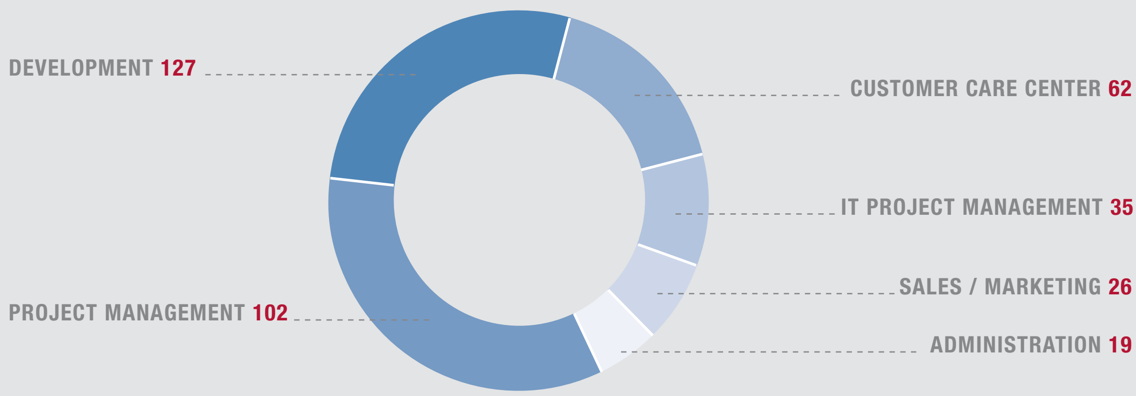
Healthcare Service Division: Continual Build-Up of Business

The Healthcare Service Division provides IT services for institutions in the healthcare system in Germany. This division achieved (external) sales of KEUR 4,704 in 2009 following KEUR 4,328 in the 2008 (+8.7%),

Number of employees
Each on December 31st



Structure of employees



*including Executive Board

4. Personnel Developments

Competition for talented people in the market of hospital information systems is already a tradition. In this area dependent on knowledge, in which medical knowledge is combined with informatics to create customer-oriented solutions, the success of development projects often depends on the knowledge and education of individuals. Consequently, NEXUS puts a great deal of value on efficient management of human resources.

The number of employees and their structure at NEXUS has again increased due to a company acquisition. While there were 355 employees in the previous year on the cut-off date of 31 December 2010, there are now 371 people employed in the NEXUS Group.

5. Investments / Acquisitions

The most important investment in 2010 was the acquisition of Flexreport AG. NEXUS purchased 90% of Flexreport AG, Baar (Switzerland) as of 30 July 2010. The purchase price was paid in NEXUS stocks. A total of 280,000 shares were issued valued at KEUR 1,064. The company develops and markets a management information system for hospitals, which integrates well into the existing application world of NEXUS. The purchase essentially serves for technology enhancement in the Group and for securing our market position in Switzerland. Initial including of Flexreport AG acquired in 2010 results in sales with third parties of KEUR 259 as well as a sales contribution to the period result of KEUR 20.

6. Development Services

Capitalized development costs increased by 7.4% compared to the previous year to KEUR 4,365 (previous year: KEUR 4,715). The developments capitalized in 2010 include performances, which were provided in connection with NEXUS new generation, the standard functions of the products NEXUS / HIS, the hospital information system for somatic hospitals, NEXUS / PSYCHIATRY, the complete system for psychiatric institutions, NEXUS / RADIOLOGY, the radiology information system and PACS (Picture Archiving System), NEXUS / GYNECOLOGY, the system for obstetrics and gynecology solutions, and in 2010 especially the NEXUS / HOSPIS product series. In the area of diagnostics in 2010, investments were especially made in the "New Generation Radiology Information System" and in the "PDMS".

Development investments of a total amount of approx. KEUR 4,500 are planned for the business year 2011. The Group does not conduct any research. A total of 127 people were employed in the development sector in the reporting year (previous year: 121).

7. Information about the Stocks, Stockholders and Organs of NEXUS AG, especially according to Section 315a Clause 4 of the Commercial Code

7.1 Composition of equity capital and securities market listing

NEXUS AG is listed on the Frankfurt securities market in Prime Standard under securities identification number (WKN) 522090. The subscribed capital in the amount of KEUR 14,171,150 is composed of 14,171,150 shares of common stock at the nominal accounting value of KEUR 1.00 each. Refer to the German Stock Corporation Law (subsection 8 ff AktG) for information about the rights and obligations with respect to the common stock.

7.2 Restrictions of the stocks

There are no restrictions affecting voting rights or transfer of stocks.

7.3 Direct or indirect shares of capital

The following direct and indirect shares in capital exceed 10 of one-hundred of the voting rights insofar as is known:

- Burkart Beteiligungen GmbH Singen: 17.55%
- Jupiter Technologie GmbH & Co. KGaA, Schwäbisch-Hall: 17.4%

7.4 Stockholders with special rights

There are no stockholders with special rights that grant control rights.

7.5 Type of Voting Right Control in the Case of Employee Participations

There is no separation between voting right and stock for the employees with capital shares. Employees can exercise control rights directly.

7.6 Naming and Dismissing Executive Board Members and Amendments to the Articles of Incorporation

More far-reaching bylaws for naming or dismissing Executive Board members do not exist other than the legally applicable ones. In addition, there are no essential bylaw provisions, which deviate from legal regulations and flexible regulations.

7.7 Rights of the Executive Board with respect to the Option of Issuing or Buying Back Stocks

Empowerment to purchase own stocks

The company is empowered to purchase its own stocks up to 1,380,520 individual share certificate in a calculated nominal value of KEUR 1.00 each. This empowerment is valid until 31 May 2015. The purchase is made according to the choice of the Executive Board via the securities market or via a public purchase offer directed to all stockholders. More than 10% of the capital stock may not be allotted of these shares purchased at any time after the empowerment, which are owned by the company or which are to be attributed to it according to subsection 71 a ff. of the German Stock Corporation Law (AktG). The company may not use this empowerment for the purpose of trading with its own stocks. The company can use this empowerment completely or in partial amounts once or several times, but this can also be done for the account by third parties.

If stocks are purchased directly via the securities market, the paid equivalent value per share (excluding incidental purchase costs) may not exceed the average price of the closing rates in XETRA trade (or a comparable follow-up system) at the Frankfurt/Main Securities Market for the stocks of the company during the last five stock market days before purchase of the stocks by more than 10% nor may they be more than 10% below these prices. If stocks are purchased directly via a public purchase offer (or public call to submit an offer) to all stockholders, the offered purchase price or the limit values of the offered purchase price rate per share (excluding incidental purchase costs) may not exceed the average price of the closing rates in XETRA trade (or a comparable follow-up system) at the Frankfurt/Main Securities Market for the stocks of the company during the last five stock market days before publication of the purchase offer by more than 10% nor may they be more than 10% below these prices.

The Executive Board is empowered to call in its own stocks purchased based on the granted empowerment with approval of the Supervisory Board and without a further resolution of the general stockholders' meeting. It is also empowered to offer the stocks purchased based on the granted empowerment with approval of the Supervisory Board to a third party within the context of company mergers or at purchase of companies or participating shares in companies. The subscription rights of stockholders to their own stocks are insofar excluded.

Authorized Capital

The Executive Board is empowered to increase the capital stock of the company in the period until 31 May 2015 with approval of the Supervisory Board one time or several times up to a total of KEUR 6,902,600.00 via issue of new no-par bearer stocks (individual share certificates) against cash and/or capital subscribed in kind.

(Authorized Capital) The new shares can also be issued to employees of the company or an affiliated company. The Executive Board shall decide about the conditions of the stock issue subject to approval by the Supervisory Board. A capital increase of KEUR 280,000.00 was carried out in the reporting year. Authorized capital in the amount of KEUR 6,622,600.00 existed on the balance sheet cut-off date.

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:

- For residual amounts
- For issue to employees of the company or an affiliated company
- For a capital increase against capital subscribed in kind for purchase of companies, company parts or shares in companies
- At capital increase against cash investment if the issue amount of the new shares does not fall substantially short of the already the listed price of shares already listed on the securities markets of the same class and same investment at the time of final determination of the issue amount by the Executive Board in the sense of Subsection 203 Clauses 1 and 2, 186 Clause 3 sentence 4 of the German Stock Corporation Law and the proportional amount of the capital stock for the new shares does not exceed 10% of the capital stock existing at the time of empowerment, for which the subscription right was excluded. At the maximum limit of 10% of the capital stock, shares of the capital stock are included in the calculation, which were sold during the term of approved capital with exclusion of the subscription right of stockholders pursuant to Subsection 71 Clause 1 No. 8 sentence 5, 186 Clause 3 sentence 4 of the German Stock Corporation Law, for which conversion rights or option rights or a conversion obligation or a option exercise obligation exists due to options and/or convertible debentures, which were issued since granting of this empowerment with exclusion of the subscription right pursuant to Section 221 Clause 4, 186 Clause 3 sentence of the German Stock Corporation Law.

The empowerment still amounts to EUR 6,622,600.00 after partial consumption via a capital increase in the amount of EUR 280,000.00 for non-cash investment of 90% of the shares in Flexreport AG, Baar (CH), in July 2010.

Subscribed capital

The Executive Board is empowered with approval of the Supervisory Board to issue up to 686,000 stock options with stock subscription rights for stocks of NEXUS AG within the framework of a stock option program. A total of up to 250,000 stock certificate options may be issued to members of the Executive Board of NEXUS AG, a total of up to 200,000 stock certificate options to members of management of affiliated companies and a total of up to 236,000 stock certificate options to employees of NEXUS AG and companies affiliated with it.

The stock options are solely intended for purchase by members of the Executive Board and employees of NEXUS AG as well as members of management and employees of associated companies of the Group according to Section 15 of the German Stock Corporation Law. This empowerment applies solely to the Supervisory Board for granting stock options to members of the Executive Board. The granting of stock options is only permitted within four weeks after the day of the normal general stockholders' meeting of NEXUS AG as well as four weeks respectively after the day of announcing the results of the 2nd and 3rd quarters. The Executive Board is also empowered – subject to approval by the Supervisory Board – to decide about the further details of option conditions as well as the issuing and conditions of stock options.

Insofar as members of the Executive Board of NEXUS AG are affected the Supervisory Board sets the further details of option conditions as well as the issuing and conditions of stock options:

The capital stock is conditionally increased by the performance of the stock option program by a further KEUR 686,000.00 via issue of up to 686,000 registered share certificates. The conditional capital increase is only granted insofar as bearers of stock options, which were issued by the company within the framework of the stock option program 2006 due to the empowerment resolution of the general stockholders meeting of 19 June 2006, exercise their options by 30 May 2011 and the company does not concede its own stocks in fulfillment of the options.

A total of 395,000 subscription rights were issued in AOP 2006. Of that, 85,950 subscription rights were exercise in November 2010. The remaining stock options can no longer be exercised until expiration of the AOP 2006 on 30 May 2011.

7.8 Essential agreements, which are subject to a control change due to a takeover offer

There are no essential agreements of the company, which are subject to a control change due to a takeover offer.

7.9 Compensation agreements

Compensation agreements of the company, which have been concluded with the members of the Executive Board or employees in the case of a takeover offer, do not exist.

8. Declaration about company management as well as compliance statement

The declaration about company management as well as compliance statement according to Section 161 of the German Stock Corporation Law (AktG) have been published at the company website at www.nexus-ag.de – Investor Relations – Corporate Governance.

9. Main Features of the Remuneration System for the Executive Board

The Supervisory Board of NEXUS AG sets the structure and amount of remuneration to the Executive Board members. The remuneration system for the Executive Boards is based on the principles of orientation to performance and result and is composed of a success-independent base payment as well as success-dependent components. Criteria for the appropriateness of the remuneration to each Executive Board member especially include the responsibilities of the respective Executive Board member, his personal performance, the economic situation, the success and future outlook of company under consideration of the market environment. In addition, the Group maintains a pecuniary loss insurance policy for its executive body members (i.e., a directors and officers liability insurance policy).

The success-independent base remuneration is composed of a fixed sum, paid in 12 monthly payments, and nonmonetary compensation, which equal the value of company car use in line with tax stipulations. For the employee pension scheme, the Group also makes payments into a life insurance policy and a pension fund.

The success-independent components include an annually recurring component linked to company success and a component with a long-term stimulus effect and risk character in the form of stock options. The components linked to company success are oriented to the EBIT of the NEXUS Group and achieved targeted values. You can find detailed information about the stock option plans in the appendix. No more stock options were issued to the Executive Board members on the balance sheet cut-off date.

The total remunerations of the Executive Board members are as follows in comparison to the previous year:

	2010	**2009**
	KEUR	**KEUR**
SALARY COMPONENTS		
Success-independent components	550	557
a) Services due in the short term	519	526
b) Benefits after termination of employment	31	31
Success-dependent components	320	320
TOTAL	**870**	**877**
Components with long-term incentive effect at current market value	0	0

Based on the resolution of the general stockholders meeting of 18 June 2007, no individualized information about the salaries of Executive Board members is provided in line with Section 286 Clause 5 of the German commercial code for the business years 2007 until 2011. There are no promises concerning compensation to Executive Board members in the case of leaving the board prematurely.

A loan in the amount of KEUR 250 was granted to an Executive Board member in 2008. KEUR 88 was repaid in the reporting year. As of 31 December 2010, the loan and interest amount to KEUR 105. Additional repayments are made annually in the amount of KEUR 40, on each 30 April. A final payment in the amount of EUR 52 will be due on 30 April 2012. The interest rate for the granted loan is 4% p.a. The interest payments are due on the redemption dates. No security was provided.

A loan in the amount of KEUR 51 was granted and paid to an Executive Board member newly appointed in the year previous to 2001. Another loan in the amount of KEUR 35 was also granted and paid out in 2002. Both loans were paid back completely in the reporting year. The interest rate for the granted loan was 5% in 2010.

10. Compensation of the Supervisory Board

The general stockholders meeting of NEXUS AG sets the structure and amount of remuneration to the Supervisory Board members; this is regulated in the bylaws of NEXUS AG. The remunerations are based on the tasks and responsibilities of the Supervisory Board members as well as on the business success of the Group. Every Supervisory Board member receives an annual payment, which is composed of fixed and variable amounts.
The fixed remuneration for the Supervisory Board chairperson is KEUR 15,000 and KEUR 11,000 for the other Supervisory Board members. In addition, result-dependent variable compensation is granted, which is maximum KEUR 15,000 for the Supervisory Board chairperson and maximum KEUR 5,000 for the other Supervisory Board members. The chairpersons in other committees are granted additional KEUR 1,000.

The overall remuneration of the Supervisory Board amounted to KEUR 85 (previous year: KEUR 63). In 2010, KEUR 5 (previous year: KEUR 0) are for former members. Based on the resolution of the general stockholders meeting of 18 June 2007, no individualized information about the salaries of Executive Board members is provided in line with Section 286 Clause 5 of the German commercial code for the business years 2007 until 2011.

In addition to their work in the Supervisory Board, the members of the Supervisory Board provide services themselves or via companies affiliated with them for the NEXUS AG and invoice them in line with customary market conditions. In 2010, the expenses for such service fees in the Group amounted to KEUR 92 (previous year: KEUR 30).

In addition, the Group maintains a pecuniary loss insurance policy for its executive body members (i.e., a directors and officers liability insurance policy).

11. Risk Management as well as Risk and Chance Reporting

NEXUS AG has implemented an appropriate internal monitoring system as well as controlling instruments and risk management. In addition to intensive cost and result management, which is monitored within the framework of management supervisory board meetings at regular intervals, there is a risk management manual. The following risk fields are monitored correspondingly by a management team:

- Customer projects
- Development projects
- Lack of market acceptance of products
- Loss of staff with know-how
- Legal disputes
- Development of subsidiaries and holding companies

Reporting, documentation and development of measures are regulated in the risk manual of NEXUS AG. The Executive Board checks its implementation at regular intervals. Seven risk reports, especially in the area of customer projects and requirements management, were submitted to the Executive Board from the offices responsible for them in 2010. The Executive Board monitors risks due to the use of financial instruments, including exchange rate risks, centrally.

Implementation problems, especially technical ones, could result in penalties or undoing in the existing large projects, which could affect revenues and the market reputation negatively. Non-payment in large projects due to temporary shortage of liquid funds or customer refusal to pay can result in liquidity problems for the company, especially when substantial advance performances are provided in large projects. This risk is reduced by the agreement to provide down payments to the greatest extent possible. Non-payment risks or risks that a contractual partner cannot fulfill his payment obligations are controlled actively within the framework of debt management (e.g., credit investigations). Non-payment risk concentrations are created temporarily in the Group within large projects. The maximum risk amount results from the book value of the capitalized receivables. Risks from fluctuations of payment flows do not exist at this time due to the existing liquidity reserves and the increasingly smooth payment flows.

The Group strives to have sufficient means of payment and equivalents for this or have corresponding irrevocable credit lines to fulfill its obligations over the coming years. In addition, the company has approved capital available for further capital increases. Risks also exist during the scheduling and budgeting of developments, which can cause substantial effects on marketing and cost positions if scheduling and budgeting deviate from original plans. The development of NEXUS AG is strongly dependent on the knowledge and willingness to perform of its staff. There is no risk in principle to lose competent employees due to fluctuation and consequently lose market advantages. If a larger number of core know-how staff members leave the company, this could result in substantial difficulties in operational business dealings, at least in the short term. In addition, the labor market has experienced a lack of specialists for years. The development of our staff is an important component for farsighted and reliable ensuring our staff resources.

Significant legal risks are not known at this time.

Increased attention is being paid to the development of business at subsidiaries. They report their results monthly. The Executive Board is directly involved in decisive decisions. For the control and monitoring, the subsidiaries are currently combined in six business units according to products and markets, and they are in turn allocated to the two segments Healthcare Software and Healthcare Services.

The internal monitoring and risk management system has the objective with respect to the accounting process to ensure the appropriateness and effectiveness of accounting and financial reporting Group-wide. On-going accounting of domestic subsidiaries is managed decentrally, while the customary year-end reports are mainly are mainly composed centrally. Foreign companies draw up local year-end reports, which are checked based on legal regulations or importance voluntarily. The Group year-end report as well as the required adaptations of individual domestic and foreign year-end reports to the International Financial Reporting Standards, as they are to be applied in the EU as mandatory, are done centrally in Villingen-Schwenningen. The process of composing the year-end report is monitored centrally by the head of Finances as well as by the Executive Board of NEXUS AG. The one-on-one principle is maintained on principle.

Purchasing is essential order-related and arranged after discussing and agreeing on this with the project manager responsible. Payments are approved by the Executive Board at NEXUS AG and by the respective managing director at the subsidiaries.

The salary and wage settlement process is done mostly centrally in Villingen-Schwenningen for domestic companies and monitored by independent offices.

An Oracle database is used for recording performance of the development department. Steering is via quarterly planning.

NEXUS Group uses ERP software (Enterprise Resource Planning), with which information is made available for workflow process and internal controls as well as for the purposes of reporting. In addition, there is regular communication between the finance departments of the decentral subsidiaries and the central Group finance department. Controlling the internal monitoring and risk management system is the responsibility of the auditing committee (formally: the balance sheet committee) of the Supervisory Board. However, the internal monitoring and risk management system with respect to the accounting process cannot provide absolute certainty that essentially false statements are avoided in the accounting.

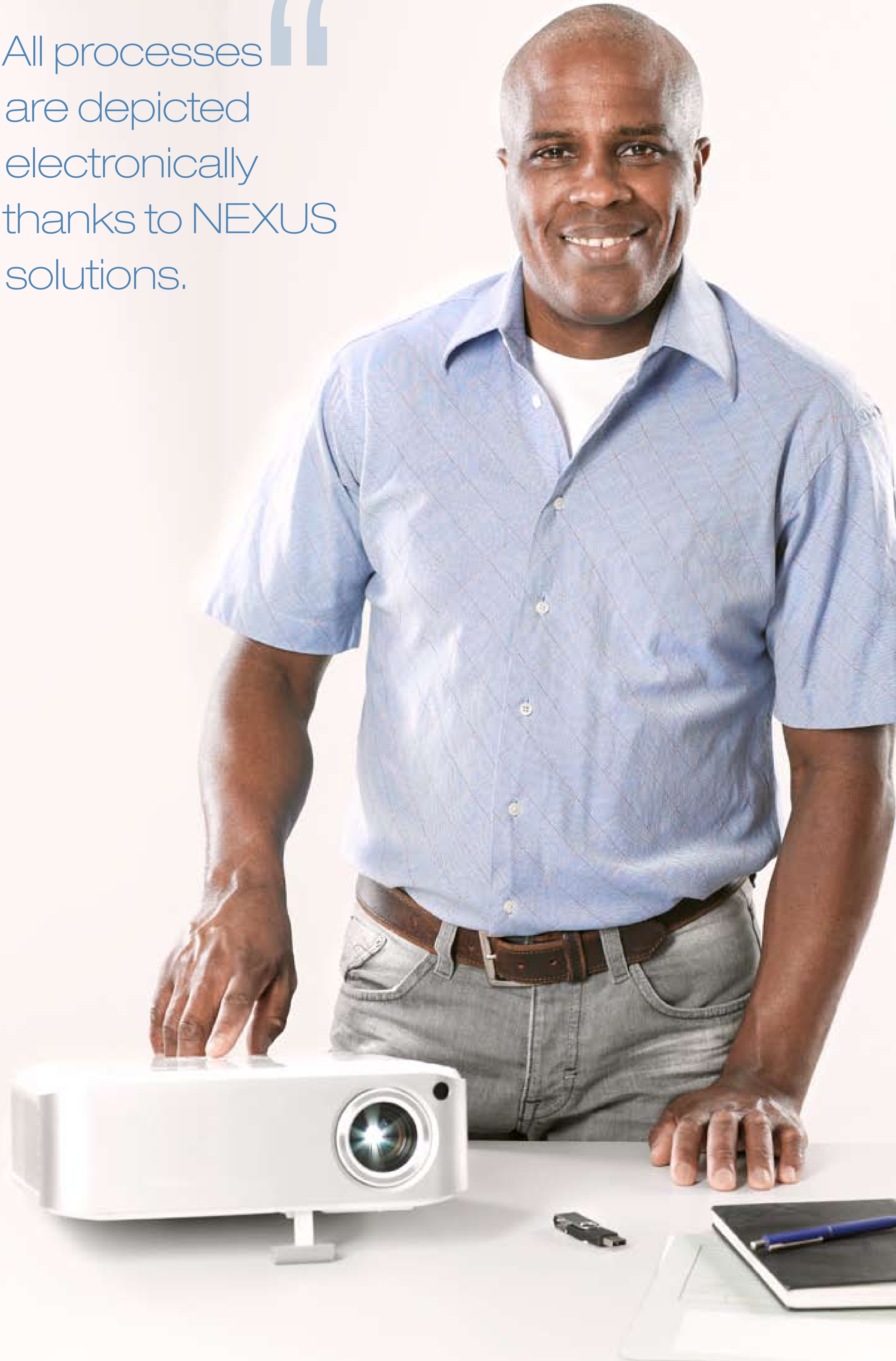
The company has capitalized intangible assets to a substantial extent in the form of concessions / licenses (KEUR 2,216), goodwill (KEUR 12,793), technology and customer base (KEUR 4,553) as well as development costs (KEUR 10,276). On the balance sheet cut-off date, the value of the goodwill was checked based on the DCF (discounted cash flow) method.
Based on the expectation for positive results in the future, there is no need for devaluation.
If the assumptions do not become reality in the future, there could be a need for devaluation of the goodwill and also of the other intangible assets.

NEXUS AG and its subsidiaries have capitalized deferred taxes from losses carried forward to a considerable extent. If it is no longer to be expected that profits can be earned to use the losses carried forward, the valuation would have to be completely or partially reduced.
If tax laws change concerning handling of losses, it could become necessary to reduce the capitalized deferred taxes completely or partially. NEXUS has an important number of securities, which are subject to interest and price risks and are consequently watched very closely. Investment options are also considered in this respect. Rate and financial loss risks continue to exist for fixed interest securities due to the volatile markets.

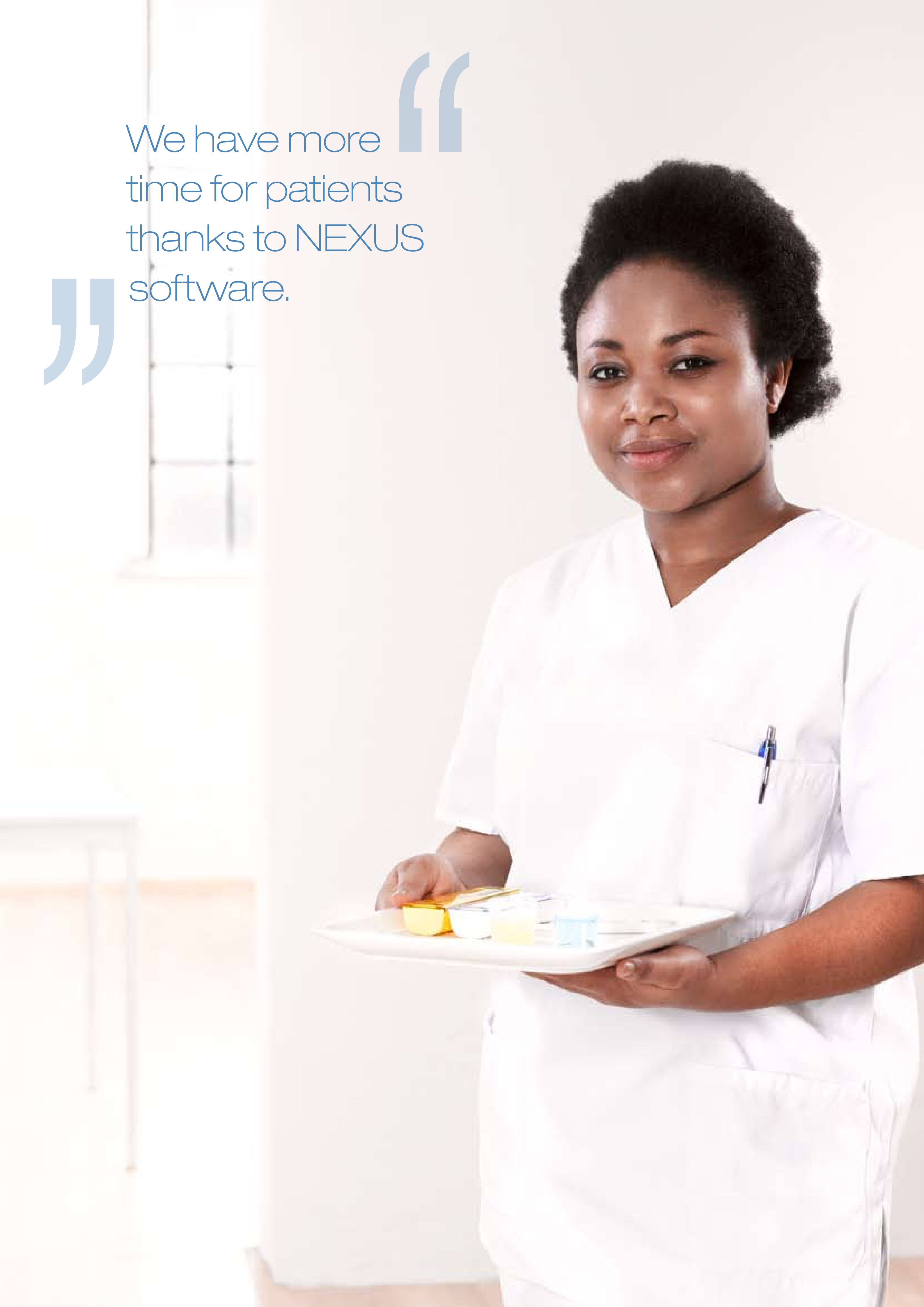
The Group has substantial liquid funds in US dollars and Swiss francs, which are subject to exchange rate risks. Exchange rate risks are also created especially by sales made in Switzerland (Swiss francs) and in Arab regions (US dollars) and the resultant receivables, which are subject to exchange rate fluctuations until payment. Payments received in Swiss francs are offset to a great extent by payouts out in Swiss francs, so that the currency risk is reduced here overall. Due to a legal disagreement with our bank concerning a USD hedging transaction, there is currently no effective hedging for USD. No agreement has been reached with the bank yet. For this reason, reserves in the amount of KEUR 80 for possible legal costs are shown as of the balance sheet cut-off date. The maximum risk of a possible legal dispute is to have to pay a USD purchase option for TUSD 2,000, the negative market value of which is KEUR 129 on the balance sheet cut-off date.

Consolidation in the industry of suppliers for hospital information systems also continued in 2010. Especially in foreign countries, there are a number of larger suppliers which document the basic interest of the software industry in this market segment. There are currently still four competitors on the European market, which are considered to have

> "All processes are depicted electronically thanks to NEXUS solutions."



"We have more time for patients thanks to NEXUS software."



long-term potential. The market for software systems in the medical area is thus still characterized by tough competition and strong supplier concentration. However, the intensity of competition could decline in the medium term due to the slight number of competitors. However, if other companies are able to establish their products as standards in spite of the segmented market, the strategy of NEXUS as a supplier to small- and medium-sized companies as well as with an international presence will not be successful. Due to progressing consolidation, the possibility of a takeover by a competitor also continues to exist.

The complete economic environment continues to present a risk. Government budgets will increasingly feel the effects of the financial burdens from the economic crisis over the coming years. Budget cuts are threatened for the heatlhcare system and especially for hospitals.

The market research company Gartner forecasts that the market for hospital information systems will increase further in the coming years. Given this prerequisite, we have considerable chance of achieving above-average growth. Our technology development until now as well as the market position we have achieved opens up the possibility of new customers for us and to improve our margin. Our customer base till now is an excellent reference for this. Our technology strategy and our separation between a hospital and a diagnostic system are receiving increasing attention on the market. As supplier of quality software, NEXUS has earned a very good reputation on the market and is considered a stable, growing company. In 2010, this applied especially to the German market, in which the NEXUS Group was able to win important orders with the new product NEXUS / HIS and consequently replace other established competitors.

It remains the objective of NEXUS to achieve market leadership in selected customer groups and regions to become an important system supplier nationally and internationally. This produces substantial growth perspectives. Our Group planning shows that additional improvements of results and continued substantial sales growth are achievable for the NEXUS Group. To this end, investments must be made in internationalization, product development and possibly in additional acquisition purchases. An important factor for the further economic development of NEXUS AG and its subsidiaries is the capability to increase maintenance and service revenues further in addition to expanding the installed software base. As a prerequisite to this, expiring maintenance and service contracts have to be renewed in a sufficient scope. Revenue quality can improve further with increased share of maintenance contracts and revenues from partner transactions.

12. Outlook – Enhance Our Position

We have clearly achieved our objectives in 2010 to use our strengths and attain an improved annual result with substantial growth. It is especially significant that the good development in 2010 was accompanied by a stable number of orders received and an improved market position. Thanks to increasing demand and the good acceptance of our system, we see substantial potential in the German HIS market as well as in international markets. We are seeing that the market is honoring our product innovations and that there is strong demand for our complete range of products in a competitive international field.

Our order successes of the past months confirm our assessment that we can also continue in 2011 on the course we have taken and expand our currently good position even more. We are convinced that we have achieved a very essential innovation with the conceptual approach and contents of NEXUS / HIS. Our solution not only sets standards with respect to being state-of-the-art, but is also the most complete product with respect to its scope of functions available on the market in the meantime. With NEXUS / HIS, we cover almost all hospital and administrative processes today, which can be supported digitally in hospitals. This applies not only to the main processes such as the medication process or patient management. NEXUS depicts numerous special diagnostic and treatment processes in its software and consequently provides hospitals a uniform solution that supports the complete hospital workflow. We have been able to do this while ensuring the “simplicity” of the software, which is a clear focal point in designing our system.

The positive amount of orders on hand and the good contract outlook in international and national business make our planning realistic from today’s viewpoint. Against this background, the Executive Board believes that continued increasing, positive results based on further increases in sales are realistic for the year 2011 as well as in 2012 and the years following it. It will be of decisive importance that we can continue to expand our good position and open up additional markets and market segments. We want to open new markets and increase our project capacities via partners or in direct sales. In addition to our product advantages, we are also going to use our installed customer base and the associated good references to achieve this. This is a very strong component in a market, in which there are only a few successful solutions and projects.

Against this background, our assessment remains unchanged that we can continue to grow in the attractive market for medical software and that we are positioned well with our product portfolio. Consequently, we believe that we also a considerable chance of achieving above-average growth in the future as in the past years. We are going to continue to concentrate our growth on the area of Healthcare Software. But we also expect increasing sales again in the area of Healthcare Services.

We are going to invest further in product development in 2011 and probably in the following years too. This development strategy will concentrate substantially on enhancement modules and on “simplicity” in applications. At the same time, we are converting our technological basis to a 3-level architecture. We are switching our customers to the new technological basis module by module based on a clear “road map”.

Acquisition purchases are also possible in 2011 with the objective of entering markets or rounding out our technology. Our capital and cash reserves make investments in this area possible.

As optimistic as the outlook for 2011 is, we have to remain careful due to the economic uncertainties in many countries. Due to the situation of government budgets, it must be feared here that there might be further reductions of investments in healthcare systems. We will also have to observe the competitive situation closely. We are in a market that is also strategically very interesting for large companies in medical engineering, and we have to be able to distinguish ourselves from these companies with respect to quality and development speed in the long run. Another external risk has to be seen in the development of exchange rates of the US dollar and the Swiss franc.

NEXUS is positioned as a fast growing, international software company specialized in innovative medical information systems. We succeeded last year in laying the foundation for long-term success with outstanding products and convincing reference projects. Today, we are very successful on the market with a strong customer base and a lot of orders on hand.

Our system strategy to provide a uniform technology basis for clinical and diagnostic areas composed of modular, standardized software components, which can be combined individually for the clinical areas of use, will remain the basis of our development. This positioning has become increasingly established on the market and made it possible for us to win significant market shares. We have gained an excellent reputation nationally and internationally and a promising competitive position over the past years. Our outstanding technology position and our consequently strong customer base are the basis of our success.

We have demonstrated that we are also able to implement large international projects and have a well-educated staff with strong dedication, which will also meet the challenges facing us.

However, we do not want sit back and be satisfied with our accomplishments at this point. Instead, It is a question of enhancing our position and introducing additional innovations even more quickly into the market and to open up new markets for our products, especially in foreign countries. We still have substantial potential here that we have to take advantage of. The NEXUS Team is determined to continue our successful development of the past years and to establish NEXUS as the most significant European supplier for innovative software solutions in the healthcare sector. We will judge ourselves on achievement of this objective over the coming years.

13. Subsequent Events

No events of special significance occurred between the time of the balance sheet cut-off date and drawing up of the financial report, which would require reporting.

Consolidated Balance Sheet
as of 31 December 2010

ASSETS	APENDIX	12/31/2010	12/31/2009
		KEUR	KEUR
LONG -TERM ASSETS			
Goodwill	4	12,793	11,642
Other intangible assets	4	17,044	16,629
Fixed assets	5	1,129	1,079
Shares in companies valuated at equity	6	98	98
Credited deferred taxes	8/25	2,232	2,486
Other financial assets	10	125	324
TOTAL OF LONG -TERM ASSETS		**33,421**	**32,258**
SHORT-TERM ASSETS			
Inventories	7	151	169
Trade receivables and other receivables	9	11,870	12,588
Receivables from tax on profits		137	350
Other non-financial assets	11	683	552
Other financial assets	10	3,499	3,332
Cash and balance in bank		18,575	9,538
TOTAL OF SHORT-TERM ASSETS		**34,915**	**26,529**
TOTAL ASSETS		**68,336**	**58,787**

LIABILITIES AND EQUITY	APPENDIX	12/31/2010	12/31/2009
		KEUR	KEUR
CAPITAL AND ACCRUALS	12		
Subscribed capital		14,171	13,805
Capital reserves		18,778	39,523
Profit carried forward (previous year: loss carried forward)		15,816	-8,014
Consolidated surplus		3,447	2,119
Other cumulated Group result		276	-608
Own shares		-26	-26
EQUITY CAPITAL ATTRIBUTABLE TO STOCKHOLDERS OF THE PARENT COMPANY		**52,462**	**46,799**
Shares of non-controlling partners		334	243
TOTAL EQUITY		**52,796**	**47,042**
LONG-TERM DEBTS			
Pension obligations	13	1,219	610
Debited deferred taxes	8/25	706	1,018
Other financial debts	15	256	0
TOTAL OF LONG-TERM DEBTS		**2,181**	**1,628**
SHORT-TERM DEBTS			
Accruals	14	1,344	776
Financial liabilities	15	0	290
Trade accounts payable	15	2,536	3,515
Liabilities from tax on profit	15	114	80
Deferred revenue liability	15	19	345
Other non-financial debts	15	7,054	2,257
Other financial debts	15	2,292	2,854
TOTAL OF SHORT-TERM DEBTS		**13,359**	**10,117**
TOTAL ASSETS		**68,336**	**58,787**

Group statement of income and accumulated earnings
from 1 January 2010 until 31 December 2010

GROUP STATEMENT OF INCOME AND ACCUMUL ATED EARNINGS	APPENDIX	2010	2009
		KEUR	KEUR
Revenue	17	44,823	40,363
Increase/decrease in finished goods and work in progress		-18	-103
Development work capitalized		4,365	4,715
Other operating income	18	1,881	2,026
Cost of materials including purchased services	19	8,311	9,006
Personnel costs	20	23,924	21,989
Depreciation		5,719	5,424
Other operating expenses	21	9,367	8,410
OPERATING RESULT		**3,730**	**2,172**
Result from investments valuated at equity	22	0	0
Finance Income	23	210	458
Finance Expenses	24	632	398
RESULT BEFORE TAX ON PROFIT		**3,308**	**2,232**
Taxes on profit	25	-230	129
CONSOLIDATED SURPLUS		**3,538**	**2,103**
Actuarial profits and losses (after taxes on profit)		-521	-37
Differences from the conversion of foreign currency (after taxes on profit)		857	1
Market value changes from assets available for sale (after taxes on profit)		548	441
OTHER OVERALL RESULT		**884**	**405**
OVERALL RESULT OF THE PERIOD		**4,422**	**2,508**
Of the period result, attributed to:			
- Stockholders of NEXUS AG		3,447	2,119
- Shares of non-controlling partners		91	-16
Of the overall result, attributed to:			
- Stockholders of NEXUS AG		4,331	2,524
- Shares of non-controlling partners		91	-16
CONSOLIDATED SURPLUS PER SHARE			
Weighted average of issued shares in circulation (in thousands)		13,921	13,797
- Simple	26	0.25	0.15
- Diluted	26	0.25	0.15

Consolidated cash flow statement
from 1 January 2010 until 31 December 2010

CONSOLIDATED CASH FLOW STATEMENT	APPENDIX	2010	2009
		KEUR	KEUR
1. CASH FLOW FROM CURRENT BUSINESS TRANSACTIONS	28		
Group annual result before tax on income		3,308	2,232
Depreciation and amortization of intangible assets and plant, equipment and other fixed assets		5,719	5,424
Other expenses/income with no impact on cash		-262	-141
Increase/decrease in inventories		106	110
Profit/loss from loss of assets		14	7
Profit/loss from disposal of securities		0	192
Increase/decrease in trade receivables and other assets that cannot be allocated to investing or financing activities		1,397	-1,042
Increases and decreases of accruals insofar as not entered in other results		359	-53
Increase/decrease in trade receivables and other liabilities that cannot be allocated to investing or financing activities		2,949	133
Paid interest		-53	-56
Received interest		250	421
Income taxes paid		-71	-157
Income taxes received		213	243
		13,929	**7,313**
2. CASH FLOW FROM INVESTMENT ACTIVITIES	29		
Cash paid for investments in intangible and fixed assets		-5,032	-5,629
Cash received from disposal of fixed assets		0	25
Purchase of companies after deduction of acquired payment means	3	44	-260
Cash received disposal of securities		0	3,770
		-4,988	**-2,094**
3. CASH FLOW FROM FINANCING ACTIVITIES	30		
Amount paid out for redeeming loans		0	-30
		0	**-30**
4. AMOUNT OF CASH AND CASH EQUIVALENTS AT END OF PERIOD	31		
Cash relevant changes in cash and cash equivalents (sum of 1 + 2 + 3)		8,941	5,189
Change in currency conversion adjustment		386	-1
Cash and cash equivalents at beginning of fiscal year		9,248	4,060
		18,575	**9,248**
5. COMPOSITION OF CASH AND CASH EQUIVALENTS			
Cash on hand		18,575	9,538
Bank liabilities due on demand		0	-290
		18,575	**9,248**

Change in equity calculation
as of 31 December 2010

GROUP EQUITY CHANGE STATEMENT	SUBSCRIBED CAPITAL	CAPITAL RESERVES	OTHERS REVENUE RESERVES	EQUITY CAPITAL DIFFERENCE FROM CURRENCY CONVERSION	VALIDATION RESERVE FOR FINANCIAL INSTRU-MENTS
	KEUR	KEUR	KEUR	KEUR	KEUR
CONSOLIDATED EQUITY AS OF 1 JANUARY 2009	**13,805**	**39,483**	**0**	**58**	**-999**
Transfer of consolidated surplus 2008 to consolidate loss carry-forward					
Actuarial profits and losses				–	–
Differences from the conversion of foreign currency				1	–
Market value changes from assets available for sale				–	441
OTHER OVERALL RESULT 2009				**1**	**441**
Consolidated surplus 2009					
OVERALL RESULT OF THE PERIOD 2009	**0**	**0**	**0**	**1**	**441**
Accruals for own shares					
Distribution to non-controlling partners					
Stock-based payment		40			
CONSOLIDATED EQUITY AS OF 31 DECEMBER 2009	**13,805**	**39,523**	**0**	**59**	**-558**
Posting of consolidated surplus 2009 in the Group loss carried forward					
Actuarial profits and losses				–	–
Differences from the conversion of foreign currency				857	–
Market value changes from assets available for sale				–	548
OTHER OVERALL RESULT 2010				**857**	**548**
Consolidated surplus 2010					
OVERALL RESULT OF THE PERIOD 2010	**0**	**0**	**0**	**857**	**548**
Increase in authorized capital (AGM 2010)					
Capital increase against fixed assets	280	784			
Transfer from capital reserve		-21,712			
Exercise of share options	86	180			
Stock-based payment		3			
CONSOLIDATED EQUITY AS OF 31 DECEMBER 2010	**14,171**	**18,778**	**0**	**916**	**-10**

PENSION PROVISIONS	PROFIT CARRIED FORWARD (PREVIOUS YEAR: LOSS CARRIED FORWARD)	CONSO-LIDATED SURPLUS	OWN SHA-RES	EQUITY CAPITAL ATTRIBUTABLE TO STOCKHOLDERS OF THE PARENT COMPANY	SHARES OF NON-CON-TROLLING PARTNERS	TOTAL AMOUNT EQUITY	APPROVED CAPITAL
KEUR	KEUR	KEUR	KEUR	KEUR	KEUR	KEUR	KEUR
-72	**-9,502**	**1,488**	**-26**	**44,235**	**259**	**44,494**	**6,860**
	1,488	-1,488		0		0	
-37				-37		-37	
–				1		1	
–				441		441	
-37				**405**		**405**	
		2,119	0	2,119	-16	2,103	
-37	**0**	**2,119**	**0**	**2,524**	**-16**	**2,508**	
				0		0	
				0		0	
				40		40	
-109	**-8,014**	**2,119**	**-26**	**46,799**	**243**	**47,042**	**6,860**
	2,119	-2,119		0		0	
-521				-521		-521	
–				857		857	
–				548		548	
-521				**884**		**884**	
		3,447		3,447	91	3,538	
-521	**0**	**3,447**	**0**	**4,331**	**91**	**4,422**	
							42
				1,064		1,064	-280
	21,712			0		0	
				266		266	
				3		3	
-630	**15,816**	**3,447**	**-26**	**52,462**	**334**	**52,796**	**6,622**

Group Appendix
for the Business Year 2010

1. General Information

NEXUS Group (hereafter referred to as NEXUS) develops and sells software and hardware solutions with its corporate divisions "Healthcare Software" and "Healthcare Service" and provides IT services, especially for customers in the healthcare system. The Group focuses in the area of "Healthcare Software" on information systems for hospitals and psychiatric, rehabilitation and social institutions. The "Healthcare Service" Division provides IT services for IT operation, especially in the healthcare system. NEXUS AG is the highest ranking parent company.

The registered business address of the Group is: Auf der Steig 6, 78052 Villingen-Schwenningen, Germany.

NEXUS AG is registered in the commercial registry of the Freiburg local court under number HRB 602434. NEXUS AG is a stock corporation listed on the securities market and in the Prime Standard segment. This Appendix was written for the Group Financial Report for the business year 2010 of NEXUS AG, Villingen-Schwenningen. The Group Financial Report, on which it is based, was drawn up by the Executive Board and approved for forwarding to the Supervisory Board on 22 March 2011.

1) Use of the exemption rule with respect to disclosure pursuant to Section 264 Clause 3 of the German Commercial Code
2) The shares are held indirectly via Nexus Medizinsoftware und Systeme AG, Kreuzlingen.

LIST OF SUBSIDIARIES CONSOLIDATED		31/12/2010	31/12/2009
	COUNTRY	SHARES OF CAPITAL IN %	
FULL CONSOLIDATION			
nexus/ccc GmbH, Villingen-Schwenningen (ehemals NEXUS.IT GmbH SÜDWEST, Villingen-Schwenningen)	Germany	100.00	100.00
nexus/cis GmbH, Singen Hohentwiel	Germany	100.00	100.00
nexus/cso GmbH, Villingen-Schwenningen[1)]	Germany	100.00	0.00
NEXUS Digitale Dokumentationssysteme Projektentwicklungsges.m.b.H., Wien	Austria	100.00	100.00
nexus/dis GmbH, Frankfurt am Main	Germany	100.00	100.00
Nexus/Holl GmbH, Ismaning[1)]	Germany	100.00	100.00
nexus/inovit GmbH, Ismaning	Germany	91.49	91.49
NEXUS . IT GmbH NORD, Villingen-Schwenningen[1)]	Germany	100.00	100.00
NEXUS . IT GmbH SÜDOST, Singen Hohentwiel	Germany	50.20	50.20
NEXUS Italia S.r.l., Bologna	Italy	80.00	80.00
Nexus Medizinsoftware und Systeme AG, Kreuzlingen	Switzerland	99.98	99.98
NEXUS Schweiz GmbH, Schwerzenbach[2)]	Switzerland	100.00	100.00
Flexreport AG, Baar	Switzerland	100.00	0.00
EQUITY CONSOLIDATION			
G.I.T.S. Gesundheitswesen IT-Service GmbH Fürstenfeldbruck, Fürstenfeldbruck	Germany	49.00	49.00
Medidata GmbH, Berlin	Germany	25.00	25.00
VEGA Software GmbH, Aachen	Germany	30.00	30.00
nexus / Arabia Ltd., Riyadh	Saudi Arabia	50.00	50.00
Palladium-med GmbH, Berlin	Germany	20.00	20.00

2. Accounting and Valuation Method

2.1 Principles for Creating the Annual Statement

This Group Financial Report has been prepared in keeping with the provisions of International Accounting Standards Board (IASB) required by the European Union following the balance sheet cut-off date in accordance with Section 315a Clause 1 of the German Commercial Code and the supplementary commercial law regulations. It is in keeping with the provisions of International Financial Reporting Standards (IFRS) applicable on the cut-off date, including the still applicable International Accounting Standard (IAS) and supplementary interpretations (IFRIC and SIC). All applicable IFRS and IFRIC were considered for the business year 2010. Standards and interpretations of IASB, which are not applicable yet, have not been adopted.

Report Currency

The Group Financial Statement is shown in euros. If not otherwise noted, all values are rounded to thousands (KEUR).

Consolidation Group

In addition to the NEXUS AG as parent company, all operatively active domestic and foreign subsidiaries are included in the Group Financial Statement, for which NEXUS AG has the majority of voting rights directly or indirectly. Four affiliated companies as well as a joint venture were included in the balance sheets according to the equity method.

Consolidation Principles

All companies included as of 31 December 2010 draw up their Annual Financial Reports as of 31 December. These are shown in uniformly prepared, consolidation-capable financial reports in line with the International Financial Reporting Standards (IFRS) as they must be adopted in the European Union. Group-internal business translations are eliminated thereafter.

Flexreport AG, Baar (CH, acquired in 2010, was consolidated in the Group according to the purchase method, starting with August 2010. Expenses and revenues starting from August are included in the Group Financial Statement. NEXUS / Arabia ltd. Riyadh (Saudi Arabia), which was founded as a joint venture with a Saudi Arabian partner in 2008, did not conduct any active business transactions in 2010. The joint venture is carried in the balance sheet according to the equity method in the Group Financial Statement.

The purchase method is used for company purchases. Capital is consolidated at the time, at which ownership became effective. The shown equity capital of the acquired companies is offset against the book value of participation. The asset values as well as debts and possible debts are included with their current values. For companies, which were acquired after 31 March 2004, IFRS 3 (Business Combinations) is to be used. The revised version of this standard was already adopted voluntarily for the first time as of 1 January 2009. Within the framework of an identification process, balance sheets did not previously include IFRS 3, but intangible assets were capitalized if it was possible to carry them in the balance sheet. In addition, possible debts should be considered. Remaining value of potential earnings in excess of the book value is capitalized as goodwill according to IFES 3 and/or negative difference amounts are adopted affecting revenue after another check. Purchase price increases due in the future were already capitalized as conditional purchase price in goodwill and shown as accounts payable.

Debts and liabilities between the consolidated companies are offset within the framework of debt consolidation. Internal sales have been eliminated within the framework of expenditure and revenue consolidation. Elimination of interim results was not required.

The consolidated surplus is prepared as a completely consolidated period result according to the total costs procedure, in which all revenues and expenses are consolidated between the included companies.

The operating result shares, which other companies are entitled to, are shown separately below the consolidated surplus according or their shares are shown as separate positions within equity capital.

Assets and debts of foreign subsidiaries, whose functional currency is not the euro, were converted according to the rules of IAS 21. The functional currency is the respective country currency for all companies.

The balance sheets of the Group Companies in Switzerland are accordingly converted with the cutoff date exchange rate of 1.2525 CHF / KEUR (2009: 1.4836 CHF / KEUR), the profit and loss account with the average exchange rate of 1.38047 CHF / KEUR (2009: 1.50997 CHF / KEUR) , and the equity capital at historic rates. Any conversion differences resulting from that are entered in the other result in equity capital without effect on net income. The same applies to conversion differences within the framework of debt consolidation insofar as it is a question of chargeable receivables and loans, which are to be considered as net investment in a foreign business operation according to IAS 21.32. All other conversion differences, which occur during debt consolidation, are entered with effect on profit.

2.2 Changes of the Accounting and Valuation Method

The adopted accounting and valuation methods correspond in principle to the methods used in the previous year. However, the International Accounting Standards Board (IASB) and the International Financial Reporting Interpretations Committee (IFRIC) have decreed the adjustment of existing standards as well as a few new interpretations. All applicable International Accounting Standards (IAS) as well as IFRS and IFRIC were considered for the business year 2010. The revised standards IFRS 3 (2008) and IAS 27 (2008) were already adopted voluntarily in advance in 2009.

Standards already adopted voluntarily in advance in 2009:

IAS 27 Consolidated and separate financial statements (rev 2008):

The changed standard contains the following change: Dividends from subsidiaries, joint ventures and affiliated companies are to be entered affecting the result from now on, i.e., no reduction of the procurement costs of the shares anymore. The change only refers to individual accounts. Adoption of the changes is obligatory for the business year starting from 1 January 2009. No changes result for NEXUS in the reporting year due to this change of the standard.

IFRS 3 Business Combinations (rev 2008):

IFRS 3 "Business Combinations" (revised, effective as of 1 July 2009). The revised standard prescribes adoption of the purchase method for company mergers with a few important changes. For example, all payments for the acquisition of a company must be disclosed at the adjusted market value at the acquisition time, whereby any payments are classified as debts and reevaluated affecting the result later. All purchase-related costs are to be entered as expenditures. Increased expenses of KEUR 41 resulted in 2009 due to revision of the standard.

Standards with mandatory application for the first time starting from the business year 2010:

IFRIC 12 Service Concession Arrangements:

IFRIC 12 - Service Concession Arrangements, published in November 2006, deals with the question of how companies, which offer public services for the order of central, regional, and local authorities, e.g., construction of roads, airports, prisons or energy supply infrastructure, are to prepare balance sheets based on the rights and obligations arising from the contractual agreements. IFRIC 12 is to be adopted for business years, which begin on or after 29 March 2009. No changes result in the Group Financial Statement due to the change of the IFRIC 12.

IFRIC 15 Agreements for the Construction of Real Estate:

IFRIC 15 – Agreements for the Construction of Real Estate published on October 2008 treats the accounting of companies, which develop property and thereby sell units such as residential units or buildings before their construction has been finished. IFRIC 15 defines criteria, according to which the preparation of the balance sheet is to be based either according to IAS 11 Construction Contracts or IAS 18 Revenue. IFRIC 15 is to be adopted for business years, which begin on or after 1 January 2010. The change of IAS 15 does not affect the Group Financial Statement of NEXUS.

IFRIC.16 Hedges of a Net Investment in a Foreign Operation:

In October 2008, IFRIC 16 – Hedges of a Net Investment in a Foreign Operation was issued by IASB. The interpretation deals with hedge accounting of net investments in a foreign business operation and states clearly that including hedge relations in a balance sheet is only possible between the functional currency of the foreign business operation and the functional currency of the parent company. The amount of net assets of the foreign business operation, which is entered in the Group Financial Statement, can be hedged. The hedging instrument can then be held by any Group company. If the foreign business operation leaves the consolidation group, the amount entered in equity capital in the other result from value changes of the hedge instruments as well as the price gains or losses of the foreign business operation entered in the currency reserve are to be reclassified in the current result.
The amount of the cumulated price gains or losses of the foreign business operation leaving the consolidation group can be determined according to the method of step-by-step consolidation or according to the direct consolidation method. IFRIC 16 is to be adopted for business years, which begin on or after 1 January 2009. IFRIC 16 does not have any decisive effect on the Group Financial Statement of NEXUS.

IAS 39 Eligible Hedged Items:

In July 2008, IASB published a change of IAS 39 for business years that start on or after 1 July. This sets the conditions according to which inflation risks can be designated as principle business and one-sided risks can be designated in a principle business. No changes resulted for NEXUS in the reporting year due to this change.

IFRIC 17 Distributions of Non-Cash Assets to Owners:

IFRIC 17 – Distributions of Non-Cash Assets to Owners published in November 2008 regulates how a company is to valuate other assets as means of payment, which it transfers to stockholders as dividends. A dividend obligation is to be entered when the dividends were approved by the organs responsible and are no longer at the discretion of the company. This dividend obligation is to be entered at the adjusted current market value of the net asset value to be transferred. The difference between the dividend obligation and the book value of the asset to be transferred is to be entered affecting the result. IFRIC 17 is to be adopted for business years, which begin on or after 1 November 2009. No effects resulted from this for NEXUS.

IFRIC.18 Transfers of Assets from Customers:

IFRIC 18 – Transfers of Assets from Customers was published in January 2009 and is especially relevant for the energy sector according to the opinion of IASB, but it is not limited to this. It makes requirements of IFRS clear for agreements, in which a company receives property, a facility or operating resources, which the company either must use to connect the customer with a power grid or to grant the customer permanent access to supply with goods or services. It also deals with such cases, in which a company receives means of payment only on the condition to acquire or produce one of the assets cited above. IFRIC 18 is to be adopted for transfers from customers, which were received on or after 1 November 2009. This did not have any effects in the reporting year.

Improvements to IFRS (2009):

Within the framework of the Annual Improvements Process in April 2009, the second collective standard "Improvements to IFRS" was published. Necessary but not urgent changes of standards were made in this process. The resulting changes are to be adopted in business years, which start on or after 1 January 2010 and contain changes of the application areas of IFRS 2, IFRS 3 and IFRIC 9 as well as classifications in IAS 1, IAS 7 and IAS 17, among other things. The effects of these changes of IAS 15 do not have a decisive effect on the Group Financial Statement of NEXUS.

IFRS 2 Share-based Payment:

The changes to IFRS 2 published in June 2009 mainly concern the depiction of share-based payments with cash settlement in IFRS-conform, separate individual financial statements of subsidiaries if the payments are balanced by the parent company or another Group company. Adoption of the changes is obligatory for the business year starting from 1 January 2010. No changes result for NEXUS in the reporting year due to this revision of the standard.

Adoption of the following standards was not yet obligatory in the reporting period and were not adopted in advance either:

Adopted by the EU on the cutoff date

IAS 32 Financial Instruments: Classification of Rights Issues:

The changes published in October 2009 regulate preparation of the balance sheet when issuing subscription rights, options and option certificates for the purchase of a set number of equity capital instruments, which are in a different currency than the functional currency of the issuer. In the past, such cases were carried in the balance sheet as derivative liabilities. Such subscription rights, which are issued at a fixed currency amount proportionately to the existing stockholders of a company, are to be classified as equity capital in the future. The currency, to which the exercise price refers, is thereby irrelevant. The changes are to be adopted for the first time for business years, which begin on or after 1 February 2010. It is not to be expected that the changes of IAS 32 will have an effect on the future Group Financial Statements of NEXUS.

IAS 24 Related Party Disclosures (rev 2009)

Reporting obligations of companies, in which the government has a share, were simplified in the revision published in November 2009. Certain relations to affiliated companies and persons, which result from the share of the government in private companies, were excluded from some of reporting obligations in the revised standard. The changes are to be adopted for the first time for business years, which begin on or after 1 January 2011. It is not to be expected that the change of IAS 24 will have an effect on the future Group Financial Statements of NEXUS.

IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments:

The interpretation published in November 2009 regulates accounting methods for a partial or complete repayment of financial liability via issue of equity capital instruments. The interpretation is to be adopted for business years, which begin on or after 1 July 2010. It is assumed that the change will not have a decisive influence on NEXUS.

IFRIC 14 The Limit on a Defined Benefit Asset:

The change published in November 2009 is to be adopted to business years that start on or after 1 January 2011 and is relevant if a company is subject to minimum remuneration obligations in connection with its pension scheme and makes contributions to it to fulfill these obligations.

The change of the interpretation makes it possible for companies to add the benefit from these advance payments as asset. Earlier application is of the interpretation permitted. It is assumed that the change will not have a decisive influence on future Group Financial Statements of NEXUS.

Improvements to IFRS (2010):

Within the framework of the Annual Improvements Process in May 2010, IASB published the third collective standard "Improvements to IFRS". Small changes were made to six standards and one interpretation due to these small changes. Insofar as not regulated differently in individual cases, the changes are to be adopted for the first time for business years, which begin on or after 1 January 2011. Earlier application is permitted. It is not to be expected that the adoption of the revised standards will have an effect on the future Group Financial Statements of NEXUS.

Not yet adapted by the EU on the cutoff date:

IFRS 9 Financial Instruments – Classification and Measurement:

The publication of IFRS 9 in November 2009 represented the first phase of the three-part IASB project for complete revision of the accounting of financial instruments and consequently IAS 39. IFRS 9 changes the categorizing and valuating of financial assets and is based on how a company controls its financial instruments as well as the type of contractual payment flows from financial assets.
With publication of the rules for carrying financial assets in the balance sheet in October 2010 as supplement to IFRS 9, the phase of

classification and valuating of the IASB project for replacing IAS 39 was completed. According to these rules, a company, which selected the fair value option for carrying its financial liabilities in the balance sheet, is to enter the part of the change at the corresponding market value, which results from the change of its own credit risk, performance-neutral in the other result within equity capital and not with effect on the result. The first adoption of IFRIC 9 is to be for business years, which begin on or after 1 January 2013, whereby earlier application earlier is permitted. The Group cannot currently make a final judgment about which effects adoption of the standard and the supplement will have if this is adopted by the EU in this form.
However, it can already be seen that the carrying of financial assets available for sale in the balance sheet will be affected by the change, because IFRS 9 also permits entering profits and losses at the current market value in the other result in the Statement of Income and Accumulated Earnings and also for value decreases when these are from equity capital instruments that are not held for trade purposes. In the current reporting period, decreases in value in the amount of KEUR 611 were entered directly as affecting the result.

IFRS 7 Financial Instruments: Disclosures:

IASB published the changes to IFRS 7 in October 2010. These changes provide users of financial reports improved insight into transactions for transferring financial assets. The changes are to be adopted for business years, which begin on or after 1 July 2011, whereby earlier application earlier is permitted. Comparative data in the first year of adoption are not required. The Group does not currently expect any decisive effects on depiction of future reports due to adoption of the standard if this is adopted by the EU in this form.

IAS 12 (Deferred Tax: Recovery of Underlying Assets):

IASB published a change to IAS 12 in December 2010. This supplements IAS 12 by one exception for valuating deferred tax liabilities or claims from the current market value and carried on the balance sheet as real estate held as a financial investment. This concerns the refutable assumption that the current market value of real estate held as a financial investment can be realized completely by sale. Due to the supplement, the guidelines of SIC 21 are integrated in IAS 12 and SIC 21 is consequently withdrawn. The revised version is to be adopted for business years, which begin on or after 1 January 2012, whereby earlier, voluntary application earlier is permitted. We do not currently believe that the change of IAS 12 will have any essential effects on NEXUS if this is adopted by the EU in this form.

2.3 Essential discretionary decisions, assessments and assumptions

The most important discretionary decisions with respect to the future as well as any other essential sources of estimate uncertainties on the cut-off 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 cash-generating units, to which 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 12,793 on 31 December 2010 (previous year: KEUR 11,642). You can find further details about this in the Appendix under position 4.

Identified Customer Base and Technology at Company Acquisitions

The adjusted current value of the acquired maintenance contracts (customer base) and acquired technology at the time of the company acquisitions was determined on the basis of estimated benefits, especially on the basis of future expected payment surpluses discounted by an appropriate interest rate and written off over the expected time of use based on an assumed annual loss of customers. As of 31 December 2010, the value of capitalized customer base and technologies was KEUR 5,336 (previous year: KEUR 5,474).

Development Costs

Development costs are capitalized in line with the balance sheet and valuation method explained in Appendix position 2.4. The future course of benefits of the self-created developments is to be estimated for determining the depreciation type and period of capital expenditure for manufacturing costs. According to the best possible estimates, the accounting value of the capitalized development costs was KEUR 11,027 on 31 December 2010 (previous year: KEUR 10,474).

Securities

Securities were classified as financial assets available for sale (AfS). Correspondingly, rate decreases and increases are entered under other revenue in equity capital until sale of the securities. Contrary to this, rate losses parked in equity capital until then are to be entered as expense even without sale if there are objective indications of a decrease in value. The assessment required here is subject to discretionary leeway. In the past business year, security losses of KEUR 611 were entered as expense due to continual decrease in value.

Credited deferred taxes

Credited deferred taxes are entered for all losses carried forward for taxes in the amount, in which it is probable that the income to be taxed for this is available and will remain available for this, so that losses carried forward can actually be used. Competent authority discretion of company management is to be used for determining the amount of credited deferred taxes on the basis of the expected fulfillment time and the amount of the income to be taxed in the future as well as the future tax planning strategies.

Corporate income tax losses carried forward exist in the amount of KEUR 46,476 (previous year: KEUR 49,917) domestically as well as business tax losses carried forward in the amount of KEUR 44,971 (previous year: KEUR 48,436). In foreign Group companies, the tax losses carried forward converted amount to KEUR 6,454 (previous year: KEUR 6,713). In the total volume, there are tax losses carried forward in the amount of KEUR 32,362 (previous year: KEUR 35,546), which are assessed as unusable. Of that, KEUR 28,291 (previous year: KEUR 31,259) can be carried forward without a time limit, while KEUR 4,071 (previous year: KEUR 4,287) expire for foreign Group companies from 2013. Additional details are provided in Appendix positions 8 and 25.

Pensions and Other Claims Payments after Termination of Employment

The expenses from performance-oriented plans are calculated using actuarial principles. The actuarial assessment is made based on the assumptions with respect to the discount rate allowed on advance payment of taxes, future wage and salary increases, mortality and future pension increases.

Corresponding to the long-term orientation of these plans, such estimates are subject to substantial uncertainties. The accruals for pensions and similar obligations amounted to KEUR 1,219 on 31 December 2010 (previous year: KEUR 610). You can find further details about this in the Appendix under position 13.

2.4 Summary of the Essential Accounting and Valuation Method

Balance Sheet Format

Asset and debt positions in the balance sheet are classified according to their time to maturity. The Statement of Income and Accumulated Earnings was drawn up according to the total cost type of short-term results accounting.

To improve clarity, the designation of the previous position "Revenue from Affiliated Companies" in the Group Statement of Income and Accumulated Earnings was changed to "Revenue from Valuated Participations". The time contents remain the same. In addition, the financial result shown after that was newly classified from the positions "Interest Receivable and Similar Income" as well as "Interest Payable and Other Similar Charges" to "Finance Income" and "Finance Expenditures". In this context, the profits and losses from securities of current assets were allocated to these positions to provide an improved insight into the profit situation. The figures from the previous year have been adjusted accordingly. To this end, KEUR 150 profits from the position "Other operating income" and KEUR 342 losses from the position "Other operating expenses" were reclassified correspondingly.

Financial Instruments

A financial instrument is a contract, which at the same results in creation of financial asset for one company and creation of financial liability or an equity capital instrument for another company. The financial instruments shown in the balance sheet (financial assets and financial liabilities) in the sense of IAS 32 and IAS 39 cover specific financial assets, receivables from deliveries and services, participating shares, securities, liquid funds, short-term loans, receivables from deliveries and services as well as certain other assets and liabilities based on contractual agreements. In line with IAS 39, financial assets and liabilities are classified in the following categories:

a) Financial investments to be held until final maturity

b) Financial assets evaluated as revenue at the adjusted value at the time

c) Financial assets available for sale

d) Loans and receivables extended by the NEXUS Group

At initial entry in the balance sheet, these financial assets or liabilities are shown with procurement costs, which correspond to the value at the time of the counter-performance with inclusion of the transport costs. This does not apply to category b). Entry is on the trading day on principle. Subsequent assessment varies for the different categories of financial assets or liabilities and is described within the framework of the accounting methods of the respective balance sheet positions. Profits and losses from changes of the current market value of financial assets available for disposal are entered under other revenue in equity capital. Long-term decreases in value are entered with effect on the result. KEUR 611 were entered in expenses for the past years. Although the Group is active internationally, most of its business is in Europe and consequently it only has limited market risks due to changes of exchange rates. The Group uses derivative financial instruments in a limited scope for hedging against expected future cash flows from sales transactions. Because no hedge accounting relation is designated for the hedge instruments, price gains and losses resulting from changes to the fair values of these currency derivatives are recorded immediately affecting the consolidated surplus.

With respect to financial assets valuated on carried forward procurement costs, it is first determined whether an objective indication exists for decrease in value of financial assets, which are significant in themselves, individual and for financial assets, which are not significant in themselves and exist individually or jointly. If the Group determines that only one single examined financial asset is significant or not, there is no objective indication of a decrease in value, it includes asset in a group of financial assets with comparable default risk profiles and examines them together for decrease in value. Assets, which are examined individual for decrease in value and for which the value is adjusted or which is still entered, are not included in a joint assessment of decrease in value. If there are objective indications that a decrease in value has occurred, the amount of the decrease in value loss is the difference between the book value of the asset and the cash value of the expected future cash flow. The book value of the asset is reduced using a value adjustment account and the decrease in value loss is entered affecting the result.

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 adjusted 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. Write-offs on immaterial assets with limited period of use are shown in the period result under amortizations. 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 cash-generating unit 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 position was written off. The intangible assets contain maintenance contracts/customer master, software, technologies, goodwill and development costs.

a) Maintenance Contracts, Customer Base

The society acquired software maintenance contracts within the framework of company acquisitions in the past years as well as in last year, which were capitalized as immaterial assets according to current market value in line with IFRS 3 and which will be written off corresponding to their utilization period. An average period of use of 10 years was assumed for the customer bases. The write-off method corresponds to the expected consumption of the future economic benefit of the asset.

b) Software

Software is capitalized with its procurement costs and shown as an intangible asset insofar as these costs are not an integral component of associated hardware. Software will be written off linearly during a period of four to six years.

c) Technologies

Technology-related assets refer to process and development know-how, which NEXUS AG acquired within the framework of company acquisitions in the past years as well as in last year and were valued at the adjusted fair value at time of purchase 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 10 years on principle.

d) 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 cash-generating unit or groups of cash-generating units, 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, which is allocated to goodwill, represents the lowest level within the Group on which goodwill is monitored for internal management purposes; it is not larger than a business segment as it is set according to IFRS 8 "Business segments". 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 cash-generating unit (group of cash-generating units) can achieve, is less than the accounting value, expenditure for depreciation is entered. The value reduction is first allocated to the complete amount of goodwill. Any further value reduction is allocated proportionately to the book values of the other assets of the payment-generating unit.

In cases, in which the goodwill represents a part of the cash-generating unit (group of cash-generating units) 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 cash-generating unit not sold. Goodwill written off unbudgeted is no longer subject to appreciation.

e) Development Costs

Development costs are capitalized as intangible assets with their manufacturing costs insofar as the following prerequisites are fulfilled:

- The technical feasibility of completion of the intangible asset, so that use or sale is possible
- The intention to complete the intangible asset
- The ability to use or sell the intangible asset
- The intangible asset will probably provide economic benefits
- The availability of adequate technical, financial and other resources to complete the development and use or sell the asset
- The ability to determine expenses reliably for the intangible asset during its development.
- If these prerequisites do not exist, the development costs are entered affecting the result in the year they occurred. In the case of capitalizing, the manufacturing costs cover all cost directly attributable to the development process as well as appropriate parts of development-related overhead costs. Financing costs are not capitalized. Depreciation is written off linearly during a period of four to six years starting from completion. The write-off of the development costs is contained in the amortizations of intangible assets and fixed assets in the Statement of Income and Accumulated Earnings. As long as the use readiness of a capitalized development does not exist yet or there are indications of depreciation, the capitalized amount of development costs is checked for depreciation once annually.

Fixed Assets

Fixed assets are shown at the procurement or manufacturing costs minus cumulated, regular amortization and cumulated depreciation. The original procurement costs of fixed assets cover the purchase price as well as all directly attributable costs to use the asset in operations. The manufacturing costs of fixed assets cover expenses, which arise due to consumption of goods and use of services for the manufacturing. In addition to itemized costs, this includes an appropriate share of the required overhead costs. Borrowing costs are recorded in the period, in which they occur. Regular write-offs are made under consideration of normal operational life. Linear depreciation is used as depreciation method.
The estimated period of use is:

1. For renter installations: 5 to 10 years
2. For other equipment, factory and office equipment: 3 to 8 years

The accounting value of plants, equipment and other fixed assets is 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 consolidated surplus with effects on the operational results in the period, in which the position 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.

Financial Assets

The shares in affiliated companies and in a joint venture are carried in the balance sheet according to IAS 28 for the affiliated companies and according to IAS 31.38 for the joint venture in line with the equity method. An affiliated company is a company, over which the Group has decisive influence and which is neither a subsidiary nor a joint venture. A joint venture is a company managed jointly by a partner company based on a contractual agreement. According to the equity method, the investments in a company are entered in the balance as procurement costs plus the changes of the share of the company in the net worth of the affiliated company following acquisition. The goodwill connected with a company 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 integrated company. The consolidated surplus contains the share of the Group in the success of the at-equity integrated company. Changes entered directly in the equity capital of the integrated company 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 cut-off date of the affiliated companies and the joint venture corresponds to that of the Group. The balance sheet date and the accounting and estimation methods of the affiliated companies, the joint venture and the Group are similar business transactions without essential deviations from the viewpoint of the Group. The other financial assets were valuated 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 between 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 and assets are entered for all temporary differences to be taxed. The following exceptions apply to this:

- A deferred tax liability from the first-time reporting of goodwill as well as
- Deferred tax liabilities or deferred tax assets 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 result in the balance sheet before taxes or the result to be taxed, may not be shown. Deferred tax liabilities from temporary differences to be taxed, which are related to participation in subsidiaries, branches, affiliated companies 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. This also applies to deferred tax claims from temporary differences liable for deductions, which are in connection with shares in subsidiaries, branches, affiliated companies and joint ventures.

The accounting value of the deferred tax claims is checked on each balance sheet date and reduced in the amount, in which it is no longer 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.

Deferred taxes, which refer to positions that are entered directly under other revenue, are also entered in equity capital. 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.

Inventory

Inventories include raw materials, consumables and supplies as well as finished and incomplete performances are evaluated with lower value from the procurement or manufacturing costs and the net sale value. In addition to itemized costs, the manufacturing costs contain an appropriate share of the required material and product overhead costs as well as product-related depreciation, which can be allocated directly to the performance process.

Costs of administration are considered insofar as then can be attributed to the performance process. Loan capital interest is not to be capitalized, because no qualified assets exist. Inventories, which cannot be sold, are written off completely. 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, 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 if 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". At initial entry in the balance sheet, these are shown with procurement costs, which correspond to the value at the time of the given counter-performance. Transaction costs are included in the initial assessment. After the initial inclusion, securities are assessed with their adjusted current value without deduction or with any transaction costs at their sale. The adjusted current value at the time is based on the publicly listed prices of a securities market. The non-realized profits or losses are entered under other revenue in equity capital in the list via the changes of the equity capital until the financial asset is sold, redeemed or otherwise disposed of, or until an impairment of the financial asset was determined, so that the previously entered under other revenue in equity capital, cumulated profit or loss is to be included in the consolidated surplus at this time.

Liquid Funds

Liquid funds are composed of cash balance and credit balances at banks.

Depreciation of long-term non-financial 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 of the respective asset. The attainable amount of an asset is the higher of the two amounts from the adjusted current value of an asset or a cash-generating unit 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. Depreciation expenses of business areas to be continued are entered in the position Depreciations. A check is made on each reporting cut-off date with exception of the goodwill to determine whether indications exist that 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 a value adjustment is to be entered immediately in the consolidated surplus. 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 Accruals

The Group has three pension plans in Germany. Performance is not financed via a fund. In addition, financial obligations from the pension scheme according to Swiss federal law exist in Switzerland for employee old-age, survivors' and disability benefits (BVG). Expenditures for the services granted within the context of the performance-oriented plans are determined separately for each plan using the potential pension cash value method (IAS 19). Actuarial profits or losses are entered neutrally under other revenue in equity capital after consideration of deferred taxes without affecting the operational result.

The reference tables 2005 G of Heubeck-Richttafeln-GmbH are used as biometric calculation basis (death and disability probability of beneficiaries, probability of being married at time of death).

Other Accruals

Accruals are created if a current obligation exists with respect to a third party from a past event, which will probably result in outflow of resources in the future and the amount of which can be estimated reliably. Valuation of accruals is according to IAS 37 with the best possible estimate of expenditures, which would be required for fulfilling the current obligations as of the balance sheet cut-off date. Accruals for outlays are not shown. If an essential interest effect results from the fulfillment time of the obligation, the accrual is carried in the balance sheet at cash value.

An increase of accruals over time is entered under financial expenditures.

Liabilities

Liabilities are shown in the Group balance sheet when NEXUS has a contractual obligation to transfer means of payment or other financial assets to another party.

The initial valuation of a liability is at the adjusted current value of the received counter-performance or at the value of the received means of payment minus any incurred transaction costs. Subsequent valuation of liabilities is at the carried forward procurement costs using the effective interest rate method. Derivative financial instruments are valuated affecting the current-period result at the adjusted current market value.

Financial liabilities are taken off the books when the contractual obligation has been paid, canceled or expired.

Possible Liabilities

Possible liabilities are not shown in the Group Financial Report until their use becomes probable. They are shown in the Group Financial Report if their use is not improbable.

Sales

The Group 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 Group 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.

License sales are realized in the amount of the agreed-upon license fee according to IAS 18. Realization is performed at delivery if nothing else was agreed upon in the contract, 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 revenues, which are connection with contracts and for which a fixed price was agreed upon, are realized corresponding to their performance progress in accordance with IAS 11 and IAS 18 if the total amount of the revenues can be measured reliably, it is sufficiently probable that economic benefits will be reaped, and the incurred and still expected costs can be determined reliably until completion as well as the achieved degree of completion. An expected loss from the order is entered immediately as expenditure. Sales of consulting or other services are normally 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 normally 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.

Expenditure Realization

Expenditures are recorded as affecting operational results in the period, in which the corresponding use of value was caused.

Finance Income

Finance income is entered at the time it occurs.

Finance Expenses

Payments for loans are entered as expenditures. There is no capitalization of interest rate on borrowings according to IAS 23, because no qualified assets exist.

Foreign currency

Foreign currency transactions are entered in the report currency by converting the foreign currency at the exchange rate between the report currency and the foreign currency valid at the time of the business transaction. Conversion differences from processing monetary positions as well as from the cut-off date evaluation of exchange rates, which differ from those original entered during the period, are entered as expenses or revenue in the period, in which they occurred.

Operating Leasing Relation

A leasing relation is classified as an operating leasing relation if all risks and chances associated with ownership remain with the lessor. Leasing payments within an operating leasing relation are entered linearly as expenses in the consolidated surplus during the period of the leasing relation.

3. Company Mergers

Purchase of Flexreport AG, Baar (Switzerland)

NEXUS AG acquired 90% of the shares of the Swiss company Flexreport AG, Baar (Switzerland) on 23 July 2010 via issue of 280,000 new individual share certificates. A put-call option contract was concluded for the remaining 10%.

In the first quarter 2012, NEXUS AG has a call option for 6% of the shares of Flexreport AG (Option 1) and for 4% of the shares (Option 2) in the first quarter 2013. The seller has analog put-options during the same periods. No premiums have been agreed upon for the options. No dividends are paid until exercise of the options. The purchase price for the shares Option 1 TCHF 200 / TCHF 100 / TCHF 50 dependent on the number of newly acquired customers in Switzerland and Germany or CHF 1.00 if no notable acquisition was possible. The rates are TCHF 150 / TCHF 100 / TCHF 50 or CHF 1.00 for Option 2. According to IAS 32.23, the obligation to buy shares of non-controlling partner is to be carried in the balance sheet as liability with the expected purchase price. Correspondingly, no shares of non-controlling partners are shown. The purchase price is consequently calculated from shares (KEUR 1,064) valued at the going price and the conditional purchase price (KEUR 256) together. Flexreport AG was active in the Swiss healthcare system as well as in municipalities in the last business year. Flexreport develops and markets business intelligence applications in the product series PRISMA. This Management Information System (MIS) enables process-oriented ad-hoc queries of software databases, which can be used for individual analysis of the business operation of customers. The PRISMA products evaluate data in a clear way based on a multidimensional database query. The purchased assets and debts were included in the balance sheet with their adjusted, current value and are as shown to the right:

The identified and evaluated assets and debts identified in setting the purchase prices are essentially composed of technology (KEUR 473), customer relations (KEUR 54), pension accruals (KEUR 7) and debited deferred taxes (KEUR 62) at the purchase time. The receivables are shown with their gross value. The value was not adjusted, because complete intake of all outstanding receivables is expected. Goodwill results from the purchase price allocation in the amount of KEUR 750. Segment sales were TCHF 708 for 2010 and the division result was TCHF -33. The purchase essentially serves for technology enhancement in the Group and for securing our market position in Switzerland. The approx. 20 employees at the Baar site also contribute substantial expertise in this area and are a meaningful and welcome enhancement to our staff. These qualitative factors are also expressed in goodwill. For 2010, sales with third parties amounted to KEUR 270, and the contribution to the consolidated surplus was KEUR 18. The miscellaneous procurement costs in the amount of KEUR 14 are entered affecting the result.

The miscellaneous procurement costs in the amount of KEUR 14 are entered affecting the result.

FINANCIAL ASSETS / DEPTS FLEXREPORT AG, BAAR (SWITZERLAND)	VALUE TO BE ATTRI BUTED ON DATE OF ACQUISITION	BOOK VALUE
	KEUR	KEUR
Cash assets	44,283.04	44,283.04
Intangible assets	526,563.36	0.00
Fixed assets	23,978.77	23,978.77
Inventories	88,564.24	88,564.24
Receivables	319,508.27	319,508.27
	1,002,897.68	**476,334.32**
Prepaid taxes	62,306.73	0.00
Pension accruals	7,338.95	0.00
Liabilities	362,774.34	362,774.34
	432,420.02	**362,774.34**
Net asset by 07/31/2010	570,477.66	113,559.98
Cash balance	749,744.89	
Total acquisition costs	**1,320,222.55**	
ACQUISITION COSTS ARE AS FOLLOWS:		
Purchase price was paid via stock issue	1,064.000,00	
Conditional purchase price	256,222.55	
Total acquisition costs	**1,320,222.55**	
CASH-INFLUENCE OF THE AQUISITION AS FOLLOWS		
Purchased means of payment	44,283.04	
Inflow of means of payment	**44,283.04**	

4. Intangible Assets

The intangible assets contain purchased concessions, industrial property rights and similar rights and assets as well as licenses from such rights and assets In addition, the respective company acquisitions, the identified intangible assets (customer base, technologies and development costs) including the created goodwill were shown with the initial consolidation.
The intangible assets are not subject to any restrictions with respect to their disposal possibilities. Systems under construction exist in the amount of KEUR 1,189 in the development costs.

Goodwill

Within the framework of the annual Impairment Test according to IAS 36 (Impairment of Assets), the goodwill is allocated respectively on 31 December for checking the value of the cash-generating units. According to IAS 36.6, a cash-generating unit is smallest identifiable group of assets, which generates liquidity inflows through continued use, which are largely independent from the inflow of funds from other assets. Due to the technological and market-oriented merging of Group companies and the related organizational bundling of activities in NEXUS / DIS (Diagnostic Systems), NEXUS / CIS (Clinical Information Systems), NEXUS / CSO, NEXUS / QM, NEXUS / Hospis (CH) as well as NEXUS / HCS (Healthcare Services), these are considered as cash-generating units.

The business units NEXUS / CSO and NEXUS / HCS do not contain any goodwill in the balance sheet. The achievable amount of the other four cash-generating units is determined respectively on the basis of calculating utilization value on the balance sheet cut-off date. Accordingly, there were no depreciation requirements. These calculations were made based on cash flow forecasts, which in turn correspond to the approved financial plans for 2011 as well as to strategic planning until 2014. The discount rate used for the cash flow forecasts is between 7.25% and 19.25% (previous year: 8.4% and 10.6%) depending on the risk analysis. Cash flows after the detailed planning period are extrapolated with a growth rate, which is considered in calculations with a flat rate deduction in the discounting interest rate. The utilization value calculated in this way is based on forecasts, which include uncertainties in the estimations. Essential uncertainties are in the following positions:
* Profit margin
* Discount rate
* Development of market shares and maintenance revenues
* Growth rates in the detailed planning stage

Profit Margin

The profit margin was calculated based on an average value, which was formed partially on the basis of already concluded contracts under consideration of the margins from the previous years as well as a substantial expansion of license business. The profit margins were also adjusted by the expected increase in efficiency.

Discount Rate

The discount rate reflects the estimation of the Executive Board with respect to specific risks of the respective cash-generating unit. Future investment projects are evaluated via this interest rate.

Development of Market Shares and Maintenance Revenues

These assumptions are especially significant, because the estimation is reflected here about how the cash-generating units will development with respect to competitors during the planning period. At the same time, it must be observed that it is not a question of clearly defined markets, but instead mainly with project transactions, which do not permit clear comparisons.

Growth Rates in the Detailed Planning Stage

The growth rates in the detailed planning stage are based on published, industry-related market research. They are also influenced decisively by the individual estimates of future potential made by the cash-generating units. These assumptions are supported by concrete sales, development and marketing plans.

Sensitivity of the Assumptions Made

Substantial deviation from the assumptions made can result in deviation of the actual utilization values of the cash-generating units from the planned values. Effects on achievable values are possible in the following basic assumptions:

Assumptions about Growth Rates in the Detailed Planning Stage

The Executive Board is aware that the speed of technological change or new competitors can influence the assumptions about growth rates. In the detailed planning phase, above-average sales growth is calculated especially for the cash-generating unit NEXUS / DIS and there for the products in the areas of gynecology and radiology, which are based on expectations of market growth. If this growth goal is not achieved, the utilization value of the cash-generating unit NEXUS / DIS could be reduced.

Profit Margin

The Executive Board has weighed the possibility of smaller profit margins than those on which planning is based. In planning, increasing efficiency of the organization was assumed on the basis of quantity degression with average area increase rates. For example, if the efficiency of the organization does not improve due to cost increases, which cannot be compensated for, the utilization value of the cash-generating units would be reduced. The capitalized goodwill of the cash-generating unit NEXUS / CIS of KEUR 4,290 was created via acquisition of the shares of NEXUS / CIS GmbH, Singen, the goodwill of the cash-generating unit NEXUS / HOSPIS of KEUR 2,961 at purchase of NEXUS Schweiz GmbH, Schwerzenbach as well as Flexreport AG, Baar, the goodwill of NEXUS / DIS of KEUR 4,707 from the company mergers with NEXUS / GMT GmbH, Frankfurt a. M., NEXUS / PASCHMANN GmbH, Oberhausen, NEXUS / HOLL GmbH, Munich and Medos AG, Langenselbold. The goodwill of the cash-generating unit NEXUS / QM of KEUR 836 results

INTANGIBLE ASSETS	CONCESSIONS/ PATENTS	GOODWILL	DEVELOPMENT COSTS	CUSTOMER BASE/ TECHNOLOGY	TOTAL
	KEUR	KEUR	KEUR	KEUR	KEUR
Gross value as of 31 Dec. 2009	5,192	11,819	19,418	8,066	44,495
Additions due to change of the Group composition	0	750	0	527	1,277
Currency fluctuations	181	401	199	485	1,266
Additions	87	0	4,365	0	4,452
Disposals	264	0	788	0	1,052
GROSS VALUE AS OF 31 DEC. 2010	**5,196**	**12,970**	**23,194**	**9.078**	**50,438**
Cumulated write-offs as of 31 Dec. 2009	4,511	177	8,944	2,592	16,224
Currency fluctuations	131	0	46	78	255
Additions	137	0	3.965	1.072	5,174
Disposals	264	0	788	0	1,052
CUMULATED WRITE-OFFS AS OF 31 DEC. 2010	**4,515**	**177**	**12,167**	**3,742**	**20,601**
Net value on 31 Dec. 2009	681	11,642	10,474	5,474	28,271
NET VALUE ON 31 DEC. 2010	**681**	**12,793**	**11,027**	**5,336**	**29,837**

	CONCESSIONS/ PATENTS	GOODWILL	DEVELOPMENT COSTS	CUSTOMER BASE/ TECHNOLOGY	TOTAL
	KEUR	KEUR	KEUR	KEUR	KEUR
Gross value as of 31 Dec. 2008	4,809	11,813	28,638	7,030	52,290
Additions due to change of the Group composition	0	0	0	1,032	1,032
Currency fluctuations	2	6	8	4	20
Additions	381	0	4,715	0	5,096
Disposals	0	0	13,943	0	13,943
GROSS VALUE AS OF 31 DEC. 2009	**5,192**	**11,819**	**19,418**	**8,066**	**44,495**
Gross value as of 31 Dec. 2008	4,284	177	19,106	1,828	25,395
Currency fluctuations	4	0	-10	3	-3
Additions	223	0	3,791	761	4,775
Disposals	0	0	13,943	0	13,943
CUMULATED WRITE-OFFS AS OF 31 DEC. 2009	**4,511**	**177**	**8,944**	**2,592**	**16,224**
Net value on 31 Dec. 2008	525	11,636	9,532	5,203	26,896
NET VALUE ON 31 DEC. 2009	**681**	**11,642**	**10,474**	**5,474**	**28,271**

from the purchase of NEXUS / HOLL GmbH, Ismaning. The goodwill of the cash-generating unit NEXUS / HOSPIS was KEUR 2,473 capitalized at the initial consolidation time and has changed due to exchange rate fluctuations to KEUR 2,961.

Customer Base / Technology

At the purchase of Flexreport AG, Baar (Switzerland), technology in the amount of KEUR 473 as well as customer relations of KEUR 54 were capitalized and written off linearly over 10 years or over the time corresponding to the expected use of the future benefits. At the purchase of companies in the previous years, technology in the amount of KEUR 784 as well as customer relations were capitalized in the amount of KEUR 248 and written off linearly over 10 years or over the time corresponding to the expected use of the future benefits for the purchase of the Healthcare Division of EDS Information Business GmbH, Zurich,. At the purchase of Medos AG, Langenselbold in 2008, technology in the amount of KEUR 1,247 was capitalized and written off linearly over six years as well as customer relations in the amount of KEUR 467 (customer base) and written off over 10 years corresponding to the expected use of the future benefits. In the business year 2007 within the context of the purchase price allocation of the acquisitions of NEXUS / PASCHMANN GmbH, Oberhausen and NEXUS / HOLL GmbH, Munich, customer relations (customer base) of KEUR 165 (Paschmann) and KEUR 29 (Holl) were identified and will be written off over 10 years corresponding to the expected use of the future benefits. An additional KEUR 709 were received for intellectual property rights (technology) in 2007 in connection with the purchase of Paschmann. Within the context of the split of the purchased assets, a total of KEUR 309 was capitalized at cash value as customer relations (customer base) at the initial consolidation time in 2006 for NEXUS Schweiz GmbH, Schwerzenbach, which will be written off linearly over 10 years corresponding to the expected consumption and the future economic benefits, and KEUR 74 as intellectual property rights (technology), which will be written off linearly over 10 years. Within the framework of the split of the purchased assets from NEXUS / GMT in 2005 in the business year 2005, a total of KEUR 535 was capitalized as customer relations (customer base), which will be written off linearly over 10 years, and KEUR 139 as intellectual property rights (technology), which will be written off over 5 years. Within the context of the split of the purchased assets from micom GmbH in 2005 in the business year 2004, a total of KEUR 400 was capitalized as customer relations (customer base), which will be written off linearly over 7 years, and KEUR 1,875 as intellectual property rights (technology), which will be written off over 15 years. Finally, intellectual property rights were purchased in Switzerland for a total of KEUR 939 in 2007 and 2008. Other procurement cost increases are due to exchange rate differences.

Development Costs

Development costs are in the valuation insofar as they fulfill the criteria lists in the accounting and valuation principles. They are capitalized in the business year, in which they occur if they are not for basic research or order-related. Development costs were capitalized in the amount of KEUR 4,365 (previous year: KEUR 4,715) in 2010. The development costs will be written off according to schedule over a utilization period of five years. The utilization period of the development costs capitalized in the previous years is for a time period of four years. KEUR 3,965 (previous year: KEUR 3,791) was written off in the reporting year. In addition, approx. KEUR 8,253 (previous year: KEUR 3,071) development costs, which cannot be capitalized, are entered directly in expenditures.

Concessions / Licenses

Especially third-party software is shown, which is used for our own purposes.

5. Property, Plant and Equipment

Fixed assets are mainly composed of plant and business facilities and are valuated as carried forward procurement costs. The customary utilization period is between three and ten years. Write-offs were only made according to the linear method in the past business years as in the previous year. The tangible assets are not subject to any restrictions with respective disposal possibilities. There are no facilities currently being constructed.

6. Financial Assets

As of 31 December 2010, NEXUS AG holds – unchanged to the previous year – directly or indirectly participating interest in G.I.T.S Gesundheitswesen IT-Service GmbH, Fürstenfeldbruck, Medidata GmbH, Berlin, VEGA Software GmbH, Aachen, Palladium-med GmbH, Berlin and the joint venture NEXUS / Arabia Ltd., Riyadh. NEXUS Arabia ltd. is only starting operative business in 2011. The following tables contain summarized financial information about the four affiliated companies of the Group and the joint venture, which are all consolidated at-equity.

	ASSOCIATED COMPANIES		JOINT VENTURES	
	2010	2009	2010	2009
	KEUR	KEUR	KEUR	KEUR
SHARE OF PARTICIPATIONS IN THE BALANCE SHEET				
Short-term assets	72	70	48	48
Long-term assets	13	13	0	0
Short-term debts	-3	-2	0	0
Long-term debts	-32	-31	0	0
PRORATED NET ASSETS	**50**	**50**	**48**	**48**
SHARES IN REVENUE AND PROFIT OF PARTICIPATIONS				
Revenue	315	98	0	0
Profit	0	0	0	0
ACCOUNTING VALUE OF PARTICIPATION	**48**	**48**	**50**	**50**

FIXED ASSETS	TENANT FIXTURES	OTHER ASSETS FIX TURE S AND FUR NISHINGS	TOTAL
	KEUR	KEUR	KEUR
Gross value as of 31 Dec. 2009	401	6,289	6,690
Additions due to change of the Group composition	3	21	24
Currency fluctuations	4	-202	-198
Additions	0	580	580
Disposals	0	1,346	1,346
GROSS VALUE AS OF 31 DEC. 2009	**408**	**5,342**	**5,750**
Cumulated write-offs as of 31 Dec. 2008	345	5,266	5,611
Currency fluctuations	5	-208	-203
Additions	8	537	545
Disposals	0	1,332	1,332
CUMULATED WRITE-OFFS AS OF 31 DEC. 2010	**358**	**4,263**	**4,621**
Net value on 31 Dec. 2009	56	1,023	1,079
NET VALUE ON 31 DEC. 2010	**50**	**1,079**	**1,129**

FIXED ASSETS	TENANT FIXTURES	OTHER ASSETS FIX TURE S AND FUR NISHINGS	TOTAL
	KEUR	KEUR	KEUR
Gross value as of 31 Dec. 2008	401	5,821	6,222
Additions due to change of the Group composition	0	19	19
Currency fluctuations	0	21	21
Additions	0	514	514
Disposals	0	86	86
GROSS VALUE AS OF 31 DEC. 2009	**401**	**6,289**	**6,690**
Cumulated write-offs as of 31 Dec. 2008	341	4,685	5,026
Currency fluctuations	0	13	13
Additions	4	642	646
Disposals	0	74	74
CUMULATED WRITE-OFFS AS OF 31 DEC. 2009	**345**	**5,266**	**5,611**
Net value on 31 Dec. 2008	60	1,136	1,196
NET VALUE ON 31 DEC. 2009	**56**	**1,023**	**1,079**

7. Inventory

The inventories are as follows:

No decline in economic usefulness (previous year: KEUR 0) or increased valuation (previous year: KEUR 0) was entered in the reporting year. There are no inventories in the current business year, which were carried in the balance sheet at the net disposal price. Inventories in the amount of KEUR 6,269 are entered as expenditures in the business year.

	2010	2009
	KEUR	KEUR
Raw materials, consumables and supplies	15	16
Unfinished services	–	–
Goods	136	153
	151	**169**

8. Deferred Taxes

Credited and debited deferred taxes were offset in accordance with IAS 12. Credited and debited deferred taxes are classified according to their cause as follows:

	CONSOLIDATED BALANCE SHEET		CONSOLI DATED PROFIT AND LOSS ACCOUNT	
	12/31/2010	12/31/2009	2010	2009
	KEUR	KEUR	KEUR	KEUR
LATENTER STEUERANSPRUCH				
Tax carry forward	5,721	5,930	-209	-395
Inventory valuation differences	0	3	-3	-1
Different valuation accruals	-1	0	-1	-56
Different valuations in pensions	165	46	-8	–
Valuation differences of securities	179	224	173	–
	6,064	**6,203**	**-48**	**-452**
Consumption of deferred tax liability	-3,832	-3,717	48	452
TOTAL DEFERRED TAX ASSETS	**2232**	**2,486**	**0**	**0**
DEFERED TAX PAYABLE				
Development costs	2,431	2,515	84	-13
Lump sum value adjustment	47	37	-10	-9
Valuation differences of balance at banks	0	14	14	6
Technology / Know How	1,141	1,234	155	234
Services in process	119	137	18	19
Derivative Financial Instruments	0	0	0	37
Elimination of individual value adjustments in connection with debt consolidation	683	764	81	91
Other currency effects	117	34	41	39
	4,538	**4,735**	**383**	**404**
Consumption of deferred tax demand	-3,832	-3,717	-48	-452
TOTAL DEFERRED TAX LIABILITIES	**706**	**1,018**	**335**	**-48**

The change of the deferred taxes is as follows:

	12/31/2010	12/31/2009
	KEUR	KEUR
Change in deferred taxes affecting profits	335	-48
Adjustment of deferred taxes on valuation reserve through financial instruments, neutral in its effects of profits	-218	-172
Performance-neutral adjustment of deferred taxes within the framework of provisions for pensions	127	14
Result neutral adjustment of deferred taxes from foreign currency translation	-124	10
Funding of deferred taxes without effect on the result on the liabilities side for mergers	-62	-189
CHANGE IN DEFERED TAXES AFFECTING PROFITS	**58**	**-385**

As of 31 December 2009, no debited deferred taxes were entered on profits not paid from subsidiaries or affiliated companies, because the Group determined that the profits, which have not been distributed yet, will not be distributed in the foreseeable future. In addition, the amount of taxes resulting for the Group is insubstantial in the case of distribution to the parent company due to the German tax system.

9. Trade Receivables and Other Receivables

Trade receivables and other receivables are composed of the following:

	12/31/2010		12/31/2009	
	SHORT-TERMED (< 1 YEAR)	LONG-TERMED (> 1 YEAR)	SHORT-TERMED (< 1 YEAR)	LONG-TERMED (> 1 YEAR)
	KEUR	KEUR	KEUR	KEUR
Trade accounts payable	11,044	0	12,021	0
Receivables from companies valued at-equity	1	0	0	0
Gross amount due to customer s for proje cts as an asset	825	0	567	0
TOTAL	**11,870**	**0**	**12,588**	**0**

Refer to the table below for individual value adjustments on accounts receivable from deliveries and services and their development.

Project orders with positive balance with customers in the amount of KEUR 825 (previous year: KEUR 567) will be invoiced and also be due within one year in all probability.

TR ADE ACCOUNTS PAYABLE	BOOK VALUE	DEBASED	DE LINQUE NT BUT NOT DEBASED					
			NEITHER DELIN-QUENT	< 30 DAYS	30 – 120 DAYS	120 – 180 DAYS	180 – 360 DAYS	> 360 DAYS
	KEUR	KEUR	KEUR	KEUR	KEUR	KEUR	KEUR	KEUR
12/31/2010	11,044	1,931	5,118	1,794	1,062	571	1,592	907
12/31/2009	12,021	1,067	4,098	1,172	1,919	531	2.,756	1,545

On the claims past due without value reduction, no value adjustment was made, because no essential change of the credit rating of the debtor could be determined and consequently payment of the outstanding amounts is assumed. The Group does not have any collateral for these outstanding items. Trade receivables and other receivables are all due within one year.

Receivables from deliveries and services in the amount of KEUR 570 (previous year: KEUR 168) were charged off in the business year 2010. There were no received payments (previous year: none) for charged-off receivables.

The current market value of receivables from deliveries and services and other receivables does not different from the book value. There were receivables diminished in value from deliveries and services in the amount of KEUR 1,931 on 31 December 2010 (previous year: KEUR 1,067). The development of the value adjustment account is as follows:

CHANGES OF VALUE ADJU STMENTS IN TRADE ACCOUNTS PAYABLE	2010	2009
	KEUR	KEUR
Status 01/01	1,067	968
Allowed expenses allocation	1,519	696
Consumption	-570	-170
Dissolution	-85	-427
STATUS 31. DECEMBER	**1,931**	**1,067**

10. Other financial assets

The other assets are composed of the following:

	12/31/2010		12/31/2009	
	SHORT-TERMED (< 1 YEAR)	LONG-TERMED (> 1 YEAR)	SHORT-TERMED (< 1 YEAR)	LONG-TERMED (> 1 YEAR)
	KEUR	KEUR	KEUR	KEUR
OTHER ASSETS	**1,377**	**92**	**1,351**	**266**
From interest	39	0	0	0
From loans to employees and third parties	893	0	939	0
From loans and other receivables to executive bodies	267	52	52	226
from others	178	40	360	40
SECURITIES	**2,122**	**33**	**1,981**	**58**
DERIVATIVE FINANCIAL INSTRU MENTS	**0**	**0**	**0**	**0**
TOTAL OF OTHER FINANCIAL ASSETS	**3,499**	**125**	**3,332**	**324**

The current market value of other financial assets does not different from the book value.

Securities

Long-Term Assets

Funds shares are contained in other financial assets in the amount of KEUR 33 (previous year: KEUR 58). Procurement costs were KEUR 49 (previous year: KEUR 88), and the list price is KEUR 33 (previous year: 58) on the balance sheet cut-off date. There were no impairments of value to enter in the consolidated surplus in reporting year or the previous year.

In the previous years, a valuation reserve for financial instruments was established in equity capital, which shows the profits and losses from the sale of available, classified financial assets of classified securities, and minus – if applicable – the deferred taxes applicable to them.

Short-Term Assets

On the balance sheet date, securities include company bonds in the amount of KEUR 335 (previous year: KEUR 257) and money market bonds in the amount of KEUR 1,787 (previous year: KEUR 1,724).

Derivative Financial Instruments

NEXUS only uses derivative financial instruments for security purposes to safeguard against foreign currency risks resulting from business operations. According to IAS 39, all derivative financial instruments are to be carried in the balance at their market value on the cut-off date, independent of their purpose or the intention, with which they are held. On principle, the company does not designate any derivative financial instruments to protect against loss. Consequently, all changes of the market value of future exchange transactions and currency option transactions are shown in the period of change in other operating income or in other operating expenses. There was no derivative financial instrument as of 31 December 2010.

SECURITIES IN KEUR	12/31/2010 PURCHASE COSTS	12/31/2010 MARKET VALUE	12/31/2009 PURCHASE COSTS	12/31/2009 MARKET VALUE
	KEUR	KEUR	KEUR	KEUR
Rentenfonds	2,733	2,122	2,763	1,981
SUMME	**2,733**	**2,122**	**2,763**	**1,981**

In the reporting period, decline in economic usefulness in the amount of KEUR 611 (previous year: KEUR 342) as well revenues of KEUR 0 (previous year: 150) were entered in the consolidated surplus.

A valuation reserve for financial instruments was established in equity capital, which shows the profits and losses from the sale of available, classified financial assets of classified securities, possibly minus the deferred taxes applicable to them. Cumulated impairments of value at the time of securities issue were to be included affecting the result in the consolidated surplus in the amount of KEUR 0 (previous year: KEUR 0) in the reporting period.

11. Other Non-Financial Assets

The other non-financial assets are composed of the following:

	2010	2009
	KEUR	KEUR
VAT	89	214
Down payments made	26	26
Wage and salary advances	72	10
Accounts receivable most for social security	161	179
Capitalized deferred income	335	123
TOTA L OF NONFINANCIAL ASSETS	**683**	**552**

The current market value of other non-financial assets does not differ from the book value.

12. Equity

Equity amounted to KEUR 52,796 on the cut-off date (previous year: KEUR 47,042). Refer to the statement of changes in the shareholders' equity as well as to number 3. Company Mergers.

a) Subscribed Capital

Subscribed capital has been divided since 16 December 2010 into 14,171,150 bearer, no-par stocks with a book value share of equity capital of EUR 1.00 each. It has been paid in the amount of 14,085,200.00. Capital in the amount of 85,950.00 has been demanded, but not paid in yet.

Due to the exercise of stock options in the amount of EUR 85,950.00 (corresponds to 85,950 shares) in December 2010, subscribed capital has increased to detriment of authorized but unissued capital III. In addition, the subscribed capital increased by EUR 280,000.00 (corresponds to the 280,000 shares) to the detriment of authorized capital due to a capital increase for capital subscribed in kind in 2010.

Different stock classes do not exist. All stocks are common stocks and grant the same rights provided for by the stock law.

b) Own Shares

In the general stockholders meeting of 19 June 2006, the company was empowered until 30 November 2007 to purchase its own stocks up to an amount of a total of 10% of the equity capital, i.e., up to 1,380,520 individual share certificates with a book value of EUR 1.00 each. The company exercised this right in 2007 and purchased 8,420 share certificates with procurement costs of a total of KEUR 26. The own shares were deducted with the total procurement costs in one sum from equity (cost method). The company may not use this empowerment to purchase its own stocks for the purpose of trading with its own stocks. The company can use this empowerment completely or in partial amounts once or several times, but this can also be done for the account by third parties.

Authorized Capital

In the annual general meeting of 14 June 2010, the empowerment granted in the annual general meeting of 27 June 2005 to increase the capital stock in the amount of EUR 6,860,000.00 was revised. The Executive Board was empowered to increase the capital stock of the company in the period until 31 May 2015 one time or several times up to a total of KEUR 6,902,600.00 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 issue to employees of the company or an affiliated company

c) For a capital increase against capital subscribed in kind for purchase of companies, company parts or shares in companies

d) At capital increase against cash investment if the issue amount of the new shares does not fall substantially short of the already the listed price of shares already listed on the securities markets of the same class and same investment at the time of final determination of the issue amount by the Executive Board in the sense of Subsection 203 Clauses 1 and 2, 186 Clause 3 sentence 4 of the German Stock Corporation Law and the proportional amount of the capital stock for the new shares does not exceed 10% of the capital stock existing at the time of empowerment, for which the subscription right was excluded. At the maximum limit of 10% of the capital stock, shares of the capital stock are included in the calculation, which were sold during the term of approved capital with exclusion of the subscription right of stockholders pursuant to Subsection 71 Clause 1 No. 8 sentence 5, 186 Clause 3 sentence 4 of the German Stock Corporation Law, for which conversion rights or option rights or a conversion obligation or a option exercise obligation exists due to options and/or convertible debentures, which were issued since granting of this empowerment with exclusion of the subscription right pursuant to Section 221 Clause 4, 186 Clause 3 sentence of the German Stock Corporation Law.

A capital increase for capital subscribed in kind in the amount of KEUR 280,000.00 was carried out in the reporting year. Authorized capital in the amount of KEUR 6,622,600.00 existed on the balance sheet cut-off date.

Authorized but Unissued Capital and Stock Option Plans (AOP)

Subscribed capital in the amount of KEUR 686,000.00 was adopted in the general stockholders meeting of 19 June 2006. This subscribed capital can only be increased insofar as bearers of stock options, which were issued by the company within the framework of the stock option program due to the empowerment resolution of the general stockholders meeting of 19 June 2006, exercise their options by 30 May 2011 and the company does not concede its own stocks in fulfillment of the options.

In line with IFRS 2 (share-based payments), 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. 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 all valued according to the option price model of Black/Scholes at the time of their granting. The issue obstacle, which represents a market condition, was considered via an estimated discount.

The following assumptions were used for calculating the adjusted current value for AOP 2006:

	AOP 2006
Duration	2, 3, 4 Years
Interest loan risk-free	3.5% – 3.6%
Volatility	36.0%
Dividend	abstract
Exercise barrier	10%
Exercise price	3,09 KEUR
Estimated stock price	3,15 KEUR

The considered, expected volatility is based on the assumption that future trends can be deduced from historic volatility, whereby the actually occurring volatility can deviate from that assumed. During the term of options, it is assumed that those entitled exercise their subscription rights at the earliest possible time.

The options developed in the financial year as follows:

	2010	AVER AGE WEIGHTED EXERCISE PRICE	2009	AVER AGE WEIGHTED EXERCISE PRICE
	OPTIONS	KEUR	OPTIONS	KEUR
Option rights exercised during the reporting period	241,385	3.09	658,300	2.79
Newly granted during the reporting period	0	–	0	–
In reporting period lapsed options	-155,435	3.09	-405,915	2.60
In reporting period lost options	0	–	-11,000	3.09
In reporting period exercised options	-85,950	3.09	0	0
Number of outstanding option rights on 31 December	0	0	241,385	3.09
Executable Options on 31 December	0	0	168,970	3.09

Stock Option Program 2006

In the general stockholders meeting of 19 June 2006, the Executive Board was empowered to issue up to 686,000 stock options with stock subscription rights of NEXUS AG within the framework of a stock option program IV.

The stock options are solely intended for purchase by members of the Executive Board and employees of NEXUS AG as well as members of management and employees of affiliated companies of NEXUS AG according to Section 15 of the German Stock Corporation Law. NEXUS AG granted the stock option plan 2006 from stock option program IV for executive board members, members of management and employees of the NEXUS Group on 21 August 2006. The term of the stock option plan ends on 30 May 2011. A total of 395,000 subscription rights were issued within the framework of AOP 2006.

The exercise price corresponds to the average price of the NEXUS stock during a period of four weeks before issue of the subscription rights on the basis of the closing price in XETRA trade on the Frankfurt securities market. During the four-year term of AOP 2006, 30% of the subscription rights can be exercised after a qualifying period of two years, another 40% after three years, and the remaining 30% after four years. The subscription rights form the stock options can only be exercised if 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 exceeds the performance of the reference index (TecDax) in the same time period. Exercise of the option rights is only permitted three times per year after expiration of the respective qualifying period, within four weeks respectively following the regular meeting of stockholders, and disclosure of the results of the second quarter and of the third quarter.

c) Capital Reserves

Capital reserves essentially contain surcharges from the capital increase conducted in 2000 in connection with the IPO of NEXUS AG as well as the increase of the capital reserves in the amount from the issue of new shares against a noncash capital contribution as well as the exercise of stock options by Executive Board members of management in subsidiaries and employees of the NEXUS Group. The directly attributable expenses incurred within the framework of the cash increase, the capital increase through capital subscribed in kind, were offset with the capital reserves. In addition, the adjusted current value of the stocks issued within the framework of the stock option plans is considered in the capital reserves position. According to Section 150 of the German Stock Corporation Law, the legal reserves and the capital reserves must exceed one-tenth of the equity capital, so that they can be used to compensate for losses or for a capital increase from company funds. As long as the legal reserves and the capital reserves together do not exceed one-tenth of the equity capital, they may only be used to compensate for losses as long as the loss is not covered by profit carried forward or annual net profit and cannot be compensated for by amortizing other revenue reserves.

Capital reserves increased by KEUR 784 due to the capital increase for capital subscribed in kind performed during the reporting year. With the drawing up of the Annual Financial Statements as of 31 December 2010, the net loss for the year in the amount of KEUR 21,712 was offset against capital reserves.

d) Equity Capital Difference from Currency Conversion

The equity capital difference from currency conversion results from differences, which resulted from the conversion of the annual financial statements of three foreign subsidiaries.

e) Validation Reserve for Financial Instruments

The validation reserve for financial instruments contains the cumulated profits and losses from the valuation of the adjusted current value for selling certain financial assets after offsetting deferred taxes.

Impairments of value from the previous year were posted in the amount of the impairment on the balance sheet cut-off date and affecting expenditures.

f) Pension Accruals

The pension accruals contain the actuarial, cumulated profits and losses from the valuation from valuation of pension accruals after offsetting deferred taxes.

Capital Management

The goal of capital management is to maintain the financial substance of the Group as well as long-term assurance of required financial flexibility. The equity capital rate was also used in measuring the financial security of the Group. In doing this, the equity capital shown in the Group balance sheet was compared to the balance amount. Accordingly, the financing structure is characterized by a capital structures, which is conservative and in which self-financing dominates. The equity capital rate is 77.3% (previous year: 80.1%) on the balance sheet cutoff date. Third-party financing is almost exclusively via liabilities, which result from business operations, as well as via pensions to a slight extent. There are almost no interest-bearing financial liabilities.

13. Pension Obligations

Pensions accruals have been accrued for NEXUS / IT GmbH SÜDOST, NEXUS / CCC GmbH 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 performance-oriented plans in Switzerland concern the pension scheme according to Swiss federal law for employee old-age, survivors' and disability benefits (BVG). These plans represent complete insurance policies, in which an insurance company is responsible for the at least temporary, complete actuarial risks, including capital market risks. The amount of payments for assumed pensions is based on employment years and the respective salary of the person entitled to payments. The accrual is established for payable performances in the form of old-age and disability pensions as well as for survivors' pensions. It is a question of unforfeitable expectancy of future benefits.
Plan assets only exist for obligations in Switzerland.
Calculation of the pension obligations considers market interest rates as well as wage, salary and pension trends. In Germany, the reference tables 2005 G (Verlag Heubeck-Richttafeln-GmbH, Cologne), which include death and disability probability, probability of being married at time of death, are used as biometric calculation basis. In Switzerland, the statistics of the years 2002 – 2004 based on the tariff BVG 2005 were used as a basis. To consider decreasing mortality and simultaneously increased probability of disability, the tariff is increased by 0.5% per year. Consequently, the increase is 2.5% in 2010.

	2010	2009
	%	%
Interest rate calculated (D)	4.65	5.3
Interest rate calculated (CH)	3.0	3.5
Average annual fluctuation rate (D)	5.0	5.0
Average annual fluctuation rate (CH)	15.0	15.0
Rate of compensation increase	1.0	0.8
Annual increase of current pensions (D)	2.0	2.0
Annual increase of current pensions (CH)	0	0
Expected return on plan assets (CH)	3.5	3.5

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

	2010	2009
	KEUR	KEUR
Cash value of pension obligation at beginning of reporting period	610	534
Access pension liabilities (CH)	9,384	0
Current staff expenses	141	3
Interest payments	349	32
Paid benefits	-1,096	-10
Actuarial profit	834	51
Employee contributions (CH)	405	0
Company mergers	162	0
CASH VALUE OF OBLIGATIONS AT END OF REPORTING PERIOD	**10,789**	**610**
Cash value of plan assets at beginning of reporting period	0	0
Plan assets receipt (CH)	9,337	0
Expected earnings on plan assets	323	0
Employer contributions	414	0
Employee contributions	405	0
Actuarial profits (+) / losses (-)	186	0
Capital payments	-1,249	0
Company mergers	154	0
CASH VALUE OF PLAN ASSETS AT THE END OF REPORTING PERIOD	**9,570**	**0**
Cash value of external financial obligations	10,094	0
Fair value of plan assets	9,570	0
Underfunding	524	0
Cash value of intern financial obligations	695	610
Financing status	1,219	610
Balanced pension liabilities	1,219	610
Of which shown as pension accruals	1,219	610

Actuarial losses were entered neutrally under other revenue in equity capital after consideration of deferred taxes. The cumulated actuarial losses were entered in equity capital with KEUR 803 minus deferred taxes. The total expenditures for performance-oriented employer's pension commitments, which are contained in personnel expenses, are composed of the following (see to the right):

	2010	2009
	KEUR	KEUR
Current staff expenses	141	3
Interest payments	349	32
Expected return on plan assets	-323	0
PLAN DEFICIT	**167**	**35**

The actual results of the plan assets to KEUR 426 percent (previous year: KEUR 0). Plan assets only exist for obligations to Swiss plans and are composed of the claims against the pension fund. The expected total revenues from plan assets are calculated based on the customary market prices at this time for time over which the obligation will be met.

Estimates of pension obligations based on experience amount to KEUR 343 percent (previous year: KEUR -5), and those of the plan assets to KEUR 0 (previous year: KEUR 0).
Employer contributions are expected in the amount of KEUR 423 are planned for the current business year.

The cash value of pension obligations and plan assets developed as follows over the past five years:

ACCRUALS	2010	2009	2008	2007	2006
	KEUR	KEUR	KEUR	KEUR	TEUR
Present value of pension obligations	10,789	610	534	545	590
Current value of plan assets	-9,570	0	0	0	0
Empirical estimates of the pension liabilities	343	-5	103	127	204
PLAN DEFICIT	**1,219**	**610**	**534**	**545**	**590**

In Germany, the social pension fund is considered a contribution-oriented pension plan. The expenditures entered for the social pension fund for the employees subject to social insurance contributions amounted to KEUR 1,196 in the past business year (previous year: KEUR 1,880).

In addition, expenditures for other contribution-oriented plans for executive board members exist for direct insurance during the business year in the amount of KEUR 31 (previous year: KEUR 31).

14. Accruals

ACCRUALS	STATUS 01/01/2010	USE 2010	DISSOLUTION 2010	LISTING 2010	STATUS 01/01/2009
	KEUR	KEUR	KEUR	KEUR	KEUR
Guarantees	134	14	0	21	141
Benefits still to be paid	466	75	369	918	940
Record retention periods	59	6	0	10	63
Misc. other provisions	117	39	0	122	200
	776	**134**	**369**	**1,071**	**1,344**

It is expected for the accruals for expected warranty obligations that the warranty expenditures will mainly occur in 2011 and that a residual amount will occur in 2012. Performances still to be provided refer to risks in project business from threatened follow-up costs as well as possibly.

15. Liabilities

FINANCIAL LIABILITIES	12/31/2010		12/31/2009	
	SHORT-TERMED (< 1 YEAR)	LONG-TERMED (> 1 YEAR)	SHORT-TERMED (< 1 YEAR)	LONG-TERMED (> 1 YEAR)
	KEUR	KEUR	KEUR	KEUR
Financial liabilities	0	–	290	–

Financial liabilities on current account to credit institutes exist in the amount of KEUR 0 (previous year: KEUR 290).

TRADE ACCOUNTS PAYABLE	12/31/2010		12/31/2009	
	SHORT-TERMED (< 1 YEAR)	LONG-TERMED (> 1 YEAR)	SHORT-TERMED (< 1 YEAR)	LONG-TERMED (> 1 YEAR)
	KEUR	KEUR	KEUR	KEUR
Trade accounts payable	2,536	–	3,515	–

There were outstanding liabilities from deliveries and services in the amount of KEUR 2,536 (previous year: KEUR 3,515) at the end of the business year. The liabilities from deliveries and services were carried in the balance at their carried forward procurement costs. The total amount is due within one year.

LIABILITIES TO INCOME TAXES	12/31/2010		12/31/2009	
	SHORT-TERMED (< 1 YEAR)	LONG-TERMED (> 1 YEAR)	SHORT-TERMED (< 1 YEAR)	LONG-TERMED (> 1 YEAR)
	KEUR	KEUR	KEUR	KEUR
Liabilities to income taxes	114	–	64	16

The actual tax debts for the current period and earlier periods are to be valuated with the amount, in which a payment to tax authorities is to be expected. In calculating the amount, the tax rates and tax regulations are used as a basis, which are valid or announced for the balance sheet date in the respective country.

ASSIGNMENT OF COST OR EXPENSE NOT RELATING TO ACCOUNTING PERIOD	12/31/2010		12/31/2009	
	SHORT-TERMED (< 1 YEAR)	LONG-TERMED (> 1 YEAR)	SHORT-TERMED (< 1 YEAR)	LONG-TERMED (> 1 YEAR)
	KEUR	KEUR	KEUR	KEUR
Assignment of cost or expense not relating to accounting period	19	–	345	–

Revenues for the area of software maintenance were realized during the performance time. Due to difference of the performance period from the business year, assignments of cost or expense not relating to accounting period are necessary. The assignment of cost or expense not relating to accounting period will be transferred to the following business year affect the result.

OTHER NON-FINANCIAL DEBTS	12/31/2010		12/31/2009	
	SHORT-TERMED (< 1 YEAR)	LONG-TERMED (> 1 YEAR)	SHORT-TERMED (< 1 YEAR)	LONG-TERMED (> 1 YEAR)
	KEUR	KEUR	KEUR	KEUR
OTHER NON-FINANCIAL DEBTS	7,054	–	2,257	–
Received payments	5,392	–	1,483	–
Other taxes	1,662	–	774	–

The other non-financial debts contain received payments for customer contracts and other taxed. The other taxes contain value-added tax as well as wage and church tax payment obligations.

OTHER FINANCIAL DEBTS	12/31/2010		12/31/2009	
	SHORT-TERMED (< 1 YEAR)	LONG-TERMED (> 1 YEAR)	SHORT-TERMED (< 1 YEAR)	LONG-TERMED (> 1 YEAR)
	KEUR	KEUR	KEUR	KEUR
OTHER FINANCIAL DEBTS	2,292	256	2,854	–
Of obligations for salary liabilities	1,889	–	2,190	–
From liabilities to companies, with which an investment relationship exists	19	–	0	–
Others	384	256	664	–

The other financial liabilities essentially contain obligations for salary payments and liabilities within the framework of social security.

16. Possible Liabilities and Other Obligations

1) Legal proceedings as well as claims from legal disputes, which occur during the normal course of business, could be asserted in the future against the Group companies. The associated risks are analyzed with respect to the probability of their occurrence. Although the result of these disputes cannot always be assessed precisely, the Executive Board believes that no substantial obligations can arise from this.

2) There are also financial obligations from the rental of offices, leasing of vehicles and other obligations. In line with the economic content of the leasing agreements, the leasing relations are to be classified as operating leasing relations. The resulting financial liabilities are as follows:

312/31/2010	2011	2012 TO 2015	AB 2016
	KEUR	KEUR	KEUR
Rent	931	3,148	425
Lease	412	384	0
	1,343	**3,532**	**425**

312/31/2009	2010	2011 TO 2014	AB 2015
	KEUR	KEUR	KEUR
Rent	877	2,166	429
Lease	421	295	0
	1,298	**2,461**	**429**

The rent and leasing payments of the business year amount to:

	2010	2009
	KEUR	KEUR
Rent	1,138	1,014
Lease	923	625
	2,061	**1,639**

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

17. Revenue

The consolidated revenues are categorized in the following overview according to regions and business areas:

	HEALTHCARE SOFTWARE				HEALTHCARE SERVICE			
	2010		2009		2010		2009	
	KEUR	%	KEUR	%	KEUR	%	KEUR	%
Germany	22,370	55.8	22,174	61.5	4,647	98.8	4,264	98.5
Austria	1,058	2.6	784	2.2	49	1.0	49	1.1
Switzerland / Liechtenstein	14,598	36.4	9,948	27.6	0	0.0	0	0.0
Italy	25	0.1	110	0.3	0	0.0	0	0.0
USA, other regions	2,068	5.1	3,019	8.4	8	0.2	15	0.4
TOTAL	**40,119**	**100.0**	**36,035**	**100.0**	**4,704**	**100.0**	**4,328**	**100.0**

They are attributed to:

	2010		2009	
	KEUR	%	KEUR	%
Deliveries	3,055	6.8	3,502	8.7
Services	32,255	72.0	28,017	69.4
Licenses	9,513	21.2	8,844	21.9
TOTAL	**44,823**	**100.0**	**40,363**	**100.0**

18. Other Operating Income

The other operating income refer among other things to revenues from further sale of securities in the amount of KEUR 369 (previous year: KEUR 17), revenues from charging off short-term liabilities in the amount of KEUR 162 (previous year: KEUR 266), benefits in money's worth in the amount of KEUR 23 (previous year: KEUR 60), redemption of value adjustments from receivables in the amount of KEUR 319 (previous year: KEUR 432), and revenues from insurance refunds in the amount of KEUR 24 (previous year: KEUR 12). Foreign currency profits in the amount of KEUR 741 (previous year: KEUR 260) were recorded successfully in the reporting year.

19. Cost of Materials including Purchased Services

Material expenses and costs for purchase services were as follows in the reporting period:

	2010	2009
	KEUR	KEUR
Raw materials and supplies	6,269	6,288
Purchased services	2,042	2,718
	8,311	**9,006**

Costs for raw materials, consumables and supplies as well as for purchased goods are mainly expenses from hardware purchases, which were intended for further sales. The area of purchased services mainly concerns services in the wake of project business, which was subcontracted to third parties.

20. Number of Employees and Personnel Expenses

The following number of employees and trainees were employed on the average in the individual business years:

	2010	2009
Employees	362	327
Trainees	6	6
	368	**333**

Personnel costs developed during the business year as follows:

	2010	2009
	KEUR	KEUR
Wages and salaries	20,524	18,801
Social costs	3,400	3,188
	23,924	**21,989**

In personal costs, KEUR 3 (previous year: KEUR 39) refer to expenditures for granted stock options, which were entered split during the salary period according to IFRS 2.

21. Other Operating Expenses

The other operational expenditures are as follows:

	2010	2009
	KEUR	KEUR
Operating costs	2,209	2,504
Distribution costs	2,242	2,249
Administrative costs	2,142	2,275
Other operating expenses	2,759	1,368
Other taxes	15	14
	9,367	**8,410**

The other operating expenses refer mainly to reserves for value adjustments in the amount of KEUR 1,455 (previous year: KEUR 692), provisions for reserves in the amount of KEUR 434 (previous year: KEUR 180) as well as write-offs and losses of debts in the amount of KEUR 372 (previous year: KEUR 168). The other operational expenditures in the table above include payment to the auditing company for the Group Financial Statement as follows:

	2010	2009
	KEUR	KEUR
Audit (individual accounts and Group audit)	162	130
Tax consultant services	27	15
Other Services	0	8
	189	**153**

22. Revenue from Companies Valuated at Equity

The year-end results of companies valuated at equity, which are due to the NEXUS Group, are shown.

23. Finance Income

From finance income, KEUR 97 (previous year: KEUR 336) are revenue from securities, KEUR 57 (previous year: KEUR 58) interest revenue from bank deposits, KEUR 8 (previous year: KEUR 12) interest received from executive bodies of the company, and KEUR 47 (previous year: KEUR 52) on other interest receivable and similar income.

24. Finance Expenses

From finance expenses, KEUR 611 (previous year: KEUR 342) are write-offs and outflow losses from securities of current assets, KEUR 5 (previous year: KEUR 17) interest payments from bank liabilities, and KEUR 16 (previous year: KEUR 39) other interest payable and similar expenses. There was KEUR 0 (previous year: KEUR 0) capitalization of interest on borrowings in the reporting year.

25. Taxes on Profit

Taxes on profit are composed of the actual tax expenses and the deferred tax expenses. The actual tax liabilities or obligations are measured using the applicable tax laws on the cut-off date with the amounts, which probably must be paid to the tax authorities or which they will demand. Deferred tax debts and liabilities are valued on the basis of the tax laws, which applied on the cut-off date, at the tax rate, which probably applies in the period during which the debt or liability is due. In 2010, all losses carried forward were checked for their value based on a five-year plan. Credited deferred taxes were only established in the amount to which realization via future profit is possible. Debited, deferred taxes, which arise especially due to the capitalization of development costs, are accrued as deferred tax expenses or – when possible – offset with credited deferred taxes. The taxes on the result before income taxes are divided into the actual and deferred income taxes as follows:

	2010		2009	
	KEUR	**KEUR**	**KEUR**	**KEUR**
Actual tax expenditure		-105		-81
- Current year	-113		-81	
- Previous years	8		0	
Deferred tax income		335		-48
- Formation / reversal of deferred differences	121		-149	
- From equity to consolidated net income led to deferred taxes	214		101	
		230		**-129**

The corporate income tax including the solidarity tax and the trade tax as well as comparable taxes dependent on income in foreign countries are shown as income taxes. In addition, tax accruals and deferrals are entered in these positions for all substantial differing amounts between commercial and tax balance sheets as well as possible consolidation measures. Substantial indications for realization of deferred tax claims on losses carried forward not used for taxes, which are higher than the operating results from the conversion of existing, taxable temporary differences, result from:

- The continual result improvement of core business
- The increasing maintenance volume
- The planning of the individual companies belonging to the NEXUS Group

In determining the tax rates, a tax rate of 15.0% plus solidarity surcharge were set for the Group tax burden, and rates between 11.55% and 16.38% were set for the trade tax on earnings depending on the municipality. A combined average rate of 28.4% (previous year: 28.4%) is used for calculating the deferred taxes for corporate income tax and trade tax. The shown tax expenses deviated from the expected tax expenses, which would have resulted from application of the nominal tax rate on the result according to IFRS of 28.4% (previous year: 28.4%). The relation of the expected tax expenses to the tax expenses, which result from the Group Statement of Income and Accumulated Earnings, shows the following transitional calculation:

	2010	2009
	KEUR	KEUR
Result before tax on profit	3,308	2,232
Profit tax expenses (previous year profit tax yield) At tax rate of 28.4%	-940	-634
Change of non-capitalized deferred taxes on losses carried forward	1,266	481
Tax rate differences at subsidiaries	5	20
Deviations from expenditures not deductible from taxes	-53	-46
Previous year taxes and other deviations	-48	50
TAX EXPENSES ACCORDING TO STATEMENT OF INCOME AND ACCUMULATED EARNINGS	**230**	**-129**

26. Earnings per Share

The undiluted earnings per share results from the division of the consolidated surplus due to the stockholders by the average weighted number of stocks in circulation during the period. For calculating the diluted result per share, the period result due to the stockholders and the average weighted number of stocks in circulation during the period would have to be adjusted by the effects of all potentially diluted stocks, which result from the exercise of granted options.
Existing option rights in the amount of 85,950 were exercised in 2010 (previous year: 0). Options were granted in 2006, from which a diluting effect results in an amount below EUR 0.01. An average number of stocks of Tsd. 13,952 (previous year: Tsd. 13,813) was used as the based for calculating the diluted result per share, because a diluting effect of approx. Tsd. 31 (previous year: Tsd. 16) can be assumed via the existing option rights.

EARNINGS PER SHARE	2010	2009
Group result (Group share) in KEUR	3,447	2,119
Average of issued shares in circulation (in thousands)	13,921	13,797
Result per share in KEUR (diluted and undiluted)	0,25	0,15

27. Funds Statement

The funds statement shows how the means of payment of the NEXUS AG changed due to incoming and outgoing flows in the reporting year. Payments are structured according to current transactions, investments and financing activity in the funds statement. The cash flow from current business transactions is shown according to the indirect method.

28. Cash Flow from Current Business Transactions

In 2010, the cash flow from current transactions increased compared to the previous year from KEUR 7,313 to KEUR 13,929. The positive development of revenue and the increase of down payments influenced the cash flow decisively.

29. Cash Flow from Investment Activities

The cash flow from investment activities is negative at KEUR -4,988 (previous year: -2,094). The investments in immaterial assets, especially in development services, were also the focus of investment activities in 2010.

30. Cash Flow from Financing Activities

The change of cash flow from financing activities in the previous year is due to payment of short-term financial liabilities from company acquisitions.

31. Amount of Financial Resources

The amount of financial resources is composed of liquid funds (cash balance and credit balance at banks) minus account adjustment liabilities to banks.

32. Reporting according to Business Segments

According to IFRS 8, operative business segments are to be differentiated based on internal controlling and reporting. The Executive Board of NEXUS AG monitors the earning power at regular intervals as the highest decision-making body and makes its decisions about distribution of resources base on the business units NEXUS / CIS, NEXUS / CSO, NEXUS / DIS, NEXUS / HOSPIS, NEXUS / QM and NEXUS / HCS. Consequently, the business units are the operative segments in the sense of IFRS 8. The legal units included in the Group Financial Statement are also each allocated completely to a business unit. Each business unit is thus composed of one or more legal units.
In the business units NEXUS / CIS, NEXUS / CSO, NEXUS / DIS, NEXUS / QM and NEXUS / HOSPIS (CH), software solutions for the healthcare system are developed and marketed in administrative and medical areas. Because the economic development of these business units reacts to external influences, the products and services offered are similar and the performance-creation process is almost identical as well as the fact that the customers and sales methods are very similar or identical, these five business units are combined in the Healthcare Software segment with mandatory reporting analog to internal reporting pursuant to IFRS 8.
The operative segment NEXUS / HCS not allocated to the Healthcare Software reporting segment reports as independently operating Healthcare Service segment with mandatory reporting. The companies combined under Healthcare Service are managed uniformly. Central services and solutions for hotline and application support, hardware services and solutions, interface services and solutions as well as external quality assurance and software deployment are provided under the name NEXUS / CCC. NEXUS / IT provides the guiding functions in daily management of the hospital IT department from operational management all the way to taking care of the software applications used and user support.
The balance sheet and valuation methods of both segments with mandatory reporting correspond to the same accounting methods as external reporting. Transactions between the segments are mainly debited as procurement or manufacturing costs.
In the following, revenue and results as well as segment assets and segment liabilities are presented for the individual Group segments that have mandatory reporting: See next page

The geographic segments of the Group are determined according to the site of the Group assets. Sales to external customers, which are given in the geographic segments, are shown in the individual segments in line with the geographic site of the customers.

The geographic segments are as follows:

	2010	2009
	KEUR	**KEUR**
SALES		
Germany	27,017	26,438
Austria	1,107	833
Switzerland / Liechtenstein	14,598	9,948
Italy	25	110
Rest of Europe, USA	2,076	3,034
	44,823	**40,363**
ASSETS*		
Germany	23,679	24,343
Austria	30	4
Switzerland	7,257	5,003
Italy	0	0
	30,966	**29,350**

*Without financial assets

As of 31 December 2010 and 31 December 2009, no customers were identified, with whom the Group achieved at least 10% of its sales revenue in the past business year.

SEGMENT REPORTING	HEALTHCARE SOFTWARE		HEALTHCARE SERVICE		CONSOLIDATION		GROUP	
	2010	2009	2010	2009	2010	2009	2010	2009
	KEUR	KEUR	KEUR	KEUR	KEUR	KEUR	KEUR	KEUR
External sales	40,119	36,035	4,704	4,328			44,823	40,363
- Deliveries	1,644	2,171	1,411	1,331			3,055	3,502
- Services	29,388	25,230	2,867	2,787			32,255	28,017
- Licenses	9,087	8,634	426	210			9,513	8,844
Intersegment sales	180	46	1,659	1,102	-1,839	-1,148	0	0
Segment sales	40,299	36,081	6,363	5,430	-1,839	-1,148	44,823	40,363
Divisional operating result	2,946	1,448	784	724			3,730	2,172
Financial income							210	458
Financial expenses							-632	-398
Profit before tax							3,308	2,232
Period result							230	-129
CONSOLIDATED SURPLUS							**3,538**	**2,103**
Are attributable to:								
- Stockholders of NEXUS AG							3,447	2,119
- Minority interest							91	-16
Segment assets	44,063	43,456	1,036	780			45,099	44,236
Financial assets							171	196
Other assets							2,122	1,981
Credited deferred taxes							2,232	2,486
Receivables from tax on profits							137	350
Cash an balance in bank							18,575	9,538
TOTAL ASSETS							**68,336**	**58,787**
Segment debt	11,945	8,182	1,263	1,401			13,208	9,583
Finance liabilities							0	290
Liabilities to income taxes							114	80
Other tax liabilities							1,512	774
Debited deferred taxes							706	1,018
TOTAL LIABILITIES							**15,540**	**11,745**
Investments	6,317	6,685	16	17			6,333	6,702
Amortisation	5,623	5,327	96	97			5,719	5,424

33. Financial Instruments

Finance Risk Management

The Group is active internationally in part, whereby it is subject to market risks due to changes of exchange rate. The Group does not believe that these risks can have a substantial influence on the revenue and financial situation of the Group. Consequently, covering transactions were not made. The following explanations supplement the explanations about the information about risks in Management Report.

Liquidity Risks and Non-Payment Risks

Financial instruments, which might cause a concentration of a non-payment risk or liquidity risk for the company, are mainly means of payment, means of payment equivalents, customary market securities and trade receivables. The means of payment and means of payment equivalents of the company are mainly in euros, Swiss francs and US dollars. The marketable securities concern pension funds. Investments, means of payment, means of payment equivalents, marketable securities are mainly held at renowned financial institutions in Germany and Switzerland. The company continually monitors its investments at financial institutes, who are its contractual partners for the financial instruments, as well as their credit worthiness, and cannot detect any risk of non-fulfillment. All financial liabilities are due within one year. The Group strives to have sufficient means of payment and equivalents for this or have corresponding credit lines to fulfill its obligations over the coming years. In addition, the company has approved capital available in the amount of KEUR 6,623 (previous year: KEUR 6,860) for further capital increases. Non-payment risks or risks that a contractual partner cannot fulfill his payment obligations are controlled via use of loan commitments, credit lines and other control methods within the framework of debt management (e.g., credit investigations). With the claim against a customer from Saudi Arabia in the amount of KEUR 1.7 million in terms of euros, there is an exposed non-payment risk for trade receivables in the Group as of the balance sheet cut-off date. All other theoretical, individual risks in the area of claims against customers are below KEUR 0.5 million on the balance sheet cut-off date and refer mainly to institutes of the healthcare system in Germany and Switzerland (hospitals, clinics, etc.).

Liquidity Risks

All financial liabilities are due within one year. The Group strives to have sufficient means of payment and equivalents for these or have corresponding credit lines to fulfill its obligations over the coming years.
In addition, the company has approved capital available in the amount of KEUR 6,623 (previous year: KEUR 6,860) for further capital increases. With the claims for loans shown under other financial assets against a third party in the amount of KEUR 0.8 (previous year: KEUR 0.9 million), there is another important risk concentration. This claim for the loan is collateralized with encumbrance of real property in the amount of KEUR 1.4 million (3rd preference). An indication of value reduction of the claim for the loan does not exist.

The maximum risk amount results from the book value of the capitalized finance instruments.

Currency Risks

Exchange rate risks are created by sales made in Switzerland, the USA and other regions in CHF, USD and SAR as well as the resultant receivables, which are subject to exchange rate fluctuations until payment.

Interest Risks

NEXUS AG does not take any long-term loans. No cash flow interest risk exists. The securities mainly concern pension funds. The investments are subject to an interest or market value risk. The fair-value risk was entered directly under other income in equity capital in a corresponding valuation reserve due to the classification of securities as performance-neutral as available financial assets until a possible sale or decrease in value.

Current Value

The financial instruments of the Group not shown in the balance sheet at the current value primarily concern claims from deliveries and services, payment means and payment mean equivalents, credit in current account, liabilities from deliveries and services and other liabilities. The book value of the payment means and payment mean equivalents is very close to the current value due to the short term of these financial instruments. The book value based on historic purchase costs is also very close to the current value for claims and debts, which are subject to normal trade credit conditions.

Transaction Risk

NEXUS AG invoiced approx. 41.6% of its sales outside of the euro sphere in 2010 (previous year: 36.3%). We incur costs in Swiss francs due to our operations in Switzerland, but only slight costs in US dollars. As of 31 December 2010, the Group had holdings in USD in the amount of TUSD 584 = KEUR 436 (31 December 2009: TUSD 1,622 = KEUR) and holdings in Swiss francs in the amount of TCHF 1,199 = KEUR 958 (31 December 2009: TCHF 2,461 = KEUR 1,655).
There were trade receivables and other receivables in foreign currency in the amount of TSAR 8,901 = KEUR 1,775 (31 December 2009: TSAR 8,901 = KEUR 1,675) as well as TCHF 5,662 = KEUR 4,522 (31 December 2009: TCHF 3,879 = KEUR 2,608) on 31 December 2010. The trade liabilities in foreign currency were TCHF 423= KEUR 338 (31 December 2009: TCHF 832 = KEUR 559) on 31 December 2010; the liabilities in USD are not substantial as in the previous year. Hedging transactions do not exist. Based on the balance sheet prices of the relevant currencies, the determination of sensitivities of a hypothetical change of the exchange rate relations was set at 10 percent respectively. If the euro had appreciated (depreciated) in value 10% compared to the US dollar on the balance sheet cut-off date, the Group result before taxes would have been reduced (increased) by KEUR 44 (previous year: KEUR 113). An appreciation (depreciation) of the Saudi Arabian Rial (SAR) of 10% compared to the euro would

increase (decrease) the Group result before taxes by KEUR 176 (previous year: KEUR 168). If the Swiss franc (CHF) had had appreciated (depreciated) in value 10% compared to the euro on the balance sheet date, the Group result before taxes would have been higher (lower) by KEUR 112 (previous year: KEUR 263).

Translation Risk

The main office of the subsidiaries, NEXUS Schweiz GmbH (100%) and NEXUS Medizinsoftware und Systeme AG (99.98%), as well as the main office of the 50% share in NEXUS / Arabia Ltd. are outside of the area where the euro is used. Because the reporting currency of the NEXUS Group is the euro, the revenues and expenditures of these subsidiaries are converted into euros within the framework of consolidation. Changes in the average exchange rates from one reporting period to another can cause significant conversion effects, for example, with respect to sales revenues, the segment result and the Group result.

Additional Information about the Financial Instruments

The following table (page 91) shows the book value according to valuation categories in line with IAS 39 and the adjusted current value according to classes of financial assets and financial liabilities.

Net profits of the category FVTPL (HfT) are shown under position Other Operating Income. The net profits / losses of the category AfS contain reduction losses of KEUR 342 (previous year: KEUR 342), which are entered in the position Other Operating Expenses. Profits are shown under Other Operating Income. In addition to the booked net profits / losses in the consolidated surplus, category AfS also contains net losses entered under other revenue in equity capital after deduction of deferred taxes of KEUR -558 (previous year KEUR -558). On the basis of sales of securities, KEUR 310 (previous year: KEUR 310) from the valuation reserve for financial instruments were recorded affecting expenditures in the profit and loss account in the reporting year. The net profits / losses of the category loans and receivables contain reduction losses of KEUR -696 (previous year: KEUR -696). These are shown in item Other Operating Expenses.

Profits from value adjustments are shown under Other Operating Income.

Interest Income / Expenditures from Financial Instruments

Interest income / expenses from financial instruments, which were not valuated with adjusted current value as revenue, were as follows in the business year 2010:

INTEREST EARNED / INTEREST COSTS FROM FINANCIALS INSTRU MENTS	2010	2009
	KEUR	KEUR
Interest earned	210	308
Interest costs	21	56
	189	**252**

Interest revenue refers to financial instruments of the category AfS with KEUR 97 (previous year: KEUR 186). Interest revenue on value-reduced financial assets was KEUR 0 (previous year: KEUR 0).

The following overview presents the financial instruments carried in the balance sheet at the adjusted current market value, on which all essential parameters of valuation are based. The individual levels are defined according to IFRS 7:

Level 1: Valuation with prices noted on active market (used unchanged) for identical assets and liabilities.
Level 2: Valuations for the asset of liability is either direct (as price) or indirect (deduced from prices) on the basis of observable input data, which do not represent any quoted price according to level 1.
Level 3: Valuation on the basis of models with input parameters not observed on the market.

	12/31/2010				12/31/2009			
	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
FINANCIAL ASSETS	**2,155**	**0**	**0**	**2,155**	**2,039**	**0**	**0**	**2,039**
Investment in securities	2,155	0	0	2,155	2,039	0	0	2,039
FINANCIAL DEPTS	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**

Explanation of Abbreviations

FVTPL (HfT)	Financial assets evaluated as revenue at the adjusted value at the time / liabilities (kept for trading purposes)
AfS	Financial assets available for sale
LaR	Loans and receivables
FLAC	Financial liabilities, which are valuated at the net book value

A separate class is to be created for the position cash balance and credit balance at banks. General assignment to the carried forward procurement costs or to the finance instruments valuated at fair value is not correct, because it is shown at nominal value, whereby foreign currencies are converted at the current exchange rate. Consequently, evaluation of the cash balance and credit balance at banks is connected with a categorization according to IAS 39, which is why there are no valuations in the balance sheet according to valuation category.

Net Profits / Losses from Financial Instruments

The net profits and losses from financial instruments (according to valuation category) affecting the result in business year 2009 can be summarized as follows:

NET PROFIT / LOSS ACCORDING TO VALUATION CATEGORY	**2010**	**2009**
	KEUR	**KEUR**
FVTPL (HfT)	0	0
AfS	-611	-191
LaR	-1,434	-269
FLAC	165	113
TOTAL	**-1,880**	**-347**

Interest and dividends are not included in this. For Afs securities, value increases of KEUR 155 before taxes and KEUR 111 after taxes were entered in other results.

2010 IN KEUR AS OF 12/31/	CATEGORY ACCORDING TO IFRS 7.6	VALUE TO BE ATTRIBUTED	BOOK VALUE	VALUATION RATE ON THE BALANCE SHEET CATEGORY IAS 39			
	VALUATION	AS OF 12/31/2010	AS OF 12/31/2010	FVTPL (HFT)	AFS	LAR	FLAC
ASSETS							
Securities	continued procurement costs	2,155	2,155	–	2,155	–	–
Cash and cash equivalents	–	–	18,575	–	–	–	–
Trade receivables	continued procurement costs	11,044	11,044	–	–	11,044	–
Receivables from companies valued at-equity	continued procurement costs	1	1	–	–	1	–
Project contracts with balances due from customers actively		825	825	–	–	825	–
Other original financial assets	continued procurement costs	1,469	1,469	–	–	1,469	–
		15,494	**34,069**	**–**	**2,155**	**13,339**	**–**
LIABILITIES							
Financial liabilities	continued procurement costs	–	–	–	–	–	–
Trade accounts payable	continued procurement costs	2,536	2,536	–	–	–	2,536
Other non-derivative financial liabilities	continued procurement costs	2,548	2,548	–	–	–	2,548
		5,084	**5,084**	**–**	**–**	**–**	**5,084**

2010 IN KEUR AS OF 12/31/	CATEGORY ACCORDING TO IFRS 7.6	VALUE TO BE ATTRIBUTED	BOOK VALUE	VALUATION RATE ON THE BALANCE SHEET CATEGORY IAS 39			
	VALUATION	AS OF 12/31/2009	AS OF 12/31/2009	FVTPL (HFT)	AFS	LAR	FLAC
ASSETS							
Securities	continued procurement costs	2,039	2,039	–	2,039	–	–
Cash and cash equivalents	–	–	9,538	–	–	–	–
Trade receivables	continued procurement costs	12,021	12,021	–	–	12,021	–
Receivables from companies valued at-equity	continued procurement costs	–	–	–	–	–	–
Project contracts with balances due from customers actively		567	567	–	–	567	–
Other original financial assets	continued procurement costs	1,617	1,617	–	–	1,617	–
		16,244	**25,782**	**–**	**2,039**	**14,205**	**–**
LIABILITIES							
Financial liabilities	continued procurement costs	290	290	–	–	–	290
Trade accounts payable	continued procurement costs	3,515	3,515	–	–	–	3,515
Other non-derivative financial liabilities	continued procurement costs	2,659	2,659	–	–	–	2,659
		6,464	**6,464**	**–**	**–**	**–**	**6,464**

34. Contingent Liabilities

There were no contingent liabilities on 31 December 2010 as was the case on the cut-off date in the previous year.

35. Relation to Closely Affiliated 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 60 (previous year: KEUR 78) and purchases in the amount of KEUR 76 (previous year: KEUR 14) were made. There were outstanding receivables from deliveries and services in the amount of KEUR 0 on the cut-off date (previous year: KEUR 0). There were also outstanding liabilities from deliveries and services in the amount of KEUR 0 (previous year: KEUR 0). There were no business transactions with the affiliated companies Medidata GmbH, Berlin, and Palladium-med GmbH, Berlin, in the business year. Sales to and purchases from affiliated companies are at normal market conditions.

Affiliated Persons

Management members in key positions are only management members (Supervisory Board and Executive Board) of the Group parent company NEXUS AG. In addition to their work in the Supervisory Board, the members of the Supervisory Board provide services themselves or via companies affiliated with them for the Group and invoice them in line with customary market conditions. In 2010, the expenses for such service fees amounted to KEUR 92 (previous year: EUR 30). There were outstanding accounts payable from deliveries and services in the amount of KEUR 11 on the balance sheet cut-off date (previous year: KEUR 4). In addition, Group companies provide services to Supervisory Board members and invoice them in line with customary market conditions. In 2010, the revenues from such services amounted to KEUR 119 (previous year: KEUR 188). There were outstanding receivables from deliveries and services in the amount of KEUR 17 on the balance sheet cut-off date (previous year: KEUR 19). There are no other relations to affiliated persons requiring reporting other than the information already reported at this place and other places.

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 adjust any values for receivables with respect to affiliated companies as of 31 December 2010 as was the case on the cut-off date of the previous year. 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.

36. Organs of the Group

The following persons are members of the Supervisory Board:

- Dr. jur. Hans-Joachim König, Singen; Chairperson
- Prof. Dr. Ulrich Krystek, Hofheim; Deputy Chairperson
- MBA (FH) Wolfgang Dörflinger, Constance
- Prof. Dr. Alexander Pocsay, St. Ingbert
- Erwin Hauser, Businessman, Blumberg
- Matthias Gaebler, Stuttgart

The Executive Board:

- Dr. Ingo Behrendt, Constance; Chief Executive Officer
- MBA Ralf Heilig, Kreuzlingen (CH); Chief Sales Officer,
- Graduated Engineer Edgar Kuner, St. Georgen; Executive Development Board

The total salaries are as follows:

	2010	2009
	KEUR	KEUR
GEHALTSKOMPONENTEN		
Non-performance-related component	**550**	**557**
a) Short termed benefit	519	526
b) Benefit after employment	31	31
Performance-related component	**320**	**320**
TOTAL	**870**	**877**
Component with long-term incentive with adjusted current value	**0**	**0**

Severance payments were not made. The overall remuneration of the Supervisory Board amounted to KEUR 80 (previous year: KEUR 63) for current members and KEUR for former members. Based on the resolution of the general stockholders meeting of 18 June 2007, no individualized information about the salaries of Executive Board members is provided.

No more stock options were issued to the Executive Board members on the balance sheet cut-off date.

A loan in the amount of KEUR 250 was granted to an Executive Board member in 2008. KEUR 88 was repaid in the reporting year. As of 31 December 2010, the loan and interest amount to KEUR 105. Additional repayments are made annually in the amount of KEUR 40, on each 30 April.

A final payment in the amount of KEUR 52 will be due on 30 April 2012. The interest rate for the granted loan is 4% p.a. The interest payments are due on the redemption dates. No security was provided.
A loan in the amount of KEUR 51 was granted and paid to an Executive Board member newly appointed in the year previous to 2001. Another loan in the amount of KEUR 35 was also granted and paid out in 2002. Both loans were paid back completely in the reporting year. The interest rate for the granted loan was 5% in 2010. There were still receivables in the amount of KEUR 214 due from Executive Board members on the cut-off date due to exercise of stock options in December 2010.

37. Directors' Holdings

In the business year 2010, the number of stocks held by the Executive Board and the Supervisory Board changed as shown in the list on the right.

	NUMBER OF SHARES	NUMBER OF OPTIONS
SUPERVISORY BOARD		
Dr. jur. Hans-Joachim König	101,239 in 2009 (81,099)	0 in 2009 (0)
Prof. Dr. Alexander Pocsay	121,500 in 2009 (121,500)	0 in 2009 (0)
Erwin Hauser	15,000 in 2009 (15,000)	0 in 2009 (0)
Prof. Dr. Ulrich Krystek	0 in 2009 (0)	0 in 2009 (0)
Dipl.-Betriebswirt (FH) Wolfgang Dörflinger	0 in 2009 (0)	0 in 2009 (0)
Matthias Gaebler	0 in 2009 (0)	0 in 2009 (0)
EXECUTIVE BOARD		
Dr. Ingo Behrendt (MBA)	169,000 in 2009 (112,000)	0 in 2009 (149,154)
Ralf Heilig (MBA)	135,350 in 2009 (129,350)	0 in 2009 (0)
Edgar Kuner (Dipl. Ingenieur)	247,051 in 2009 (264,051)	0 in 2009 (0)

38. 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, do not exist.

39. Statement in line with Section 161 German Stock Corporation Law about German Corporate Governance Code

The Supervisory Board and the Executive Board of NEXUS AG submitted the statement required according to Section 161 of the German Stock Corporation Law on and made it continually accessible on the Group homepage at www.nexus-ag.de - Investor Relations - Corporate Governance.

Assurance
of Legal Representatives

According to the best of our knowledge, we assure that the actual relations corresponding to the assets, finances and revenue situation of the Group in line with the accounting principles to be applied for the Group Financial Statement are stated and that the course of business including the business result and the situation of the Group are depicted in the Group Status Report, so that the actual relations as well as the essential chances and risks of the probable development of the Group are described.
Villingen-Schwenningen, 22 March 2011

NEXUS AG
The Executive Board

Audit Certificate

We have audited the Group Financial Statement drawn up by the NEXUS AG, Villingen-Schwenningen, composed of balance sheet, overall result, cash flow statement, equity capital modification account and Appendix as well as the Group Status Report for the business year from 1 January until 31 December 2010. 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 Section 315a clause 1 of the German 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 German 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 generally accurate picture of the situation of the group and presents the chances and risks of future development correctly.

Stuttgart 23. March 2011

HHS Hellinger Hahnemann Schulte-Gross GmbH
Auditing Company

Philipp	Kern
Auditor	Auditor

nexus | ag

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