



NEXUS AG
INTERIM REPORT
March 31, 2004

Letter to our stockholders

Dear stockholders,

Following an increase in the pretax result in the 2003 business year, it is once again our goal in 2004 to further improve the earnings situation. We will achieve this through active working of the market and consistent implementation of cost management.

The German healthcare sector remains reluctant to invest. We have therefore increased our activity on foreign markets, a move which already led to positive results last year. The invitations to tenders in which we took part and the inquiries from international customers look promising for this business year. Switzerland, the Arab states and France are among the countries which we want to further develop this year. We have expanded our reference basis on the Italian market and outfitted another clinic with our software solution. Our software is ideally suited for adaptation to foreign languages and to integration in existing IT environments, providing us with a good base position for the acquisition of new customers.

The NEXUS Group generated **revenue of KEUR 2,628 (previous year KEUR 2,474)** in the first quarter of 2004. This represents an **increase of approximately 6%**. Revenue in the Healthcare Software Division was clearly increased. Following **KEUR 1,139** in the first quarter of 2003, we were able to post revenue of **KEUR 1,377** in the first quarter of 2004. This represents an **increase of approximately 21%**. As expected, the hardware business is in decline. Our revenues fell from **KEUR 1,335** in the first quarter of 2003 to **KEUR 1,251** in the first quarter of 2004. This represents a **reduction of 6.3%**. The IT Service Division concentrates primarily on the management of IT departments in hospitals. In the course of restructuring we have further reduced concentration on the hardware business.

The **quarterly results** before taxes were up from **KEUR -481** in Q1/2003 to **KEUR -374** in 2004, an improvement of KEUR 107. This represents a satisfying increase of **22%**. **Earnings after taxes** likewise increased by KEUR 107 from **KEUR -587** in the first quarter of 2003 to **KEUR -480**. This represents an **improvement of 18.2%**.



Dr. Ingo Behrendt
CEO Nexus AG

The development of EBITDA is a positive signal. We were able to increase earnings by **TEUR 213** from **KEUR -20 to KEUR 193** here. Particularly worthy of note is the reduction of trade receivables, which led to an increase in liquid funds as compared to the end of the 2003 business year. Liquid funds thus make up 43% of our total assets.

On the product level, we have further expanded our portfolio of department solutions and completed the development of the new, ready-to-use Geriatrics and Neurology modules. Clinics specializing in these fields now have the opportunity to take advantage of preconceived software modules specifically tailored to the respective treatment processes.

Our consistent marketing activities in the first quarter of 2004 partly paid off already, with NEXUS winning tenders both in Germany and abroad. This demonstrates that NEXUS.MedFolio® convinces new customers with its technical configuration and cost effectiveness and is well ahead in international competition. Existing customers placed additional service orders in the new year in an effort to further boost their level of informatization. This is likewise a sign of our highly innovative performance capability.

The difficult 2004 business year has begun on a very promising note. We expect to turn numerous contacts into business transactions in it, thereby showing you that your investment in NEXUS was a wise one.

A handwritten signature in black ink, reading "Ingo Behrendt". The signature is written in a cursive, flowing style.

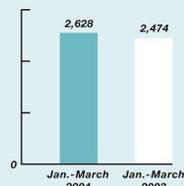
Dr. Ingo Behrendt
CEO NEXUS AG

Increase in revenue and earnings as compared to the previous year

The Nexus Group has registered revenue of **KEUR 2,628** in the first quarter of 2004 following **KEUR 2,474** in the same period of the previous year. This increase is in part attributable to the company's good position on foreign markets.

SALES IN TEUR

+ 6%



Revenue from the "Healthcare Software" segment increased by approximately **21%** from **KEUR 1,139** in the previous year to **KEUR 1,377**. As expected, we registered a decline in revenue from the "Healthcare Service" segment. Revenue totaled **KEUR 1,251** in the first quarter of 2004 after **KEUR 1,335** in the previous year, a **-6.3%** change.

SALES BY DIVISIONS

	1/01/2004 3/31/2004 KEUR	1/01/2003 3/31/2003 KEUR	△ in %
Health-Care Software	1.377	1.139	20,9
Health-Care Service	1.251	1.335	-6,3
Total:	2.628	2.474	6,2

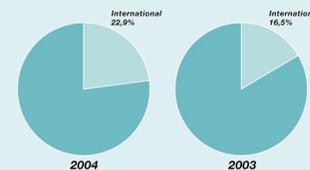
Despite a lack of impulses from the German market, domestic revenues of **KEUR 2,027** came close to reaching the previous year's level of **KEUR 2,066**. Positive signals are also emanating from Switzerland. At **KEUR 244**, our revenues have almost doubled there as compared to the previous year.

SALES BY REGIONS

	1/1/2004- 3/31/2004 KEUR	1/1/2003- 3/31/2003 KEUR	△ in %
Germany	2,027	2,066	-1,9
Switzerland	244	129	89,1
Austria	215	278	-22,7
Italy	29	1	
USA/other regions	113	0	
Total :	2,628	2,474	6,2

The **foreign share** of revenue, totaling **16.5%** in the first quarter of 2003, rose to **22.9%** in the same period of 2004.

INTERNATIONAL SALES IN % in Q1 2004 and Q1 2003



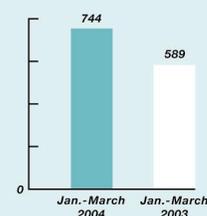
Earnings before taxes at the NEXUS Group rose by **KEUR 107** from **KEUR -481** to **KEUR -374**. This represents an **increase of KEUR 107, or 22%**. We also registered an increase in earnings after taxes. As compared with **KEUR -587** in the first quarter of 2003, we achieved an **improvement of KEUR 107** to **KEUR -480**, an **18%** change.

The segments yielded the following results: The result for the first quarter of 2004 in the Healthcare Software Division is **KEUR -254** (previous year **KEUR -240**). In the Healthcare Service Division, earnings improved from **KEUR -241** to **KEUR -237**.

The cash flow from operating activities improved by **26%** in the first quarter of 2004 as compared to the previous year, rising from **KEUR 589** to **KEUR 744**.

CASH FLOW IN KEUR from operating activity

+ KEUR 155



We were able to increase EBITDA by **KEUR 213** from **KEUR -20** in the first quarter of 2003 to **KEUR 193** in the same time period of the current business year.

Liquid funds are **KEUR 16,115** (12/31/2003: **KEUR 15,904**). The equity capital ratio is still high and equals **89,9%**.

NEXUS in the environment of the financial and healthcare market

NEXUS SHARE AT MUCH HIGHER LEVEL THAN IN PREVIOUS YEAR



The NEXUS share showed clear upward movement in the first quarter of 2004. This movement was corrected partly in the last few weeks. However, it appears as though a permanent recovery has been made from the record low seen in late 2003. The NEXUS share is doing well with a high of €2.87 in mid-March 2004 and a possible price gain of 47%. The price remained well above the important support level of €2.00 in the first quarter.

NEXUS STAYS IN CONTACT

We will be happy to provide you with the information you want, regardless of whether you would like to receive written or electronic communication from NEXUS. Send us an e-mail at mail@nexus-aq.de and you will soon be sent our financial reports or product information notices. These documents are also available for downloading from the

FINANCIAL CALENDAR AND EVENTS

Annual Report 2003	March 30, 2004
Analyst Conference 2004	April 16, 2004
Interim Report Q 1/2004	May 27, 2004
Annual Stockholders Meeting Haus der Wirtschaft Stuttgart-Germany 11.00 o'clock	June 28, 2004
Half-year report 2004	August 27, 2004
Interim report Q3/2004	November 26, 2004
Hospital Advisors Conference at the IteG exhibition, Frankfurt	June 23 to 26, 2004
GMDS-Conference, Innsbruck (A)	September 26 to 30, 2004
IFAS, Zürich (CH)	October 26 to 29, 2004
The world's largest medical exhibition MEDICA Düsseldorf	November 24 to 27, 2004

HIGHLIGHTS

GROUP REVENUE AND EARNINGS

- + 6% increase in revenue as compared to the previous year
- + Improvement of pretax result from KEUR -481 to -374
- + Improvement of post-tax result from KEUR -587 to KEUR -480

EBITDA

- + Improvement of EBITDA from KEUR -20 to 193

CASH FLOW

- + Improvement of the cash flow from operating activities from KEUR 589 to KEUR 744

INTERNATIONALIZATION

- + Additional customers in Switzerland
- + New customer in Boras (Sweden)
- + Additional order from Italy

NEW PRODUCTS

- + NEXUS.MedFolio® Geriatrics – The software solutions for the care of older persons
- + NEXUS.MedFolio® Neurology – The integrated solution for neurological acute care and rehabilitation clinics

New products for NEXUS customers

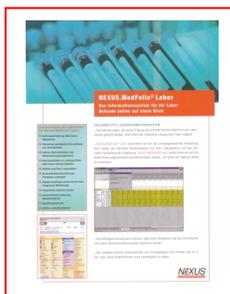
FOCUS ON THE DEVELOPMENT OF STANDARDIZED SOLUTIONS

_NEXUS is among the foremost technological providers of medical and nursing software solutions. We want to retain this leading position on a permanent basis and have expressly devoted ourselves to the development of new products.

_With the new department solution for neurological specialist clinics, **NEXUS.MedFolio® Neurology**, we are now offering an application for digitalizing work steps in administrative sectors, therapy planning and all medical and nursing documentation processes. This solution depicts integrated healthcare requirements, as both hospital and rehabilitation clinic processes are represented. For the patients, this offers the advantage of consistent treatment even if they are moved to another clinic. For the healthcare facilities, it yields noticeable improvements in the cost structure through the avoidance of double examinations and access to a single data source.

_When communicating with laboratories, rapid results are of essence. **NEXUS.MedFolio® Laboratory** thus offers the possibility of viewing findings online. Examination results from the laboratory are imported directly into the electronic patient record. This ensures more security and rapid diagnostic possibilities for the patients and medical personnel.

_We serve geriatric specialty clinics with our **NEXUS.MedFolio® Geriatrics** module. This ready-to-use solution depicts all requirements for the treatment and care of older persons and allows medical personnel to once again spend more time with their patients.



ACQUISITION OF NEW CUSTOMERS GOES HAND IN HAND WITH SUPPORT OF EXISTING CUSTOMERS

Customer satisfaction is our top priority. Fulfilling the requirements of the various departments of a hospital or specialist clinic is a challenging task which we master through good cooperation between ourselves as the software provider and the users. It is with good reason that we receive follow-up orders from our existing customers, such as the City Clinic of Ludwigshafen where a long-term project for expanding computer technology throughout the clinic is currently being implemented. The District Hospital Männedorf near Zurich in Switzerland, an acute care clinic with approx. 160 beds, became a first-time NEXUS customer in early 2004. We could also win orders from clinics in Italian-speaking Switzerland and in Italy itself. Our installation in two hospitals in Kuwait is proceeding according to plan. Arabic forms for doctors and nursing staff are already available.

NEXUS.MedFolio® Neurologie
Das medizinische Dokumentationssystem für neurologische Fach- und Rehabilitationskliniken

Medizinisch-therapeutische Dokumentation mit NEXUS.MedFolio® Neurologie

- Elektronische Dokumentation aller medizinischen, übermedizinischen und pflegerischen Abläufe
- Schneller Wiedererkennungswert durch die Umsetzung der manuellen Formulare in elektronische Formulare
- Strukturierte Dokumentation in Form von Wertelisten, Kontrollkärtchen, Optionsschaltflächen und Freitextfeldern
- Betriebswirtschaftlich nutzbare Datenstruktur
- Verbindung von Haupt- und Folgefällen ist möglich

NEXUS.MEDFOLIO® NEUROLOGIE STEIGERT DIE DOKUMENTATIONSQUALITÄT
NEXUS.MedFolio® Neurologie ist ein Dokumentationssystem, das den Behandlungsprozess in allen Abteilungen eines neurologischen Fach- und Rehabilitationskrankenhauses unterstützt. Von der Einbestellung des Patienten bis hin zur Abrechnung und zum Reporting. Sowohl im medizinisch-therapeutischen als auch im betriebswirtschaftlichen Bereich können Entscheidungen auf Grundlage einer soliden Datenbasis getroffen werden.

DURCHGÄNGIGE THERAPIEPLANUNG
„Das Softwaremodul begleitet die Nutzer bei der Arbeit mit den Patienten von der Anmeldung bis zur Entlassung und Archivierung der Daten. Angefangen bei der ärztlichen und pflegerischen Anamnese werden Behandlungsdaten, Befunde und Termine elektronisch organisiert. NEXUS.MedFolio® Neurologie entlastet spürbar alle am Behandlungsprozess Beteiligten, da alle Informationen zeitgleich an unterschiedlichen Arbeitsplätzen von allen berechtigten Benutzern abgerufen werden können.“

OPTIMIERUNG DER BEHANDLUNGSABLÄUFE DURCH STATIONSKOMMUNIKATION
„Die wesentliche Verkürzung der Übermittlungszeiten und die Fokussierung auf relevante Befunde, Beobachtungen und Informationen optimiert die Behandlungsabläufe. Zusätzlich erbringt die schnelle Verfüg- und Auffindbarkeit sowie die Vollständigkeit aller Daten einen nachvollziehbaren Zeitgewinn. NEXUS.MedFolio® Neurologie verringert schriftliche Routinarbeiten und ermöglicht die schnelle Recherche von Behandlungsdaten für die medizinische Dokumentation. Somit bleibt dem Personal mehr Zeit für den unmittelbaren Kontakt zu den Patienten.“

EINWANDFREIER DATENSCHUTZ
„Durch eine differenzierte Rechtevergabe bis hin zur Formularebene sind datenschutzrechtliche Vorgaben erfüllt. Dem Anwender werden die ihm zugeordneten Rechte automatisch zugewiesen. Zusätzlich ermöglichen es die Plausibilitätsprüfungen und Pflichtfelder, die Qualität der Daten zu sichern.“

NEXUS
ANWANDERGERIETIGES SOFTWARE

Consolidated financial statements

ACCOUNTING AND VALUATION METHOD

This interim report from the NEXUS Group as of March 31, 2004, has been prepared in keeping with the International Financial Reporting Standards (IFRS). The interpretations of the International Financial Reporting Interpretation Committee (IFRIC) have been taken into account.

The same accounting and valuation methods were used in the interim accounts as of March 31, 2004, as in the consolidated financial statement for the 2003 business year. The report has not been audited.

CONSOLIDATED BALANCE SHEET AS OF 3/31/2004 AND 12/31/2003 (IFRS)

Assets	3/31/2004 KEUR	12/31/2003 KEUR
A. Short term capital		
I. Cash and Cash equivalents	3,073	3,238
II. Securities	13,042	12,666
	16,115	15,904
III. Receivables and other assets		
1. Trade receivables	4,894	6,269
2. Receivables from associated companies	8	10
3. Other assets	1,909	1,956
4. Tax refund claims	619	554
	7,430	8,789
IV. Inventories	906	528
V. Prepaid expenses	101	26
Total short term capital :	24,552	25,247
B. Long term capital		
I. Property, plant and equipment		
1. Tenant installations	.	.
2. Other equipment, factory and office equipment	376	405
	376	405
II. Intangible assets		
1. Concessions, industrial property rights and rights and assets as well as licenses for such rights and assets	762	875
2. Development costs	6,116	5,872
	6,878	6,747
III. Financial assets		
1. Investments in associates	804	809
2. Other lendings	40	40
	844	849
IV. Goodwill	62	67
V. Deferred taxes	4,793	4,929
Total assets :	37,505	38,244

Consolidated financial statements

CONSOLIDATED BALANCE SHEET AS OF 3/31/2004 AND 12/31/2003 (IFRS)

EQUITY AND LIABILITIES	3/31/2004 KEUR	12/31/2003 KEUR
A. SHORT TERM LIABILITIES		
I. Tax provisions	0	0
II. Other provisions	979	700
III. Bank loans	173	169
IV. Received payments on orders	102	102
V. Trade accounts payable	649	1,073
VI. Liabilities with associated companies	12	12
VII. Other liabilities	668	743
VIII. Deferred income	225	342
Total short term liabilities :	2,808	3,141
Pension provisions	393	373
Minority interest	599	588
B. EQUITY		
I. Subscribed capital	10,292	10,292
II. Capital reserve	35,025	35,025
III. Other reserves	1	1
IV. Equity capital difference from currency translation	-2	-1
V. Valuation reserve for financial instruments	79	24
VI. Consolidated loss carry forward	-11,199	-10,107
VII. Group loss	-491	-1,092
Total equity:	33,705	34,142
	37,505	38,244

Consolidated financial statements

GROUP PROFIT AND LOSS ACCOUNT AS OF 3/31/2004 AND 3/31/2003 (IFRS)

	1/1/2004 -3/31/2004 KEUR	1/1/2003 -3/31/2003 KEUR
1. Revenue	2,628	2,474
2. Increase/decrease in finished goods and work in progress	387	692
3. Own work capitalised	722	629
4. Other operating income	110	50
5. Cost of materials		
a) Cost of raw materials, consumables and goods for resale	577	536
b) Cost for purchased services	130	238
6. Personnel costs		
a) Wages and salaries	1,742	1,905
b) Social costs	340	369
7. Depreciation and amortisation of fixed intangible and tangible assets	665	630
8. Other operating expenses	853	818
9. Other taxes	4	2
Operating result:	-464	-653
10. Expenses from associated companies	0	0
11. Other interest receivables and similar income	131	187
12. Revenue from associated companies	0	0
13. Write-off of financial assets	27	0
14. Interest payable and other similar charges	14	15
Profit before tax :	-374	-481
15. Income taxes	-106	-106
Profit after tax:	-480	-587
16. Minority interest	-11	31
Group loss:	-491	-556
Earnings per share		
Weighted average of issued shares (in thousands)	10,292	10,288
Result per share in EUR (diluted and undiluted)	-0.05	-0.05

Consolidated financial statements

CONSOLIDATED CASH FLOW STATEMENT AS OF 3/31/2004 AND 3/31/2003 (IFRS)

	IFRS 1/1/2004 3/31/2004 KEUR	IFRS 1/1/2003 3/31/2003 KEUR
1. Cash Flow from operating activities		
Results of the year, before deduction of profit payable to other shareholders, income taxes, interest and finance income/expenditure	-475	-622
Depreciation and amortization of intangible assets and plant, equipment and other fixed assets	665	630
Other expenses/Income with no impact on cash	-76	31
Profit/loss from disposal of securities	-12	8
Increase/decrease in inventories	-378	-783
Increase/decrease in trade receivables and other assets that cannot be allocated to investing or financing activities	1,307	986
Changes in provisions	299	315
Increase/decrease in trade accounts payable and other liabilities that cannot be allocated to investing or financing activities	-606	-59
Interest paid	-13	-15
Interest payments received	98	141
Income taxes paid	-65	-43
Income taxes received	0	0
	<u>744</u>	<u>589</u>
2. Cash Flow from investing activities		
Cash received from disposal of property, plant and equipment/intangible assets		0
Cash paid for investments in property, plant and equipment/intangible	-755	-648
Cash paid for investments in financial assets	0	0
Cash paid for investments in associated companies	0	-12
Cash received from disposal of securities	3,056	611
Cash paid for investments in securities	-3,384	-164
	<u>-1,083</u>	<u>-213</u>
3. Cash Flow from financing activities		
Acquisition of treasury shares	0	0
Inflows from minority shareholders as part of capital increase	0	0
	<u>0</u>	<u>0</u>
4. Cash and cash equivalents at end of period		
Cash relevant changes in cash and cash equivalents (sum of 1 + 2 + 3)	-339	376
Change in currency translation adjustment	0	0
Cash and cash equivalents at beginning of fiscal year	3,238	3,217
	<u>2,899</u>	<u>3,593</u>
5. Composition of cash and cash equivalents		
Cash on hand	3,072	4,399
Bank liabilities due on demand	-173	-806
	<u>2,899</u>	<u>3,593</u>

Consolidated financial statements

DEVELOPMENT OF GROUP EQUITY AS OF 3/31/2004 AND 3/31/2003 (IFRS)

	Subscribed capital KEUR	Capital reserves KEUR	Other provisions KEUR	Equity difference from currency conversion KEUR	Valuation reserve for financial instruments KEUR	Consolidated loss carry forward KEUR	Consolidated deficit KEUR	Equity KEUR	Authorized capital KEUR
Consolidated equity as of 1/1/2003 according to IFRS	10,276	35,014	1	3	-72	-9,735	-372	35,115	2,608
Transfer of 2002 consolidated loss to consolidated loss carry-forward	-	-	-	-	-	-374	372	-2	
Own shares	-	-	-	-	-	-	-	0	
Equity difference from currency conversion with NEXUS Medizinsoftware and Systeme AG	-	-	-	3	-	-	-	3	
Valuation of financial instruments at Fair Value	-	-	-	-	88	-	-	88	
Belated cost of IPO	-	-	-	-	-	-	-	0	
Consolidated deficit 3/31/2003	-	-	-	-	-	-	-557	-557	-
Consolidated equity on 3/31/2003	10,276	35,014	1	6	16	-10,109	-557	-34,647	2,608
Consolidated equity as of 1/1/2004 according to IFRS	10,292	35,025	1	-1	24	-10,107	-1,092	34,142	5,146
Transfer of 2003 consolidated loss to consolidated loss carry-forward	-	-	-	-	-	-1,092	1,092	0	
Equity difference from currency conversion with NEXUS Medizinsoftware and Systeme AG	-	-	-	-1	-	-	-	-1	
Valuation of financial instruments at Fair Value	-	-	-	-	55	-	-	55	
Consolidated deficit 2003	-	-	-	-	-	-	-491	-491	-
Consolidated equity as of 3/31/2004	10,292	35,025	1	-2	79	-11,199	-491	33,705	5,146

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