



**NEXUS AG  
INTERIM REPORT  
September 30, 2004**

# Letter to our stockholders

\_ Dear stockholders,

\_ NEXUS AG set objectives of expanding its installation base and improving its operating result before taxes in 2004. We were able to achieve these objectives for the most part during the reporting period of January till September of the current year and strengthen our position as a supplier of software solutions and services in the health care market considerably.

\_ micom GmbH, which has been part of our corporate group since June 2004, contributed essentially to strengthening our market presence. The associated strengthening of our market and technology position has proven to be beneficial for our business in the first months. New orders for NEXUS and micom products, which we won immediately after the acquisition, have demonstrated that the market trusts the innovative force of our corporate group and considers us a stable, reliable partner.

\_ The results of the first nine months confirm the stable development of NEXUS AG at the same time. In spite of the very cautious investment climate in German hospitals, sales increased from **8.7 million euros** to **10.1 million euros** in the first nine months. We were able to gain ground both in Germany and internationally, thanks to the sales contribution of micom GmbH, and come closer to achieving our ambitious goals for this year.

\_ Our operating result has also developed positively. The EBITDA was **KEUR 1,318** in the first nine months 2004 (same period of 2003: KEUR 757) and consequently exceeded the previous year's value substantially by KEUR 561 (+74%). The result before taxes improved by KEUR 163 to **KEUR -586** compared to the previous year (same period in previous year: KEUR -749). The Group deficit developed similarly and was KEUR -822 following KEUR-926 in the first nine months of 2003.

\_ The balance sheets have also continued to improve. Our cash on hand and securities increased by KEUR 553 compared to Dec. 31, 2003 and were at KEUR 16,457 on Sept. 30, 2004. Equity capital increased to KEUR 40,658 thanks to the initial consolidation of micom GmbH.



Dr. Ingo Behrendt  
CEO Nexus AG

\_ We are satisfied for the most part with the development of sales in this business year. We are going to concentrate on improving the situation of our operating results until the end of the year. We have started integrating micom GmbH into the NEXUS Group successfully and are confident that we will make sufficient progress in the last months of this year to enable us to continue with our sales successes next year.

\_ Our chances for canvassing new business have improved considerably. NEXUS is one of only three significant suppliers on the market. We have a very different product philosophy from that of our competitors and have convincing arguments thanks to our modern, modular and target group-oriented software. We are able to reap increasing success with this strategic approach.

\_ At the world's largest medical trade fair in Dusseldorf, which takes place annually at the end of November, we are going to exhibit our know-how in medicine and our process support from outpatient clinics to all wards of a hospital and all the way to rehabilitation and social welfare institutions. This trade fair is going to point the way to the future for the NEXUS Group and provide us with additional potential in international health care systems.

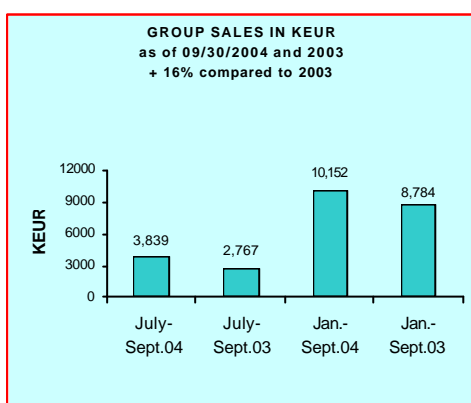
\_ The demands of our customers demonstrate that we are pursuing the correct strategy with our product configuration. We are starting with this constellation into the business year 2005 and have great expectations for the results of our activities, which we have already prepared with the teams at NEXUS, Micom and Inovit.

A handwritten signature in black ink that reads "Ingo Behrendt". The signature is stylized and written in a cursive-like font.

Dr. Ingo Behrendt  
CEO NEXUS AG

## Increase in revenue and earnings

The NEXUS Group recorded sales of **KEUR 10,152** in the first nine months of 2004 following **KEUR 8,784** in the same period of the previous year. Related to the third quarter 2003, sales rose 39% from **KEUR 2,767 to KEUR 3,839**. The increase in sales is to be accounted for by the partial invoicing of larger orders, f.ex. in Kuwait, by upturning business in the second half of the year and by the consolidation of micom GmbH from June 2004.



The sales in the Healthcare Software segment have risen by about 22% from **KEUR 5,239 to KEUR 6,417**. Also the sales in the Healthcare Service segment have risen 5% from **KEUR 3,545 to KEUR 3,735**.

Sales by divisions	01/01-09/30/04 in KEUR	01/01-09/30/03 in KEUR	Change in %	07/01-09/30/04 in KEUR	07/01-09/30/03 in KEUR	Change in %
Health Care Software	6417	5239	22,5	2549	1781	43,1
Health Care Service	3735	3545	5,3	1290	986	30,6
<b>Total</b>	<b>10152</b>	<b>8784</b>	<b>15,6</b>	<b>3839</b>	<b>2767</b>	<b>38,7</b>

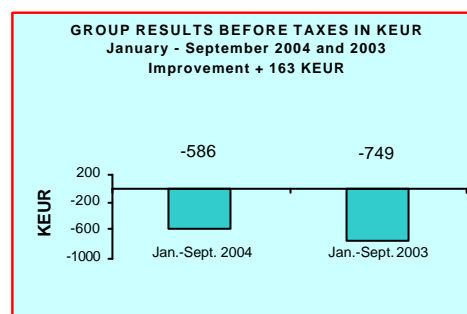
Overall, an operating result of **KEUR -365** was achieved in the Healthcare Software area in the first nine months compared to **KEUR -382** (without tax corrections) in the same period of the previous year. In the Healthcare Service area, a segment result of **KEUR -554** was achieved in the first nine months of 2003, which could now be improved to **KEUR -457**.

The sales by region reflect a further invigoration in international business. In particular, Switzerland and business in Kuwait and Italy show very positive progress.

Sales by areas	01/01-09/30/04 in KEUR	01/01-09/30/03 in KEUR	Change in %	07/01-09/30/04 in KEUR	07/01-09/30/03 in KEUR	Change in %
Germany	7898	7458	5,9	3042	2384	27,6
Switzerland	993	702	41,5	464	180	157,8
Austria	355	462	-23,2	117	121	-3,3
Italy	100	86 *		27	70	*
Rest of Europe/USA	162	76 *		64	12	*
Kuwait	644	0 *		125		*
<b>Total</b>	<b>10152</b>	<b>8784</b>	<b>15,6</b>	<b>3839</b>	<b>2767</b>	<b>39</b>

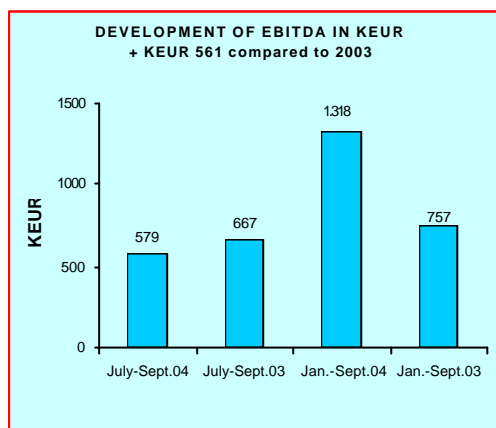
As a consequence, the export market share in sales increased from 15 % to 22 % compared to the first nine months in 2003.

The result before tax is **KEUR -586** following **KEUR -749** in the first nine months of 2003. The result after tax has been improved by **KEUR 104 to KEUR -822** (Jan. – Sept 2003: **KEUR -926**).



# Results of the first nine months 2004

\_The EBITDA was KEUR 1,318 in the first nine months 2004 (same period of 2003: 757 TEUR) and consequently exceeded the previous year's value substantially by KEUR 561.



\_The third quarter 2004 showed a decrease in the result before tax of KEUR 73 to **KEUR -64** (Q3 2003: KEUR 9). The EBITDA was KEUR 579 and is on a comparable level to the third quarter 2003 (KEUR 667). Compared to the second quarter there is a solid development of the EBITDA (KEUR 545 in Q2, 2004).

\_The **Cash Flow** from operating activities improved by KEUR 3,054 from KEUR 75 to **KEUR 3,129** compared to the first nine months in 2003. It is remarkable that cash and cash equivalents rose again compared to the third quarter 2003 and compared to December 31<sup>st</sup>, 2003. The amount of liquid funds is **KEUR 16,457** (12/31/2003: KEUR 15,904).

## HIGHLIGHTS

### SALES AND RESULTS

- + Increase in sales of 16% compared to 2003: from KEUR 8,784 to KEUR 10,152
- + Increase in sales in the Healthcare Software division
- + Increase in cash on hand of KEUR 553 compared to 12/31/2003
- of
- + Improvement of EBITDA to TEUR 1, 318 compared to in last year (+74%)
- + Improvement in the results before tax of KEUR 163

### NEW CUSTOMERS

- + **NEXUS wins Order in Villingen-Schwenningen**  
The radiotherapy ward in the Villingen Hospital will work in treating cancer patients using the software solution from NEXUS in the future.
- + **NEXUS awarded Contract for Tuttlingen District Hospital**  
NEXUS is going to equip the district hospital with the information system NEXUS.MedFolio® in numerous wards. The documentation data in the outpatient clinic and the OP area are part of this project the same way as the improvement of ward communications and automatic generation of discharge reports.
- + **NEXUS wins Additional Orders in St. Gallen and Nottwil**  
NEXUS is represented in numerous hospitals on the Swiss market. The new accounting system TarMED, obligatory in Switzerland since January 2004, has been installed in several institutions.
- + **INOVIT wins Order from Humaine Clinica Santa Chiara**  
Inovit is also getting foothold in the Swiss market with orders for radiology systems and will be a service provider for the Humaine Clinic in Locarno/Switzerland.

# NEXUS in the environment of the financial and healthcare market

NEXUS STOCKS AT A STABLE LEVEL OF €2.00



\_NEXUS stocks demonstrated an overall substantial recovery in the first nine months of 2004 from their low at the end of 2003. While there was a clear upward movement with highest quotes at € 2.87 in the first quarter of 2004, correction followed in the following quarters. However, the stock price has been able to remain stable above the supported level of €2.00.

## 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-ag.de](mailto:mail@nexus-ag.de) and you will soon be sent our financial reports or product information notices. These documents are also available for downloading from the internet [www.nexus-ag.de/en](http://www.nexus-ag.de/en).

## FINANCIAL CALENDAR AND EVENTS 2004/2005

### FINANCIAL EVENTS

Interim report Q3/2004	November 26, 2004
Annual report 2004	March 31 <sup>st</sup> , 2005

### EXHIBITIONS

The world's largest medical exhibition MEDICA Düsseldorf	November 24 to 27, 2004
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The combined know-how of the companies and partners of the NEXUS Groups will be shown at our trade fair booth in Hall 16.

**NEXUS and micom**: the complete service portfolio, from patient and treatment management all the way to billing.

**INOVIT**: new radiology solutions for findings and communication

**All for One Systemhaus AG**: electronic information systems for rehabilitation clinics and social institutions



# NEXUS: modular, open hospital information system

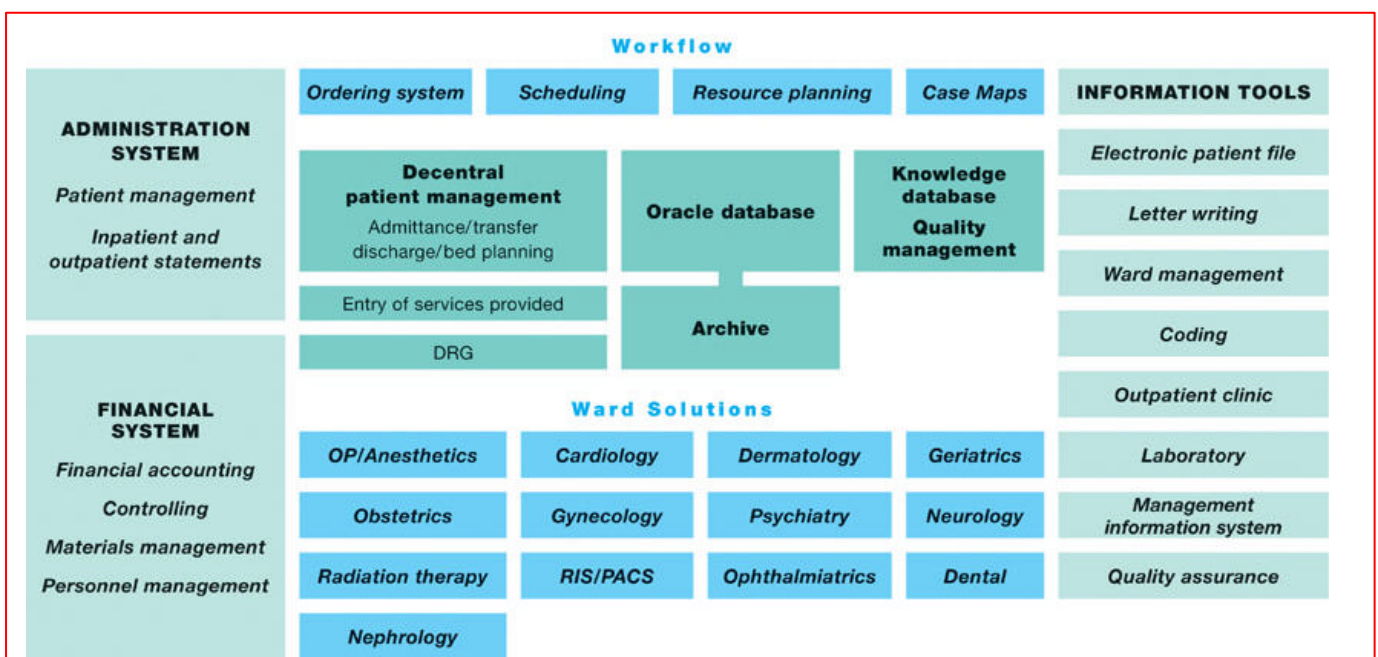
## DEVELOPMENT OF CUSTOMER-SPECIFIC AND MODULAR SOLUTIONS IN THE FOREFRONT

The NEXUS Group favors an open clinic information system with its modular structure, which can be integrated into existing IT structures thanks to its modular, open architecture. The modular approach makes it possible to expand the system step-by-step and to change individual modules without putting the complete application into question. At the same time, internal costs for introduction are kept at a low level.

NEXUS has continually pursued the concept of an open clinic information system over the past years and developed it to a mature stage. Process mastery in the medical area is the focal point of application development. As a result, the long-practiced focusing of clinic software on administrative processes of a hospital has been reversed. Within the NEXUS software modules, the values of the creative processes of "medicine" and "nursing" are in the forefront and support the accounting and controlling processes. NEXUS has a high degree of acceptance among medical professionals, because stages of work for diagnosis, procedure coding and recording performances relevant to fees can be taken care of using meaningful automatic mechanisms and plausibility checks.

The second aspect with respect to contents of the NEXUS software pertains to its orientation to the speciality of customers. Depending on the complexity or focal points of different hospitals, NEXUS offers different modules and different configurations. We provide an alternative to the approach otherwise practiced in the industry to offer only one standard solution for all institutions in the health care system.

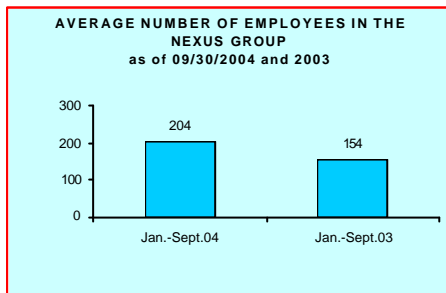
NEXUS has opened a new chapter in medical informatics with its modular, open application strategy. Its success, especially on international markets, proves that the concept is the right one. It seems to be generally accepted at this time that applications, which provide a modern and innovative concept with respect to architecture and user orientation, represent the future in medical informatics.



# NEXUS company information

## NUMBER OF EMPLOYEES INCREASED DUE TO MICOM INTEGRATION

Due to the integration of micom GmbH the average number of employees in the first half year rose from 154 to 204. As a consequence NEXUS won even more specialists in the product development, in the sales department as well as in the product and project management.



The general stockholders meeting on June 28, 2004 decided to increase the number of supervisory board members to six. The entry of the proposed statute changes in the commercial registry required electing three new supervisory board members Dr. Dietmar Kubis, Prof. Ulrich Krystek and Wolfgang Dörflinger

Dr. Dietmar Kubis is speaker of the board of DEWB AG which holds 25.17% of the NEXUS shares. Ronny Dransfeld is president of Jupiter Technologie GmbH & Co. KGaA which owns 19.9% of the NEXUS shares.

## DIRECTORS HOLDINGS

Compared to December 31, 2003 and July 15, 2003 the Directors Holdings of the Supervisory and Executive Boards are as follows:

Supervisory Board	Number of shares	Number of options
Dr.jur. Hans-Joachim König	81,099 12/31/2003:81,099	0 12/31/2003:0
Dr.Herwig Freiherr von Nettelhorst	0 12/31/2003:0	0 12/31/2003:0
Ronny Dransfeld	0 12/31/2003:0	0 12/31/2003:0
Prof. Dr. Ulrich Krystek	0 12/31/2003:0	0 12/31/2003:0
Dr. Dietmar Kubis	0 12/31/2003:0	0 12/31/2003:0
Wolfgang Dörflinger	0 until 7/15, 2003:6,880	0 12/31/2003:0
Executive Board		
Dr. Ingo Behrendt (MBA)	40,000 12/31/2003:40,000	60,000 12/31/2003: 60,000
Stefan Burkart	76,147 12/31/2003:76,147	0 12/31/2003: 0

## OUTLOOK

\_ In June of this year, NEXUS AG acquired controlling interest of Micom GmbH from DEWB. This is a bond, which both companies and many customers consider an ideal complement.

\_ MICOM and its customers profit from this bond, because a stable partner has been won with NEXUS, which provides access to modern technologies and a basis for joint innovations. Customers of MICOM will be able to use the newly integrated modules from the NEXUS Group in the future such as the digital archive, RIS or other special medical modules.

\_ In this environment, it can already be seen today that MICOM will develop excellently in the NEXUS Group. The integration into a modern organization and access to new innovative modules, linked with the tried and tested, mature product MediCare.plus™ are outstanding prerequisites for the future.

\_ NEXUS is also gaining ground internationally. The Group is aware of its chances in international health care systems and will be able to compensate for the cautious investment climate in Germany with intensive contacts to hospitals in European and Arabic regions.

\_ NEXUS was also able to enlarge its technical basis. The development of the financial components leads to a stronger orientation of NEXUS.MedFolio® towards a complete system. Already last year, NEXUS.MedFolio® for rehabilitation clinics was successfully introduced together with our Partner All for One. Now NEXUS is able to offer a modular complete solution which offers all advantages of an open medical information system. A very important strategic step which will help NEXUS.MedFolio® to a fast market penetration in various countries. .

\_ The concentration of activities in Munich and the establishment of a Customer Care Center in the new MICOM headquarters are important topics, which address customer satisfaction directly. Faster response times, more flexible implementation of requests for changes, and a standard contact person for customers are goals, which are being realized quickly.

\_ This improved position has already paid off in the first nine months, not only in orders received, but also in improved results. The integration itself will present a number of challenges over the next months. However, we are convinced that our consistent strategy, which has helped us to be successful in our industry till now, will also bear fruit in this case.



# Consolidated financial statements

## ACCOUNTING AND VALUATION METHOD

This interim report from the NEXUS Group as of September 30, 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 September 30, 2004, as in the consolidated financial statement for the 2003 business year. The report has not been audited.

## CONSOLIDATED BALANCESHEET AS OF 9/30/2004 AND 12/31/2003 (IFRS)

Assets	09/30/2004 KEUR	12/31/2003 KEUR
<b>A. Short term capital</b>		
I. Cash and Cash equivalents	2,587	3,238
II. Securities	13,870	12,666
	<b>16,457</b>	<b>15,904</b>
III. Receivables and other assets		
1. Trade receivables	5,396	6,269
2. Receivables from associated companies	5	10
3. Other assets	6,736	1,956
4. Tax refund claims	316	554
	<b>12,453</b>	<b>8,789</b>
IV. Inventories	1,195	528
V. Prepaid expenses	216	26
<b>Total short term capital :</b>	<b>30,321</b>	<b>25,247</b>
<b>B. Long term capital</b>		
I. Property, plant and equipment		
1. Tenant installations	.	.
2. Other equipment, factory and office equipment	513	405
	<b>513</b>	<b>405</b>
II. Intangible assets		
1. Concessions, industrial property rights and rights and assets as well as licenses for such rights and assets	546	875
2. Development costs	6,903	5,872
	<b>7,449</b>	<b>6,747</b>
III. Financial assets		
1. Investments in associates	811	809
2. Other lendings	43	40
	<b>854</b>	<b>849</b>
IV. Goodwill	3,543	67
V. Deferred taxes	6,814	4,929
<b>Total assets :</b>	<b>49,494</b>	<b>38,244</b>

# Consolidated financial statements

## CONSOLIDATED BALANCESHEET AS OF 9/30/2004 AND 12/31/2003 (IFRS)

LIABILITIES AND EQUITY	09/30/2004 KEUR	12/31/2003 KEUR
<b>A. SHORT TERM LIABILITIES</b>		
I. Tax provisions	7	0
II. Other provisions	1,258	700
III. Bank loans	203	169
IV. Received payments on orders	1,269	102
V. Trade accounts payable	1,496	1,073
VI. Liabilities with associated companies	12	12
VII. Other liabilities	3,235	743
VIII. Deferred income	421	342
<b>Total short term liabilities :</b>	<b>7,901</b>	<b>3,141</b>
Pension provisions	446	373
Minority interest	<b>489</b>	<b>588</b>
<b>B. EQUITY</b>		
I. Subscribed capital	13,720	10,292
II. Capital reserve	38,898	35,025
III. Other reserves	1	1
IV. Equity capital difference from currency translation	6	-1
V. Valuation reserve for financial instruments	55	24
VI. Consolidated loss carry forward	-11,200	-10,107
VII. Group loss	-822	-1,092
<b>Total equity:</b>	<b>40,658</b>	<b>34,142</b>
	<b>49,494</b>	<b>38,244</b>

# Consolidated financial statements

## GROUP PROFIT AND LOSS ACCOUNT AS OF 9/30/2004 AND 9/30/2003 (IFRS)

	07/01/2004 -09/30/2004 KEUR	07/01/2003 09/30/2003 KEUR	01/01/2004 -09/30/2004 KEUR	01/01/2003 -09/30/2003 KEUR
1. Revenue	3,839	2,767	10,152	8,784
2. Increase/decrease in finished goods and work in progress	214	174	543	644
3. Own work capitalised	648	842	2,465	2,069
4. Other operating income	1,030	57	1,435	184
5. Cost of materials				
a) Cost of raw materials, consumables and goods for resale	971	297	2,415	1,803
b) Cost for purchased services	337	265	618	740
6. Personnel costs				
a) Wages and salaries	2,866	1,761	6,616	5,524
b) Social costs	457	329	1,179	1,062
7. Depreciation and amortisation of fixed intangible and tangible assets	658	620	1,993	1,872
8. Other operating expenses	580	533	2,621	1,884
9. Other taxes	2	3	8	11
<b>Operating result:</b>	<b>-140</b>	<b>32</b>	<b>-855</b>	<b>-1,215</b>
10. Expenses from associated companies	0	0	0	0
11. Other interest receivables and similar income	116	211	358	596
12. Revenue from associated companies	0	0	0	12
13. Write-off of financial assets	0	0	35	0
14. Interest payable and other similar charges	40	234	54	142
<b>Profit before tax :</b>	<b>-64</b>	<b>9</b>	<b>-586</b>	<b>-749</b>
15. Income taxes	-78	-89	-406	-267
<b>Profit after tax:</b>	<b>-142</b>	<b>-80</b>	<b>-992</b>	<b>-1,016</b>
16. Minority interest	45	24	170	90
<b>Group loss:</b>	<b>-97</b>	<b>-56</b>	<b>-822</b>	<b>-926</b>
<b>Earnings per share</b>				
Weighted average of issued shares (in thousands)	11,816	10,288	11,816	10,288
Result per share in EUR (diluted and undiluted)	-0.01	-0.01	-0.07	-0.09

# Consolidated financial statements

## CONSOLIDATED CASH FLOW STATEMENT AS OF 9/30/2004 AND 9/30/2003 (IFRS)

	IFRS 01/01/2004 09/30/2004 KEUR	IFRS 01/01/2003 09/30/2003 KEUR
<b>1. Cash Flow from operating activities</b>		
Results of the year, before deduction of profit payable to other shareholders, income taxes, interest and finance income/expenditure	-855	-1,204
Depreciation and amortization of intangible assets and plant, equipment and other fixed assets	1,993	1,872
Other expenses/Income with no impact on cash	-99	28
Profit/loss from disposal of securities	-35	-49
Increase/decrease in inventories	-667	-1,269
Increase/decrease in trade receivables and other assets that cannot be allocated to investing or financing activities	508	-205
Changes in provisions	73	114
Increase/decrease in trade accounts payable and other liabilities that cannot be allocated to investing or financing activities	1,804	481
Interest paid	-54	-92
Interest payments received	137	544
Income taxes paid		-150
Income taxes received	324	5
	<b>3,129</b>	<b>75</b>
<b>2. Cash Flow from investing activities</b>		
Cash received from disposal of property, plant and equipment/intangible assets	0	62
Cash paid for investments in property, plant and equipment/intangible	-2,470	-2,140
Cash paid for investments in financial assets	88	-64
Cash paid for investments in associated companies	0	0
Cash received from disposal of securities	5,204	5,979
Cash paid for investments in securities	-6,408	-3,358
	<b>-3,586</b>	<b>479</b>
<b>3. Cash Flow from financing activities</b>		
Acquisition of treasury shares	0	0
Inflows from minority shareholders as part of capital increase	0	0
	<b>0</b>	<b>0</b>
<b>4. Cash and cash equivalents at end of period</b>		
Cash relevant changes in cash and cash equivalents (sum of 1 + 2 + 3)	-457	554
Change in currency translation adjustment	0	0
Cash and cash equivalents at beginning of fiscal year	3,238	3,217
	<b>2,899</b>	<b>3,771</b>
<b>5. Composition of cash and cash equivalents</b>		
Cash on hand	2,586	3,937
Bank liabilities due on demand	-203	-166
	<b>2,899</b>	<b>3,771</b>

# Consolidated financial statements

## DEVELOPMENT OF GROUP EQUITY AS OF 9/30/2004 AND 9/30/2003 (IFRS)

	Subscribed capital KEUR	Capital reserves KEUR	Other provisions KEUR	Equity difference from currency conversion KEUR	reserve for financial instruments KEUR	Consolidated loss carry forward KEUR	Consolidated deficit KEUR	Equity KEUR	Authorized capital KEUR
<b>Consolidated equity as of 1/1/2003 according to IFRS</b>	<b>10,276</b>	<b>35,014</b>	<b>1</b>	<b>3</b>	<b>-72</b>	<b>-9,735</b>	<b>-372</b>	<b>35,115</b>	<b>2,608</b>
Transfer of 2002 consolidated loss to consolidated loss carry-forward	-	-	-	-	-	-373	372	-1	
Own shares	16	11	-	-	-	-	-	27	
Equity difference from currency conversion with NEXUS Medizinsoftware and Systeme AG	-	-	-	-2	-	-	-	-2	
Valuation of financial instruments at Fair Value	-	-	-	-	102	-	-	102	
Consolidated deficit 9/30/2003	-	-	-	-	-	-	-926	-926	-
<b>Consolidated equity on 09/30/2003</b>	<b>10,292</b>	<b>35,025</b>	<b>1</b>	<b>1</b>	<b>30</b>	<b>-10,108</b>	<b>-926</b>	<b>34,315</b>	<b>2,608</b>
<b>Consolidated equity as of 1/1/2004 according to IFRS</b>	<b>10,292</b>	<b>35,025</b>	<b>1</b>	<b>-1</b>	<b>24</b>	<b>-10,107</b>	<b>-1,092</b>	<b>34,142</b>	<b>5,146</b>
Transfer of 2003 consolidated loss to consolidated loss carry-forward	-	-	-	-	-	-1,093	1,092	-1	
Increase of equity due to issue of new shares	3,428	3,873	-	-	-	-	-	7,301	-3,428
Equity difference from currency conversion with NEXUS Medizinsoftware and Systeme AG	-	-	-	7	-	-	-	7	
Valuation of financial instruments at Fair Value	-	-	-	-	31	-	-	31	
Consolidated deficit 09/30/2004	-	-	-	-	-	-	-822	-822	-
<b>Consolidated equity as of 09/30/2004</b>	<b>13,720</b>	<b>38,898</b>	<b>1</b>	<b>6</b>	<b>55</b>	<b>-11,200</b>	<b>-822</b>	<b>40,658</b>	<b>1,718</b>

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